Prevas A/S

Lyskær 3 ef., 2730 Herlev

CVR no. 26 18 02 87

Annual report 2015

Approved at the annual general meeting of shareholders on 25 May 2016

Chairman:

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Henrik Møller-Kristensen

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Prevas A/S for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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

We recommend the adoption of the annual report at the annual general meeting.

Herlev, 25 May 2016
Executive Board:

Henrik Møller-Kristensen

Board of Directors:

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

Independent auditors' report

To the shareholder of Prevas A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Prevas A/S for the financial year 1 January - 31 December 2015, 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.

Management's responsibility 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. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 25 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Anders S Lauritsen

Anders Stig Lauritsen
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

Operating review

The Company's 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 meetingindividual 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 40,144 thousand compared to DKK 35,890 thousand in 2014. Profit for the year amounts to DKK 4,405 thousand compared to a profit of DKK 2,311 thousand in 2014. Profit for the year is assessed as satisfactory.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

The Company is expected to realise a profit in 2016.

Financial statements for the period 1 January - 31 December

Income statement

Notes	DKK'000	2015	2014
	Gross profit	40,144	35,980
2	Staff costs	-33,385	-30,654
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,374	-2,172
	Operating profit	5,385	3,154
4	Financial income	185	5
5	Financial expenses	-91	-230
	Profit before tax	5,479	2,929
	Tax for the year	-1,074	-618
	Profit for the year	4,405	2,311
	Proposed profit appropriation		
	Retained earnings	4,405	2,311
		4,405	2,311

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Completed development projects	1,253	1,131
	Acquired intangible assets	0	0
	Goodwill	0	239
		1,253	1,370
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	331	524
		331	524
8	Investments		
	Receivables from owners and management	347	347
		347	347
	Total non-current assets	1,931	2,241
	Current assets		
	Inventories		
	Finished goods and goods for resale	1,149	1,019
		1,149	1,019
	Receivables		
	Trade receivables	12,618	10,816
	Work in progress for third parties	196	286
	Receivables from group entities	5,585	0
	Deferred tax assets	216	1,290
	Other receivables	15	0
	Prepayments	835	715
		19,465	13,107
	Cash	8	481
	Total current assets	20,622	14,607
	TOTAL ASSETS	22,553	16,848

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	1,232	1,232
	Retained earnings	7,689	3,284
	Total equity	8,921	4,516
	Provisions		
	Other provisions	77	592
	Total provisions	77	592
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Lease liabilities	0	6
		0	6
	Current liabilities other than provisions		
	Lease liabilities	6	220
	Prepayments received from customers	895	461
	Trade payables	2,036	3,749
	Payables to group entities	0	164
10	Other payables	10,618	7,140
		13,555	11,734
	Total liabilities other than provisions	13,555	11,740
	TOTAL EQUITY AND LIABILITIES	22,553	16,848

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

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2014	1,232	973	2,205
Profit/loss for the year	0	2,311	2,311
Equity at 1 January 2015	1,232	3,284	4,516
Profit/loss for the year	0	4,405	4,405
Equity at 31 December 2015	1,232	7,689	8,921

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies

The annual report of Prevas A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

In 2015, presentation of 'Cash' has been changed as the Company is using the group cash pool and as such the balance has been netted towards 'Payables to group entities'. No effect on the results or equity.

The accounting policies applied by the company are consistent with those of last year, beside from the above mentioned changed classification.

Reporting currency

The financial statements are presented in Danish kroner.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at cost, corresponding to the lower of fair value and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are depreciated the same way as other similar non-current 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 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 leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Income statement

Revenue

Income from the 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.

Income from sale of consultancy services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Staff costs

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

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment 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, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the industry and the dependence on key staff.

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 are as follows:

Completed development projects	3-5 years
Acquired IP rights	8 years
Goodwill	10 years

Goodwill and IP rights are amortised over 5 years as these are considered as strategic assets for the Company.

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 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.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

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.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, 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.

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 costs necessary 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 costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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 or portfolio is used as discount rate.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress 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.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

Prepayments

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

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obigation as a result of a past event at the balance sheet date 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 concerned 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.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value 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. 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.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Lease liabilities

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

	DKK'000	2015	2014
2	Staff costs		
	Wages/salaries	32,014	29,764
	Pensions	1,006	921
	Other social security costs	363	381
	Other staff costs	653	683
	Staff costs transferred at the cost of development projects	-651	-1,095
		33,385	30,654
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	998	1,715
	Depreciation of property, plant and equpiment	376	457
		1,374	2,172
4	Financial income		
	Other financial income	185	5
		185	5
5	Financial expenses		
	Interest expenses, group entities	0	179
	Other financial expenses	91	51
		91	230

Financial statements for the period 1 January - 31 December

Notes

6 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2015	2,347	250	2,538	5,135
Additions in the year	881	0	0	881
Cost at 31 December 2015	3,228	250	2,538	6,016
Impairment losses and amortisation at 1 January 2015	1,216	250	2,299	3,765
Amortisation/depreciation in the year	759	0	239	998
Impairment losses and amortisation at 31 December 2015	1,975	250	2,538	4,763
Carrying amount at 31 December 2015	1,253	0	0	1,253

7 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2015	2,358
Additions in the year	183
Cost at 31 December 2015	2,541
Impairment losses and depreciation at 1 January 2015	1,834
Amortisation/depreciation in the year	376
Impairment losses and depreciation at 31 December 2015	2,210
Carrying amount at 31 December 2015	331
Property, plant and equipment include finance leases with a carrying amount totalling	6

Financial statements for the period 1 January - 31 December

Notes

8 Investments

DKK'000	Receivables from owners and management
Cost at 1 January 2015	347
Cost at 31 December 2015	347
Carrying amount at 31 December 2015	347

9 Share capital

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

DKK'000	2015	2014
10 Other payables		
VAT and other indirect taxes	3,051	2,146
Wages/salaries, salary taxes, social security contributions, etc.	5,289	4,320
Other accrued expenses	2,278	674
	10,618	7,140

11 Contractual obligations and contingencies, etc.

Other financial obligations

The Company has entered into leashold agreements. The obligation at 31 December 2015 amounted to DKK 6,848 thousand (31 December 2014: DKK 10,440 thousand).

The Company has issued a payment guarantee to a landlord of DKK 587 thousand in respect of a leasehold agreement (31 December 2014: DKK 587 thousand).

At 31 December 2015, the Company had to buy back components at a total value of DKK 111 thousand (31 December 2014: DKK 289 thousand) related to ongoing production at suppliers. This is the case if the product-specific projects for clients are not finalised.

12 Related parties

Prevas A/S' related parties comprise the following:

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