CIM Electronics A/S

Fælledvej 17, 7600 Struer

Company reg. no. 25 68 20 25

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

Contents

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

Management's report

The board of directors and the managing director have today presented the annual report of CIM Electronics 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 Bülow Davidsen
Mads Peter Lübeck		

Independent auditor's report

To the shareholders of CIM Electronics A/S

Opinion

We have audited the annual accounts of CIM Electronics 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:

- 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 Electronics A/S Fælledvej 17 7600 Struer	
	Company reg. no.	25 68 20 25
	Established:	9 October 2000
	Domicile:	Struer
	Financial year:	1 January - 31 December 19th 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	CIM Industrial Systems A/S	

Management's review

The principal activities of the company

As in previous years, the principal activity of the company has been development and marketing of software solutions for industrial purposes as well as software for products.

Development in activities and financial matters

The gross profit for the year is DKK 19.393 k against DKK 17.353 k last year.

The results from ordinary activities after tax are DKK 3.916 k against DKK 3.622 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 401 k, and profit for the year after tax by DKK 313 k. Equity was negatively impacted by DKK 313 k, while the change had no impact on the equity and liabilities in total.

On the balance sheet date, the equity amounts to DKK 2.666 k, corresponding to 35,8 % own financing of the total assets of DKK 7.451 k, which is an increase of 4,7 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.

Note		2019	2018
	Gross profit	**19.392.587**	**17.353.120**
1	Staff costs	-13.892.394	-12.186.469
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-476.854	-520.572
	Results before net financials	**5.023.339**	**4.646.079**
	Other financial income	202	0
	Other financial costs	-1.785	-1.795
	Results before tax	**5.021.756**	**4.644.284**
	Tax of the result for the year	-1.105.450	-1.022.282
	Results for the year	**3.916.306**	**3.622.002**

	2019	2018
Proposed distribution of the results:		
Extraordinary dividend adopted during the financial year	1.750.000	2.000.000
Dividend for the financial year	2.150.000	1.622.002
Allocated to results brought forward	16.306	0
Distribution in total	**3.916.306**	**3.622.002**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2019	2018
	Fixed assets		
2	Completed development projects, including patents and similar rights arising from development projects	0	0
3	Acquired concessions, patents, licenses, trademarks and similar rights	214.337	428.668
	Intangible fixed assets in total	214.337	428.668
4	Other plants, operating assets, fixtures and furniture	131.916	79.221
	Tangible fixed assets in total	131.916	79.221
	Fixed assets in total	**346.253**	**507.889**
	Current assets		
	Trade debtors	4.593.131	4.481.126
	Amounts owed by group enterprises	1.205.407	930.000
	Receivable corporate tax	0	87.618
	Other debtors	49.934	0
	Accrued income and deferred expenses	335.469	252.867
	Debtors in total	6.183.941	5.751.611
	Available funds	920.710	553.844
	Current assets in total	**7.104.651**	**6.305.455**
	Assets in total	**7.450.904**	**6.813.344**

Balance sheet 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2019	2018
	Equity		
5	Contributed capital	500.000	500.000
6	Results brought forward	16.306	0
7	Proposed dividend for the financial year	2.150.000	1.622.002
	Equity in total	**2.666.306**	**2.122.002**
	Provisions		
	Provisions for deferred tax	103.098	132.320
	Provisions in total	**103.098**	**132.320**
	Liabilities		
8	Other debts	451.236	0
	Long-term liabilities in total	451.236	0
	Bank debts	0	1.026.251
	Prepayments received from customers	257.277	0
	Trade creditors	216.869	131.839
	Corporate tax	78.672	0
	Other debts	3.041.505	2.925.474
	Accrued expenses and deferred income	635.941	475.458
	Short-term liabilities in total	4.230.264	4.559.022
	Liabilities in total	**4.681.500**	**4.559.022**
	Equity and liabilities in total	**7.450.904**	**6.813.344**

9 Contingencies

Notes

All amounts in DKK.

		2019	2018
1.	**Staff costs**		
	Salaries and wages	12.304.514	10.779.820
	Pension costs	1.460.726	1.294.251
	Other costs for social security	127.154	112.398
		13.892.394	**12.186.469**
	Average number of employees	16	15

		31/12 2019	31/12 2018
2.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January	250.000	250.000
	Cost 31 December	**250.000**	**250.000**
	Depreciation and writedown 1 January	-250.000	-250.000
	Depreciation and writedown 31 December	**-250.000**	**-250.000**
	Book value 31 December	**0**	**0**
3.	**Acquired concessions, patents, licenses, trademarks and similar rights**		
	Cost 1 January	643.000	0
	Additions during the year	0	643.000
	Cost 31 December	**643.000**	**643.000**
	Depreciation and writedown 1 January	-214.332	0
	Depreciation for the year	-214.331	-214.332
	Depreciation and writedown 31 December	**-428.663**	**-214.332**
	Book value 31 December	**214.337**	**428.668**

Notes

All amounts in DKK.

		31/12 2019	31/12 2018
4.	**Other plants, operating assets, fixtures and furniture**		
	Cost 1 January	647.397	592.897
	Additions during the year	124.820	54.500
	Disposals during the year	-133.083	0
	Cost 31 December	**639.134**	**647.397**
	Depreciation and writedown 1 January	-568.176	-492.454
	Depreciation for the year	-72.125	-75.722
	Reversal of depreciation, amortisation and writedown, assets disposed of	133.083	0
	Depreciation and writedown 31 December	**-507.218**	**-568.176**
	Book value 31 December	**131.916**	**79.221**
5.	**Contributed capital**		
	Contributed capital 1 January	500.000	500.000
		500.000	**500.000**
6.	**Results brought forward**		
	Results brought forward 1 January	0	0
	Profit or loss for the year brought forward	16.306	0
	Extraordinary dividend adopted during the financial year	1.750.000	2.000.000
	Distributed extraordinary dividend adopted during the financial year.	-1.750.000	-2.000.000
		16.306	**0**
7.	**Proposed dividend for the financial year**		
	Dividend 1 January	1.622.002	42.248
	Distributed dividend	-1.622.002	-42.248
	Dividend for the financial year	2.150.000	1.622.002
		2.150.000	**1.622.002**

Notes

All amounts in DKK.

		31/12 2019	31/12 2018
8.	**Other debts**		
	Other debts in total	**451.236**	**0**
	Share of liabilities due after 5 years	451.236	0

9. Contingencies

Contingent liabilities

Warranty commitments and other contingent liabilities

The company has warranty obligations on completed work in accordance with the industry's normal warranty rules. as no guarantee work is expected beyond normal scope, no amount has been set aside to meet the guarantee obligations on completed work.

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.

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 Electronics 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 401 k, and profit for the year after tax by DKK 313 k. Equity was negatively impacted by DKK 313 k, while the change had no impact on equity and liabilities in total.

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 other 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, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

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

Tax of the results for the year

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

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

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

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Accounting policies used

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 3 years.

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.

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

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.

Debtors

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

Accrued income and deferred expenses

Accrued income 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

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).

Accounting policies used

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 Electronics 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.

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.