

Prevas A/S

Lyskær 3 ef., 2730 Herlev

CVR no. 26 18 02 87

Annual report 2018

Approved at the Company's annual general meeting on 15 May 2019

Chairman:



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Henrik Møller-Kristensen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Prevas A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Herlev, 15 May 2019
Executive Board:



Henrik Møller-Kristensen

Board of Directors:



Johan Strid
Chairman



Henrik Møller-Kristensen



Søren Werner Mathiasen

Independent auditor's report

To the shareholder of Prevas A/S

Opinion

We have audited the financial statements of Prevas A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

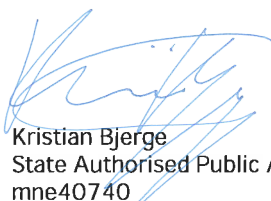
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 15 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter Gath
State Authorised Public Accountant
mne19718



Kristian Bjerger
State Authorised Public Accountant
mne40740

Management's review

Company details

Name Prevas A/S
Address, Postal code, City Lyskær 3 ef., 2730 Herlev

CVR no. 26 18 02 87
Established 1 August 2001
Registered office Herlev
Financial year 1 January - 31 December

Board of Directors Johan Strid, Chairman
Henrik Møller-Kristensen
Søren Werner Mathiasen

Executive Board Henrik Møller-Kristensen

Auditors Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg,
Denmark

Management's review

Business review

Prevas A/S is an innovative, high-technology development firm within Industrial IT, embedded software, hardware and mechanical solutions.

Prevas A/S cooperates with companies within various industries and assists these companies with specialist components and product development. Some clients already have products with a high degree of embedded software and hardware, while others want a safe introduction to the newest technology.

Prevas A/S provides services to clients both on-site at the clients' and in-house at its own premises. With several hundreds of client-specific projects, Prevas A/S has extensive experience in meeting individual needs. On all projects, Prevas A/S offers a thorough handover to the client and flexible support, which ensures high satisfaction after delivery.

Prevas A/S has departments in both Copenhagen and Aarhus.

Financial review

Prevas is wholly-owned by Prevas AB, founded in 1985, ISO 9001 certified in 1992 and has been listed at the Stockholm Stock Exchange since 1998.

Gross margin for the year amounts to DKK 59,315 thousand compared to DKK 54,040 thousand in 2017. Profit for the year amounts to DKK 2,179 thousand compared to a profit of DKK 4,487 thousand in 2017. Profit for the year is assessed as satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company is expected to realise a profit in 2019.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Gross margin	59,315	54,040
2	Staff costs	-55,364	-47,202
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,016	-1,025
	Profit before net financials	2,935	5,813
4	Financial income	21	27
5	Financial expenses	-155	-88
	Profit before tax	2,801	5,752
6	Tax for the year	-622	-1,265
	Profit for the year	2,179	4,487
	Recommended appropriation of profit		
	Other statutory reserves	51	507
	Retained earnings	2,128	3,980
		2,179	4,487

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	1,496	1,176
	Acquired intangible assets	0	0
	Goodwill	0	0
		<u>1,496</u>	<u>1,176</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	758	822
		<u>758</u>	<u>822</u>
9	Investments		
	Other receivables	629	600
		<u>629</u>	<u>600</u>
	Total fixed assets	<u>2,883</u>	<u>2,598</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	771	852
		<u>771</u>	<u>852</u>
	Receivables		
	Trade receivables	18,199	16,213
	Services in progress	573	1,048
	Receivables from group entities	10,299	10,803
	Deferred tax assets	0	48
	Other receivables	28	7
10	Prepayments	308	354
		<u>29,407</u>	<u>28,473</u>
	Cash	10	12
	Total non-fixed assets	<u>30,188</u>	<u>29,337</u>
	TOTAL ASSETS	<u>33,071</u>	<u>31,935</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,232	1,232
	Reserve for development costs	1,167	1,116
	Retained earnings	16,764	14,636
	Total equity	19,163	16,984
	Provisions		
	Deferred tax	89	0
	Other provisions	19	19
	Total provisions	108	19
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Services in progress	372	309
	Trade payables	2,897	3,067
	Payables to group entities	0	2,909
	Income taxes payable	485	657
11	Other payables	10,046	7,990
		13,800	14,932
	Total liabilities other than provisions	13,800	14,932
	TOTAL EQUITY AND LIABILITIES	33,071	31,935

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2017	1,232	609	10,657	12,498
Transfer through appropriation of profit	0	507	3,979	4,486
Equity at 1 January 2018	1,232	1,116	14,636	16,984
Transfer through appropriation of profit	0	51	2,128	2,179
Equity at 31 December 2018	1,232	1,167	16,764	19,163

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Prevas A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from sale of finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue from sale of services is recognised in the income statement as provided. Consequently, revenue corresponds to the selling price excluding VAT of work performed under the percentage-of-completion method and includes out-of-pocket expenses on clients.

