Prevas A/S

Lyskær 3 ef., 2730 Herlev

CVR no. 26 18 02 87

Annual report 2016

Approved at the annual general meeting of shareholders on 30 May 2017

Chairman:

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Henrik Møller-Kristensen

Contents

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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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, 30 May 2017
Executive Board:

Henrik Møller-Kristensen

Board of Directors:

Björn Arne Valentin Andersson Chairman	Karl Gustav Ramström	Henrik Møller-Kristensen

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 2016, which comprise an 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- 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 conclusion is 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 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 our procedures, 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, 30 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Anders Stig Lauritsen
State Authorised Public Accountant

Kristian Bjerge
State Authorised Public Accountant

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	Björn Arne Valentin Andersson, Chairman Karl Gustav Ramström Henrik Møller-Kristensen
Executive Board	Henrik Møller-Kristensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Management commentary

Business review

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

Prevas A/S coorporates 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 profit for the year amounts to DKK 42,066 thousand compared to DKK 40,144 thousand in 2015. Profit for the year amounts to DKK 3,577 thousand compared to a profit of DKK 4,405 thousand in 2015. 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 2017.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	42,066	40,144
2	Staff costs	-38,039	-33,385
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-840	-1,374
	Profit before net financials	3,187	5,385
4	Financial income	40	185
5	Financial expenses	-90	-91
	Profit before tax	3,137	5,479
6	Tax for the year	440	-1,074
	Profit for the year	3,577	4,405

Recommended appropriation of profit		
Other statutory reserves	609	0
Retained earnings	2,968	4,405
	3,577	4,405

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
7	**Intangible assets**		
	Completed development projects	1,221	1,253
	Acquired intangible assets	0	0
	Goodwill	0	0
		1,221	1,253
8	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	652	331
		652	331
9	**Investments**		
	Other receivables	598	347
		598	347
	Total fixed assets	2,471	1,931
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	790	1,149
		790	1,149
	Receivables		
	Trade receivables	8,127	12,618
	Services in progress	960	196
	Receivables from group entities	10,187	5,585
10	Deferred tax assets	656	216
	Other receivables	128	15
11	Prepayments	508	835
		20,566	19,465
	Cash	11	8
	Total non-fixed assets	21,367	20,622
	TOTAL ASSETS	23,838	22,553

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	1,232	1,232
	Reserve for development costs	609	0
	Retained earnings	10,657	7,689
	Total equity	12,498	8,921
	Provisions		
	Other provisions	14	77
	Total provisions	14	77
	Liabilities		
	Current liabilities		
	Lease liabilities	0	6
	Services in progress	834	895
	Trade payables	1,798	2,036
	Payables to group entities	1,996	0
13	Other payables	6,698	10,618
		11,326	13,555
	Total liabilities other than provisions	11,326	13,555
	TOTAL EQUITY AND LIABILITIES	23,838	22,553

1 Accounting policies
14 Contractual obligations and contingencies, etc.
15 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2015	1,232	0	3,284	4,516
Transfer through appropriation of profit	0	0	4,405	4,405
Equity at 1 January 2016	1,232	0	7,689	8,921
Transfer through appropriation of profit	0	609	2,968	3,577
Equity at 31 December 2016	1,232	609	10,657	12,498

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Prevas A/S for 2016 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.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

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

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".

Income statement

Revenue

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income 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

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.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 areidentifiable 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 for the period 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.

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.

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

	DKK'000	2016	2015
2	**Staff costs**		
	Wages/salaries	36,266	32,014
	Pensions	1,221	1,006
	Other social security costs	333	363
	Other staff costs	828	653
	Staff costs transferred at the cost of development projects	-609	-651
		38,039	33,385
	Average number of full-time employees	57	48
3	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	641	998
	Depreciation of property, plant and equipment	199	376
		840	1,374

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	2016	2015
4	**Financial income**		
	Other financial income	40	185
		40	185
5	**Financial expenses**		
	Other financial expenses	90	91
		90	91
6	**Tax for the year**		
	Deferred tax adjustments in the year	-440	1,074
		-440	1,074

The taxable income for 2016 amounts to nil after use of historic unrecognised tax deficit. The remaining unrecognised deferred tax asset has in 2016 been recognised based on the current financial outlook. Reference is made to note 10.

7 **Intangible assets**

DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2016	3,228	250	2,538	6,016
Additions in the year	609	0	0	609
Cost at 31 December 2016	3,837	250	2,538	6,625
Impairment losses and amortisation at 1 January 2016	1,975	250	2,538	4,763
Amortisation/depreciation in the year	641	0	0	641
Impairment losses and amortisation at 31 December 2016	2,616	250	2,538	5,404
Carrying amount at 31 December 2016	1,221	0	0	1,221

8 **Property, plant and equipment**

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	2,541
Additions in the year	520
Cost at 31 December 2016	3,061
Impairment losses and depreciation at 1 January 2016	2,210
Amortisation/depreciation in the year	199
Impairment losses and depreciation at 31 December 2016	2,409
Carrying amount at 31 December 2016	652

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 **Investments**

DKK'000	Other receivables
Cost at 1 January 2016	347
Additions	251
Cost at 31 December 2016	598
Carrying amount at 31 December 2016	598

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

10 **Deferred tax assets**

The deferred tax asset is expected to be utilised within 2-3 years based on the current financial outlook.

11 **Prepayments**

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

12 **Share capital**

The Company's share capital has remained DKK 1,232 thousand over the past 5 years.

DKK'000	2016	2015
13 **Other payables**		
VAT and other indirect taxes	574	3,051
Wages/salaries, salary taxes, social security contributions, etc.	5,119	5,289
Other accrued expenses	1,005	2,278
	6,698	10,618

14 **Contractual obligations and contingencies, etc.**

Other financial obligations

The Company has entered into leasehold agreements. The obligation at 31 December 2016 amounted to DKK 10,572 thousand (31 December 2015: DKK 6,848 thousand). The increase in 2016 is due to a new leasehold agreement for the office in Aarhus.

The Company has issued a payment guarantee to a landlord of DKK 587 thousand in respect of a leasehold agreement (31 December 2015: DKK 587 thousand).

At 31 December 2016, the Company had to buy back components at a total value of DKK 157 thousand (31 December 2015: DKK 111 thousand) related to ongoing production at suppliers. This is the case if the product-specific projects for clients are not finalised.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

15 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