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VIDEOMETER A/S
HØRKÆR 12B, 3., 2730 HERLEV
ANNUAL REPORT
1 OCTOBER 2018 - 30 SEPTEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 4 December 2019**

Svend-Aage Dreist Hansen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 24 23 04 30

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COMPANY DETAILS

Company	VIDEOMETER A/S Hørkær 12B, 3. 2730 Herlev Telephone: +45 45 76 10 77 Website: www.videometer.com E-mail: mail@videometer.com CVR No.: 24 23 04 30 Established: 25 June 1999 Registered Office: Herlev Financial Year: 1 October 2018 - 30 September 2019
Board of Directors	Svend-Aage Dreist Hansen, chairman Jens Michael Carstensen Nette Schultz
Board of Executives	Jens Michael Carstensen
Auditor	BDO Statsautoriseret revisionsaktieselskab Ringstedvej 18 4000 Roskilde
Bank	Nykredit Kalvebod Brygge 47 1780 Copenhagen V Danske Bank Munkeengen 30, 1. sal 3400 Hillerød

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of VIDEOMETER A/S for the financial year 1 October 2018 - 30 September 2019.

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 Company's financial position at 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Herlev, 28 November 2019

Board of Executives

Jens Michael Carstensen

Board of Directors

Svend-Aage Dreist Hansen
Chairman

Jens Michael Carstensen

Nette Schultz

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of VIDEOMETER A/S

Opinion

We have audited the Financial Statements of VIDEOMETER A/S for the financial year 1 October 2018 - 30 September 2019, which comprise income statement, balance sheet, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Roskilde, 28 November 2019

BDO Statsautoriseret revisionsaktieselskab
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Dan R. Petersen
State Authorised Public Accountant
MNE no. mne33210

MANAGEMENT'S REVIEW

Principal activities

Videometer specializes in spectral imaging, automated visual measurements and quality control. Focus is on development and sales of high-performance vision systems for a broad range of industries.

The main business areas of Videometer are:

- Vision Instruments; own development, production and sales
- Vision Projects; development and delivery of custom made solutions for the industry
- OEM; contract development and royalties

The technology platform in Videometer consists of:

- Spectral imaging instruments; with the principal product VideometerLab 4
- Accurate vision-based measurements of texture, color, topography, gloss, shape, and surface chemistry
- In-line visual quality control
- Robot vision
- R&D intensive vision technology projects

Learn more about Videometer A/S at: www.videometer.com

The employee's and vision knowhow

Similar to last year Videometer has this year an average of 11 employees. Most employees are university graduated specialists with backgrounds as M. Sc. in engineering or Ph.D., in image processing and software development.

Co-operation with research institutions

Videometer is strongly linked to research through collaborations with e.g. DTU Compute at Technical University of Denmark, University of Copenhagen, Aarhus University, Agricultural University of Athens, Wageningen University, University of Hohenheim, University of California at Davis, Lab of Government Chemist, GEVES, MARDI, IRRI, Maejo University, Lanzhou University, and Hefei University of Technology. This co-operation ensures close access to the latest research results of imaging technology and vision system design as well as FoodAg and pharma applications.

Development in activities and financial position

- Gross profit amounts to DKK 9,965,578 vs. DKK 10,178,412 the year before.
- Profit/loss before tax amounts to DKK 1,222,818 vs. DKK 2,334,659 the year before.
- Profit for the year after tax amounts to DKK 946,341 vs. DKK 1,818,362 the year before.
- Contributed capital amounts to DKK 503,000 vs. DKK 503,000 the year before.
- Equity amounts to DKK 7,755,185 vs. DKK 7,508,845 the year before.

It is expected to be decided at the Annual General Assembly on 4 December 2019 to pay ordinary dividend DKK 400,000 vs. DKK 700,000 the year before. After payout of ordinary dividend, equity amounts to DKK 7,355,185 vs. DKK 6,808,844 after payout of ordinary dividend the year before.

Total assets amount to DKK 10,187,666 vs. DKK 9,786,464 the year before.

Videometer's solvency ratio is 76% after payout of ordinary dividend, and Management considers this highly satisfactory.

It is the Management's opinion that the financial statements give a true and fair view of the company's financial position at 30 September 2019 and of the results of the company's operations during the financial year 1 October - 30 September.

Bank connections

Videometer's main bank connection is Nykredit ErhvervsBank. Danske Bank is the secondary bank connection.

MANAGEMENT'S REVIEW

Ownership

The following shareholders are covered by section 28A of the Danish Public Companies Act with the following ownership and municipal association:

67-90%: Maintec ApS, registered municipality: Køge

10%: Hartelius Holding, registered municipality: Rudersdal

Significant events after the end of the financial year

No events have happened after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 OCTOBER - 30 SEPTEMBER

	Note	2018/19 DKK	2017/18 DKK
GROSS PROFIT		9,965,578	10,178,412
Staff costs.....	1	-8,111,360	-7,259,942
Depreciation, amortisation and impairment losses.....		-606,400	-559,755
OPERATING PROFIT		1,247,818	2,358,715
Other financial income.....	2	9,755	0
Other financial expenses.....	3	-35,328	-24,054
PROFIT BEFORE TAX		1,222,245	2,334,661
Tax on profit/loss for the year.....	4	-275,904	-516,299
PROFIT FOR THE YEAR		946,341	1,818,362
PROPOSED DISTRIBUTION OF PROFIT			
Proposed dividend for the year.....		400,000	700,000
Retained earnings.....		546,341	1,118,362
TOTAL		946,341	1,818,362

