Smarttec Nordic A/S

Rugvænget 19 B, 2630 Taastrup

Company reg. no. 28 68 71 68

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 29 May 2019.

Lars Bøndergaard
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Smarttec Nordic A/S for the financial year 1 January to 31 December 2018.

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 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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.

Taastrup, 20 May 2019

Managing Director

Lars Bøndergaard

Board of directors

Frank Wiethüchter	Roland Feuser	Lars Holst-Jørgensen
Lars Bøndergaard		

Independent auditor's report

To the shareholders of Smarttec Nordic A/S

Opinion

We have audited the annual accounts of Smarttec Nordic A/S for the financial year 1 January to 31 December 2018, 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 2018 and of the results of the company's operations for the financial year 1 January to 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 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.

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 Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 20 May 2019

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Arne Sørensen
State Authorised Public Accountant
mne27757

Company data

The company	Smarttec Nordic A/S Rugvænget 19 B 2630 Taastrup	
	Company reg. no.	28 68 71 68
	Established:	15 April 2005
	Domicile:	Høje Taastrup
	Financial year:	1 January - 31 December
Board of directors	Frank Wiethüchter Roland Feuser Lars Holst-Jørgensen Lars Bøndergaard	
Managing Director	Lars Bøndergaard	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	

Management's review

The principal activities of the company

The Company's main activity is trading and distribution with production equipment and related process related consumers products for the manufacture of electronic products.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 507.385 against DKK 528.196 last year.

2018 has met the expectations the management had for the year. The result for the year is as expected, and almost in line with budgeted, which management still finds satisfactorily.

Activities in the individual markets have progressed satisfactorily.

The positive moves seen in the foregoing are continued and, at the time of reporting in 2019. The management expects a result for 2019 in line with 2018.

Accounting policies used

The annual report for Smarttec Nordic 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 accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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 external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

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 balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 7 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

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.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

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.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

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.

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.

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 carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off 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.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross profit	**5.929.756**	**4.983.468**
1	Staff costs	-5.045.742	-4.076.932
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-21.286	-75.962
	Operating profit	**862.728**	**830.574**
	Other financial income	17.844	0
2	Other financial costs	-206.887	-136.812
	Results before tax	**673.685**	**693.762**
3	Tax on ordinary results	-166.300	-165.566
	Results for the year	**507.385**	**528.196**
	Proposed distribution of the results:		
	Allocated to results brought forward	507.385	528.196
	Distribution in total	**507.385**	**528.196**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
4	Goodwill	0	14.286
	Intangible fixed assets in total	0	14.286
5	Other plants, operating assets, and fixtures and furniture	11.667	18.667
	Tangible fixed assets in total	11.667	18.667
	Fixed assets in total	**11.667**	**32.953**
	Current assets		
	Manufactured goods and trade goods	2.443.221	3.040.777
	Inventories in total	2.443.221	3.040.777
	Trade debtors	9.185.739	6.030.085
	Deferred tax assets	11.700	13.000
	Other debtors	276.350	276.350
	Accrued income and deferred expenses	255.533	255.533
	Debtors in total	9.729.322	6.574.968
	Available funds	179.082	559.951
	Current assets in total	**12.351.625**	**10.175.696**
	Assets in total	**12.363.292**	**10.208.649**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
6	Contributed capital	500.000	500.000
7	Results brought forward	1.095.457	588.072
	Equity in total	**1.595.457**	**1.088.072**
	Liabilities		
	Subordinate loan capital	741.422	738.771
	Long-term liabilities in total	741.422	738.771
	Bank debts	1.052.824	1.224.878
	Prepayments received from customers	494.521	0
	Trade creditors	6.106.644	5.582.901
	Corporate tax	127.000	121.566
	Other debts	2.245.424	1.452.461
	Short-term liabilities in total	10.026.413	8.381.806
	Liabilities in total	**10.767.835**	**9.120.577**
	Equity and liabilities in total	**12.363.292**	**10.208.649**

8 Mortgage and securities

9 Contingencies

Notes

All amounts in DKK.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	4.995.236	4.015.833
	Other costs for social security	46.772	39.631
	Other staff costs	3.734	21.468
		5.045.742	**4.076.932**
	Average number of employees	7	6
2.	**Other financial costs**		
	Other financial costs	206.887	136.812
		206.887	**136.812**
3.	**Tax on ordinary results**		
	Tax of the results for the year	165.000	159.566
	Adjustment for the year of deferred tax	1.300	6.000
		166.300	**165.566**
4.	**Goodwill**		
	Cost 1 January 2018	475.000	475.000
	Cost 31 December 2018	**475.000**	**475.000**
	Amortisation and writedown 1 January 2018	-460.714	-403.571
	Amortisation and writedown for the year	-14.286	-57.143
	Amortisation and writedown 31 December 2018	**-475.000**	**-460.714**
	Book value 31 December 2018	**0**	**14.286**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
5.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	153.225	202.839
	Disposals during the year	0	-49.614
	Cost 31 December 2018	**153.225**	**153.225**
	Amortisation and writedown 1 January 2018	-134.558	-152.365
	Depreciation and writedown for the year	-7.000	-16.096
	Depreciation, amortisation and writedown for the year, assets disposed of	0	33.903
	Amortisation and writedown 31 December 2018	**-141.558**	**-134.558**
	Book value 31 December 2018	**11.667**	**18.667**

		31/12 2018	31/12 2017
6.	**Contributed capital**		
	Contributed capital 1 January 2018	500.000	500.000
		500.000	**500.000**

		31/12 2018	31/12 2017
7.	**Results brought forward**		
	Results brought forward 1 January 2018	588.072	59.876
	Profit or loss for the year brought forward	507.385	528.196
		1.095.457	**588.072**

8. Mortgage and securities

Businesspartners guarantees have been issued of DKK 75.000

As the collateral for bank facilities, the Company has issed a mortgage of DKK 1.550.000

9. Contingencies

Contingent liabilities

	DKK in tousands
Contingent liabilities in total	295