

CIM Industrial Systems A/S

Fælledvej 17, 7600 Struer

Company reg. no. 24 21 00 22

Annual report

2019

The annual report was submitted and approved by the general meeting on the 19 February 2020.

Henning Vestergaard
chairman of the meeting

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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 board of directors and the managing director have today presented the annual report of CIM Industrial Systems A/S for the financial year 1 January to 31 December 2019.

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 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

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.

Struer, 19 February 2020

Managing director

Michel Seidelin

Board of directors

Henning Vestergaard

Ole Halskov Thomsen

Klaus Bülov Davidsen

Mads Peter Lübeck

Independent auditor's report

To the shareholders of CIM Industrial Systems A/S

Opinion

We have audited the annual accounts of CIM Industrial Systems A/S for the financial year 1 January to 31 December 2019, 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 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 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.

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:

Independent auditor's report

- 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.

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.

Independent auditor's report

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 Statements Act. We did not find any material misstatement in the management's review.

Struer, 19 February 2020

KRØYER PEDERSEN

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

Lasse Lei Kjærsgaard Nørskov
State Authorised Public Accountant
mne42772

Company data

The company	CIM Industrial Systems A/S Fælledvej 17 7600 Struer
	Company reg. no. 24 21 00 22 Established: 1 August 1999 Domicile: Struer Financial year: 1 January - 31 December 21st financial year
Board of directors	Henning Vestergaard, 7600 Struer Ole Halskov Thomsen, 7600 Struer Klaus Bülov 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, Struer

Management's review

The principal activities of the company

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

Development in activities and financial matters

The gross profit for the year is DKK 20.274 k against DKK 13.643 k last year.

The results from ordinary activities after tax are DKK 5.081 k against DKK -461 k last year.

The company has previously calculated the holiday pay obligation according to the summary method. As a result of the new holiday law, the company has, as of this year, calculated the holiday pay obligation according to the exact method. The change has negatively affected the profit before tax for the year by DKK 698 k, and profit for the year after tax by DKK 544 k. Equity was negatively impacted by DKK 544 k, while the change resulted in an increase in the equity and liabilities in total of DKK 154 k.

On the balance sheet date, the equity amounts to DKK 16.685 k, corresponding to 43,2 % own financing of the total assets of DKK 38.639 k, which is an increase of 10,6 percentage points compared to last year.

The expected development

In the coming year, increased revenue and earnings are expected

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	20.273.877	13.643.474
1 Staff costs	-17.192.464	-13.672.906
Depreciation and writedown relating to tangible fixed assets	-587.029	-417.615
Results before net financials	2.494.384	-447.047
Income from equity investments in group enterprises	3.372.002	0
Other financial income from group enterprises	0	10.567
Other financial income	3.659	11.847
Other financial costs	-289.651	-87.889
Results before tax	5.580.394	-512.522
Tax of the results for the year	-499.241	51.975
Results for the year	5.081.153	-460.547
 Proposed distribution of the results:		
Extraordinary dividend adopted during the financial year	0	1.000.000
Dividend for the financial year	2.000.000	800.000
Allocated to results brought forward	3.081.153	0
Allocated from results brought forward	0	-2.260.547
Distribution in total	5.081.153	-460.547

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Fixed assets		
2 Other plants, operating assets, fixtures and furniture	1.223.197	270.692
Tangible fixed assets in total	<u>1.223.197</u>	<u>270.692</u>
3 Equity investment in group enterprise	25.644.113	25.644.113
Deposits	488.088	163.288
Financial fixed assets in total	<u>26.132.201</u>	<u>25.807.401</u>
Fixed assets in total	<u>27.355.398</u>	<u>26.078.093</u>
Current assets		
Trade debtors	10.129.198	10.914.985
4 Work in progress for the account of others	505.561	391.261
Receivable corporate tax	226.710	520.510
Other debtors	157.518	45.991
Accrued income and deferred expenses	254.740	65.634
Debtors in total	<u>11.273.727</u>	<u>11.938.381</u>
Available funds	<u>10.108</u>	<u>50.726</u>
Current assets in total	<u>11.283.835</u>	<u>11.989.107</u>
Assets in total	<u>38.639.233</u>	<u>38.067.200</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
5	650.000	650.000
6	0	0
7	14.035.170	10.954.017
8	2.000.000	800.000
	16.685.170	12.404.017
Provisions		
	258.197	170.246
	258.197	170.246
Liabilities		
	10.625.000	12.774.927
	589.800	0
9	11.214.800	12.774.927
9	2.125.000	0
	240.000	2.942.285
	9.614	270.203
4	1.681.677	3.316.596
	1.427.581	2.003.371
	1.205.407	1.576.075
	3.785.827	2.500.213
	5.960	109.267
	10.481.066	12.718.010
	21.695.866	25.492.937
	38.639.233	38.067.200
10	Mortgage and securities	
11	Contingencies	