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	2019 DKK	2018 DKK
Development projects completed.....		1,060,774	954,988
Intangible fixed assets acquired.....		163,741	266,506
Intangible fixed assets.....	5	1,224,515	1,221,494
Other plant, machinery, tools and equipment.....		491,012	181,466
Tangible fixed assets.....	6	491,012	181,466
Rent deposit and other receivables.....		206,068	269,114
Fixed asset investments.....	7	206,068	269,114
FIXED ASSETS.....		1,921,595	1,672,074
Finished goods and goods for resale.....		1,681,759	1,607,482
Inventories.....		1,681,759	1,607,482
Trade receivables.....		2,288,461	3,583,669
Contract work in progress.....	8	1,752,055	555,629
Other receivables.....		55	0
Prepayments and accrued income.....		136,851	311,334
Receivables.....		4,177,422	4,450,632
Cash and cash equivalents.....		2,406,890	2,056,276
CURRENT ASSETS.....		8,266,071	8,114,390
ASSETS.....		10,187,666	9,786,464

BALANCE SHEET AT 30 SEPTEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital.....		503,000	503,000
Reserve for development costs.....		727,678	634,862
Retained earnings.....		6,124,507	5,670,983
Proposed dividend.....		400,000	700,000
EQUITY.....	9	7,755,185	7,508,845
Provision for deferred tax.....		706,816	616,387
PROVISION FOR LIABILITIES.....		706,816	616,387
Bank debt.....		36,418	13,366
Trade payables.....		478,441	514,095
Payables to group enterprises.....		14,572	0
Corporation tax.....		185,475	342,991
Other liabilities.....		1,010,759	790,780
Current liabilities.....		1,725,665	1,661,232
LIABILITIES.....		1,725,665	1,661,232
EQUITY AND LIABILITIES.....		10,187,666	9,786,464
 Contingencies etc.	 10		
Charges and securities	11		

NOTES

	2018/19 DKK	2017/18 DKK	Note
Staff costs			1
Average number of employees 11 (2017/18: 11)			
Wages and salaries.....	7,403,158	6,595,835	
Pensions.....	287,222	356,112	
Social security costs.....	82,960	74,382	
Other staff costs.....	338,020	233,613	
	8,111,360	7,259,942	
Other financial income			2
Other interest income.....	9,755	0	
	9,755	0	
Other financial expenses			3
Other interest expenses.....	35,328	24,054	
	35,328	24,054	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	185,475	342,991	
Adjustment of deferred tax.....	90,429	173,308	
	275,904	516,299	
Intangible fixed assets			5
	Development projects completed	Intangible fixed assets acquired	
Cost at 1 October 2018.....	8,360,499	453,357	
Additions.....	481,778	0	
Cost at 30 September 2019.....	8,842,277	453,357	
Amortisation at 1 October 2018.....	7,405,511	186,851	
Amortisation for the year.....	375,992	102,765	
Amortisation at 30 September 2019.....	7,781,503	289,616	
Carrying amount at 30 September 2019.....	1,060,774	163,741	

The company's development projects relate to development of software and applications for their products. The development progresses as planned and is completed currently. The development is carried out to maintain and secure its position in connection with the increasing demand in the market.

NOTES

			Note
Tangible fixed assets			6
		Other plants, machinery, tools and equipment	
Cost at 1 October 2018.....		492,966	
Additions.....		437,190	
Cost at 30 September 2019.....		930,156	
Depreciation and impairment losses at 1 October 2018.....		311,501	
Depreciation for the year.....		127,643	
Depreciation and impairment losses at 30 September 2019.....		439,144	
Carrying amount at 30 September 2019.....		491,012	
 Fixed asset investments			 7
		Rent deposit and other receivables	
Cost at 1 October 2018.....		269,114	
Additions.....		9,825	
Disposals.....		-72,871	
Cost at 30 September 2019.....		206,068	
Carrying amount at 30 September 2019.....		206,068	
 Contract work in progress			 8
Sales value of not completed production in the period.....	6,815,116	7,226,959	
Invoiced on account.....	-5,063,061	-6,671,330	
Contract work in progress, net.....	1,752,055	555,629	
Recognised as follows:			
Contract work in progress (assets).....	1,752,055	555,629	
	1,752,055	555,629	

NOTES

Note

Equity

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	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 October 2018.....	503,000	634,862	5,670,982	700,000	7,508,844
Dividend paid.....				-700,000	-700,000
Proposed distribution of profit..			546,341	400,000	946,341
Transferred to reserve for development costs.....		92,816	-92,816		
Equity at 30 September 2019..	503,000	727,678	6,124,507	400,000	7,755,185

The share capital consists of DKK ('000) 500 A-shares and DKK ('000) 3 B-shares.

Contingencies etc.

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Contingent liabilities

The company has entered into a tenancy contract with a period of non-terminability until 30 April 2024. The rent in the period of non-terminability is DKK ('000) 1,889.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable Group for tax on the gGoup's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of MAINTEC ApS, which serves as management company for the joint taxation.

Charges and securities

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The company is not subject to any charges or securities.

ACCOUNTING POLICIES

The Annual Report of VIDEOMETER A/S for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

ACCOUNTING POLICIES

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is 3-5 years.

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the balance sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash bank deposits.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Amortised cost for short-term liabilities usually corresponds to the nominal value.