Measurement of selling price presupposes that total income and costs as well as the stage of completion at the balance sheet date can be determined reliably, that it is probable that payment will be received.

Gross margin

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3-5 years
Acquired intangible assets	8 years
Goodwill	10 years

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-8 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Other intangible assets include development projects and other acquired intangible assets.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

Intangible assets and property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an receivable has been impaired, an impairment loss is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Services in progress

Services in progress are measured in accordance with the percentage of completion method at the selling price of the work performed at the balance sheet date plus out-of-pocket expenses less progress billings. The individual services in progress are recognised in the balance sheet as receivables or liabilities depending on whether the net value, determined as the selling price less progress billings, is positive or negative.

Where the total expenses relating to the work to be performed are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realisable value and recognised based on past experience.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

DKK'000	2018	2017
2 Staff costs		
Wages/salaries	52,680	44,956
Pensions	1,886	1,534
Other social security costs	569	447
Other staff costs	1,169	924
Staff costs transferred at the cost of development projects	-940	-659
	<u>55,364</u>	<u>47,202</u>
Average number of full-time employees	<u>84</u>	<u>71</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	619	705
Depreciation of property, plant and equipment	397	320
	<u>1,016</u>	<u>1,025</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017
4 Financial income		
Other financial income	21	27
	<u>21</u>	<u>27</u>
5 Financial expenses		
Other financial expenses	155	88
	<u>155</u>	<u>88</u>
6 Tax for the year		
Estimated tax charge for the year	485	659
Deferred tax adjustments in the year	137	608
Tax adjustments, prior years	0	-2
	<u>622</u>	<u>1,265</u>

7 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2018	4,496	250	2,538	7,284
Additions in the year	939	0	0	939
Cost at 31 December 2018	<u>5,435</u>	<u>250</u>	<u>2,538</u>	<u>8,223</u>
Impairment losses and amortisation at 1 January 2018	3,320	250	2,538	6,108
Amortisation/depreciation in the year	619	0	0	619
Impairment losses and amortisation at 31 December 2018	<u>3,939</u>	<u>250</u>	<u>2,538</u>	<u>6,727</u>
Carrying amount at 31 December 2018	<u>1,496</u>	<u>0</u>	<u>0</u>	<u>1,496</u>

Financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2018	3,550
Additions in the year	<u>333</u>
Cost at 31 December 2018	<u>3,883</u>
Impairment losses and depreciation at 1 January 2018	2,728
Amortisation/depreciation in the year	<u>397</u>
Impairment losses and depreciation at 31 December 2018	<u>3,125</u>
Carrying amount at 31 December 2018	<u><u>758</u></u>

9 Investments

DKK'000	<u>Other receivables</u>
Cost at 1 January 2018	600
Additions in the year	<u>29</u>
Cost at 31 December 2018	<u>629</u>
Carrying amount at 31 December 2018	<u><u>629</u></u>

Other receivables relate to payment of rental deposits in Aarhus and Herlev, Denmark.

10 Prepayments

Includes prepaid expenses relating to subsequent financial years, mainly rent of leasehold for the office in Herlev and insurance premiums.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017
11 Other payables		
VAT and other indirect taxes	2,278	904
Wages/salaries, salary taxes, social security contributions, etc.	6,818	6,406
Other accrued expenses	950	680
	<u>10,046</u>	<u>7,990</u>

12 Contractual obligations and contingencies, etc.

Other financial obligations

The Company has entered into leasehold agreements. The obligation at 31 December 2018 amounted to DKK 7,916 thousand (31 December 2017: DKK 9,826 thousand).

The Company has issued a payment guarantee to a landlord of DKK 587 thousand in respect of a leasehold agreement (31 December 2017: DKK 587 thousand).

At 31 December 2018, the Company had to buy back components at a total value of DKK 473 thousand (31 December 2017: DKK 342 thousand) related to ongoing production at suppliers. This is the case if the product-specific projects for clients are not finalised.

13 Related parties

Information about consolidated financial statements

Parent	Domicile
Prevas AB	Box 4, 721 03 Västerås, Legeringsgatan 18, Sweden

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Prevas AB	Box 4, 721 03 Västerås, Legeringsgatan 18, Sweden