

CIM Industrial Systems A/S

Skanderborgvej 277, 2., 8260 Viby J

Company reg. no. 24 21 00 22

Annual report

2020

The annual report was submitted and approved by the general meeting on the 23 February 2021.

Klaus Bülow Davidsen
chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

Today, the board of directors and the managing director have presented the annual report of CIM Industrial Systems A/S for the financial year 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Viby J, 23 February 2021

Managing director

Michel Seidelin

Board of directors

Henning Vestergaard

Ole Halskov Thomsen

Klaus Bülow Davidsen

Mads Peter Lübeck

Independent auditor's report

To the shareholders of CIM Industrial Systems A/S

Opinion

We have audited the financial statements of CIM Industrial Systems A/S for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 about 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 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 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 these financial statements.

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 judgment 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Struer, 23 February 2021

KRØYER PEDERSEN

State Authorised Public Accountants
Company reg. no. 89 22 49 18

Lasse Lei Kjærsgaard Nørskov

State Authorised Public Accountant
mne42772

Company information

The company	CIM Industrial Systems A/S Skanderborgvej 277, 2. 8260 Viby J
	Company reg. no. 24 21 00 22 Established: 1 August 1999 Domicile: Aarhus Financial year: 1 January - 31 December 22nd financial year
Board of directors	Henning Vestergaard, 7600 Struer Ole Halskov Thomsen, 7600 Struer Klaus Bülow Davidsen, 8680 Ry Mads Peter Lübeck, 8250 Egå
Managing Director	Michel Seidelin, 8600 Silkeborg
Auditors	KRØYER PEDERSEN Statsautoriserede Revisorer I/S
Parent company	AV Holding 2018 ApS
Subsidiary	CIM Electronics A/S, Aarhus

Management commentary

The principal activities of the company

Like previous years, the principal activities has consisted in development and marketing of IT solutions and related business.

Development in activities and financial matters

The gross profit for the year totals DKK 22.744 k against DKK 20.274 k last year.

Net profit for the year totals DKK 4.913 k against DKK 5.081 k last year. Management considers the net profit for the year satisfactory in light of the Covid-19 pandemic.

On the financial statement date, the equity amounts to DKK 17.598 k, corresponding to 43,1 % own financing of the total assets of DKK 40.868 k.

Expected developments

In the coming year, increased revenue and earnings are expected.

Events occurring after the end of the financial year

No events have occurred after the end of the financial year, which would have any material impact on the company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	22.743.983	20.273.877
1 Staff costs	-18.112.776	-17.192.464
Depreciation, amortisation, and writedown for impairment	-982.545	-587.029
Operating profit	3.648.662	2.494.384
Income from equity investment in group enterprise	2.150.000	3.372.002
Other financial income	0	3.659
2 Other financial costs	-239.954	-289.651
Pre-tax net profit or loss	5.558.708	5.580.394
Tax on net profit or loss for the year	-646.055	-499.241
Net profit or loss for the year	4.912.653	5.081.153
 Proposed appropriation of net profit:		
Extraordinary dividend adopted during the financial year	2.000.000	0
Dividend for the financial year	0	2.000.000
Transferred to retained earnings	2.912.653	3.081.153
Total allocations and transfers	4.912.653	5.081.153

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
3 Concessions, patents, licenses, trademarks, and similar rights acquired	167.434	0
Total intangible assets	<u>167.434</u>	<u>0</u>
4 Other fixtures and fittings, tools and equipment	1.612.822	1.223.197
Total property, plant, and equipment	<u>1.612.822</u>	<u>1.223.197</u>
5 Equity investment in group enterprise	25.644.113	25.644.113
6 Deposits	353.026	488.088
Total investments	<u>25.997.139</u>	<u>26.132.201</u>
Total non-current assets	<u>27.777.395</u>	<u>27.355.398</u>
Current assets		
Trade receivables	10.422.125	10.129.198
7 Contract work in progress	1.761.492	505.561
Income tax receivables	636.000	226.710
Other receivables	68.547	157.518
Prepayments and accrued income	192.368	254.740
Total receivables	<u>13.080.532</u>	<u>11.273.727</u>
Cash on hand and demand deposits	<u>10.552</u>	<u>10.108</u>
Total current assets	<u>13.091.084</u>	<u>11.283.835</u>
Total assets	<u>40.868.479</u>	<u>38.639.233</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
8 Contributed capital	650.000	650.000
Retained earnings	16.947.823	14.035.170
Proposed dividend for the financial year	0	2.000.000
Total equity	<u>17.597.823</u>	<u>16.685.170</u>
Provisions		
Provisions for deferred tax	904.252	258.197
Other provisions	22.259	0
Total provisions	<u>926.511</u>	<u>258.197</u>
Liabilities other than provisions		
Bank loans	4.625.000	10.625.000
Other payables	1.810.416	589.800
9 Total long term liabilities other than provisions	<u>6.435.416</u>	<u>11.214.800</u>
9 Current portion of long term payables	2.125.000	2.125.000
Bank loans	19.604	240.000
Prepayments received from customers	9.614	9.614
7 Prepayments received from customers concerning work in progress for the account of others	1.144.513	1.681.677
Trade payables	857.799	1.323.797
Payables to group enterprises	3.780.471	1.309.191
Other payables	7.945.131	3.785.827
Accruals and deferred income	26.597	5.960
Total short term liabilities other than provisions	<u>15.908.729</u>	<u>10.481.066</u>
Total liabilities other than provisions	<u>22.344.145</u>	<u>21.695.866</u>
Total equity and liabilities	<u>40.868.479</u>	<u>38.639.233</u>
10 Charges and security		
11 Contingencies		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2019	650.000	10.954.017	800.000	12.404.017
Distributed dividend	0	0	-800.000	-800.000
Profit or loss for the year brought forward	0	3.081.153	2.000.000	5.081.153
Equity 1 January 2020	650.000	14.035.170	2.000.000	16.685.170
Distributed dividend	0	0	-2.000.000	-2.000.000
Profit or loss for the year brought forward	0	2.912.653	0	2.912.653
Extraordinary dividend adopted during the financial year	0	2.000.000	0	2.000.000
Distributed extraordinary dividend adopted during the financial year	0	-2.000.000	0	-2.000.000
	650.000	16.947.823	0	17.597.823