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	14.792.794	11.653.510
Pension costs	2.213.223	1.888.218
Other costs for social security	<u>186.447</u>	<u>131.178</u>
	<u>17.192.464</u>	<u>13.672.906</u>
Average number of employees	<u>24</u>	<u>21</u>
	<u>31/12 2019</u>	<u>31/12 2018</u>
2. Other plants, operating assets, fixtures and furniture		
Cost 1 January	1.194.489	974.012
Additions during the year	<u>1.146.771</u>	<u>220.477</u>
Cost 31 December	<u>2.341.260</u>	<u>1.194.489</u>
Depreciation and writedown 1 January	-923.797	-779.394
Depreciation for the year	<u>-194.266</u>	<u>-144.403</u>
Depreciation and writedown 31 December	<u>-1.118.063</u>	<u>-923.797</u>
Book value 31 December	<u>1.223.197</u>	<u>270.692</u>
3. Equity investment in group enterprise		
Acquisition sum 1 January	25.644.113	0
Additions during the year	<u>0</u>	<u>25.644.113</u>
Cost 31 December	<u>25.644.113</u>	<u>25.644.113</u>
Book value 31 December	<u>25.644.113</u>	<u>25.644.113</u>

The financial highlights for the enterprise according to the latest approved annual report

	Share of ownership	Equity	Results for the year
CIM Electronics A/S, Struer	100 %	2.666.306	3.916.306

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
4. Work in progress for the account of others		
Sales value of the production of the period	3.924.457	6.045.005
Payments on account received	<u>-5.100.573</u>	<u>-8.970.340</u>
Work in progress for the account of others, net	<u>-1.176.116</u>	<u>-2.925.335</u>
The following is recognised:		
Work in progress for the account of others (current assets)	505.561	391.261
Work in progress for the account of others (prepayments received)	<u>-1.681.677</u>	<u>-3.316.596</u>
	<u>-1.176.116</u>	<u>-2.925.335</u>
5. Contributed capital		
Contributed capital 1 January	<u>650.000</u>	<u>650.000</u>
	<u>650.000</u>	<u>650.000</u>
The share capital consists of 640.000 shares A, each with a nominal value of DKK 1 and 10.000 shares B, each with a nominal value of DKK 1.		
6. Share premium account		
Share premium account 1 January	0	0
Share premium account for the year	0	12.611.200
Transferred to results brought forward	<u>0</u>	<u>-12.611.200</u>
	<u>0</u>	<u>0</u>
7. Results brought forward		
Results brought forward 1 January	10.954.017	603.364
Profit or loss for the year brought forward	3.081.153	-2.260.547
Extraordinary dividend adopted during the financial year	0	1.000.000
Distributed extraordinary dividend adopted during the financial year.	0	-1.000.000
Transferred from share premium account	<u>0</u>	<u>12.611.200</u>
	<u>14.035.170</u>	<u>10.954.017</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
8. Proposed dividend for the financial year		
Dividend 1 January	800.000	0
Distributed dividend	-800.000	0
Dividend for the financial year	<u>2.000.000</u>	<u>800.000</u>
	<u>2.000.000</u>	<u>800.000</u>

9. Liabilities

	<u>Debt in total 31 Dec 2019</u>	<u>Short-term part of long- term liabilities</u>	<u>Long-term debt 31 Dec 2019</u>	<u>Outstanding debt after 5 years</u>
Bank debts	12.750.000	2.125.000	10.625.000	2.125.000
Other debts	589.800	0	589.800	589.800
	<u>13.339.800</u>	<u>2.125.000</u>	<u>11.214.800</u>	<u>2.714.800</u>

10. Mortgage and securities

For bank debts, DKK 12.990 k, the company has provided security in company assets representing a nominal value of DKK 1.500 k. This security comprises the below assets, stating the book values:

Trade debtors DKK 10.129.198

For bank debts, DKK 12.990 k, the company has provided security in equity investments in group enterprise, representing a nominal value of DKK 500 k.

11. Contingencies

Joint taxation

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

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

Notes

All amounts in DKK.

11. Contingencies (continued)

Joint taxation (continued)

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 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.

Accounting policies used

The annual report for CIM Industrial Systems A/S 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.

The classification of the item "staff costs" has been changed so that in the future certain types of costs that have been recognized under staff costs are recognized under the item "other external costs".

The change in classification has no effect on the profit for the year or equity and liabilities in total, neither the current nor the previous financial year. Comparative figures are adjusted to the changed classification.

Apart from the above, the annual report has been prepared in accordance with the same accounting policies as last year. However, some items have been changed by reclassification.

The company has previously calculated the holiday pay obligation according to the summary method. As a result of the new holiday law, the company has, as of this year, calculated the holiday pay obligation according to the exact method. The change has negatively affected the profit before tax for the year by DKK 698 k, and profit for the year after tax by DKK 544 k. Equity was negatively impacted by DKK 544 k, while the change resulted in an increase in equity and liabilities in total of DKK 154 k.

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

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

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

Accounting policies used

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

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.

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

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.

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

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

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.

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

Accounting policies used

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:

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.

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.

Financial fixed assets

Equity investment in group enterprise

Equity investment in group enterprise is measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Deposits

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

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.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Accounting policies used

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

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, CIM Industrial Systems A/S is proportionally 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 carryover, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by setoff 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.

Accounting policies used

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.