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Staff costs		
Salaries and wages	15.477.501	14.792.794
Pension costs	2.446.578	2.213.223
Other costs for social security	<u>188.697</u>	<u>186.447</u>
	<u>18.112.776</u>	<u>17.192.464</u>
Average number of employees	<u>27</u>	<u>24</u>
2. Other financial costs		
Financial costs, group enterprises	33.607	0
Other financial costs	<u>206.347</u>	<u>289.651</u>
	<u>239.954</u>	<u>289.651</u>
	<u>31/12 2020</u>	<u>31/12 2019</u>
3. Concessions, patents, licenses, trademarks, and similar rights acquired		
Additions during the year	<u>205.167</u>	<u>0</u>
Cost 31 December	<u>205.167</u>	<u>0</u>
Depreciation for the year	<u>-37.733</u>	<u>0</u>
Depreciation and writedown 31 December	<u>-37.733</u>	<u>0</u>
Carrying amount, 31 December	<u>167.434</u>	<u>0</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
4. Other fixtures and fittings, tools and equipment		
Cost 1 January	2.341.260	1.194.489
Additions during the year	984.208	1.146.771
Disposals during the year	<u>-187.514</u>	<u>0</u>
Cost 31 December	<u>3.137.954</u>	<u>2.341.260</u>
Depreciation and writedown 1 January	-1.118.063	-923.797
Depreciation for the year	-594.583	-194.266
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>187.514</u>	<u>0</u>
Depreciation and writedown 31 December	<u>-1.525.132</u>	<u>-1.118.063</u>
Carrying amount, 31 December	<u>1.612.822</u>	<u>1.223.197</u>
5. Equity investment in group enterprise		
Acquisition sum 1 January	<u>25.644.113</u>	<u>25.644.113</u>
Carrying amount, 31 December	<u>25.644.113</u>	<u>25.644.113</u>

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	Equity	Results for the year
CIM Electronics A/S, Aarhus	100 %	2.685.225	2.168.919

	<u>31/12 2020</u>	<u>31/12 2019</u>
6. Deposits		
Cost 1 January	488.088	163.288
Additions during the year	7.400	324.800
Disposals during the year	<u>-142.462</u>	<u>0</u>
Cost 31 December	<u>353.026</u>	<u>488.088</u>
Carrying amount, 31 December	<u>353.026</u>	<u>488.088</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
7. Contract work in progress		
Sales value of the production of the period	13.378.575	3.924.457
Payments on account received	<u>-12.761.596</u>	<u>-5.100.573</u>
Contract work in progress, net	<u>616.979</u>	<u>-1.176.116</u>
The following is recognised:		
Work in progress for the account of others (current assets)	1.761.492	505.561
Work in progress for the account of others (prepayments received)	<u>-1.144.513</u>	<u>-1.681.677</u>
	<u>616.979</u>	<u>-1.176.116</u>

8. Contributed capital

The share capital consists of 640.000 shares A, each with a nominal value of DKK 1 k and 10.000 shares B, each with a nominal value of DKK 1 k.

9. Liabilities other than provisions

	<u>Total payables 31 Dec 2020</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2020</u>	<u>Outstanding payables after 5 years</u>
Bank loans	6.750.000	2.125.000	4.625.000	0
Other payables	<u>1.810.416</u>	<u>0</u>	<u>1.810.416</u>	<u>0</u>
	<u>8.560.416</u>	<u>2.125.000</u>	<u>6.435.416</u>	<u>0</u>

10. Charges and security

For bank loans, DKK 6.750 k, the company has provided security in company assets representing a nominal value of DKK 1.500 k. This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Trade receivables	10.422

For bank loans, DKK 6.750 k, the company has provided security in equity investments in group enterprise, representing a nominal value of DKK 500 k.

Notes

All amounts in DKK.

11. Contingencies

Contingent liabilities

Rent agreements

The company has entered into lease contracts concerning office space. The leases are noncancellable in up to 68 months. The total lease payments until the lease is cancellable totals DKK 5.638 k.

Joint taxation

With CIM Gruppen A/S, company reg. no 31 89 18 92 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for CIM Industrial Systems A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK, however, some items have been changed by reclassification.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and other external costs.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Accounting policies

Income from equity investment in group enterprise

Dividend from equity investment in group enterprise is recognised in the financial year in which the dividend is declared.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Intangible assets

Concessions, patents, licenses, trademarks, and similar rights acquired

Concessions, patents, licenses, trademarks, and similar rights acquired are measured at cost less accrued amortisation. Patents are depreciated on a straight-line basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Other fixtures and fittings, tools and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

Accounting policies

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-8 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Investments

Equity investment in group enterprise

Equity investment in group enterprise is measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at the net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Accounting policies

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, CIM Industrial Systems A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected loss on work in progress. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.