

Smarttec Nordic A/S

Rugvænget 19 B, 2630 Taastrup

Company reg. no. 28 68 71 68

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 24 July 2020.

Lars Bøndergaard
Chairman of the meeting

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Notes:

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

Management's report

The board of directors and the managing director have today presented the annual report of Smarttec Nordic A/S for the financial year 1 January to 31 December 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Taastrup, 23 July 2020

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 2019, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 23 July 2020

BUUS JENSEN

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

Arne Sørensen

State Authorised Public Accountant
mne27757

Company information

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 commentary

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 109.987 against DKK 507.385 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.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	6.488.767	5.926.022
1 Staff costs	-5.961.772	-5.042.008
Depreciation and writedown relating to tangible fixed assets	<u>-7.000</u>	<u>-21.286</u>
Operating profit	519.995	862.728
Other financial income	0	17.844
2 Other financial costs	<u>-363.668</u>	<u>-206.887</u>
Pre-tax net profit or loss	156.327	673.685
3 Tax on ordinary results	<u>-46.340</u>	<u>-166.300</u>
Net profit or loss for the year	<u>109.987</u>	<u>507.385</u>
Proposed appropriation of net profit:		
Transferred to retained earnings	<u>109.987</u>	<u>507.385</u>
Total allocations and transfers	<u>109.987</u>	<u>507.385</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
4 Goodwill	0	0
Total intangible assets	<u>0</u>	<u>0</u>
5 Other plants, operating assets, and fixtures and furniture	4.667	11.667
Total property, plant, and equipment	<u>4.667</u>	<u>11.667</u>
Total non-current assets	<u>4.667</u>	<u>11.667</u>
Current assets		
Manufactured goods and trade goods	4.983.213	2.443.221
Total inventories	<u>4.983.213</u>	<u>2.443.221</u>
Trade debtors	5.622.637	9.185.739
Deferred tax assets	11.700	11.700
Other debtors	1.165.133	431.466
Accrued income and deferred expenses	776.520	100.417
Total receivables	<u>7.575.990</u>	<u>9.729.322</u>
Available funds	<u>372.618</u>	<u>179.082</u>
Total current assets	<u>12.931.821</u>	<u>12.351.625</u>
Total assets	<u>12.936.488</u>	<u>12.363.292</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
6	Contributed capital	500.000	500.000
7	Retained earnings	1.205.444	1.095.457
	Total equity	1.705.444	1.595.457
Provisions			
	Provisions for deferred tax	4.100	0
	Total provisions	4.100	0
Liabilities other than provisions			
	Subordinate loan capital	741.422	741.422
	Total long term liabilities other than provisions	741.422	741.422
	Bank debts	1.210.688	1.052.824
	Prepayments received from customers	0	494.521
	Trade payables	7.355.385	6.106.644
	Corporate tax	137.240	127.000
	Other payables	1.782.209	2.245.424
	Total short term liabilities other than provisions	10.485.522	10.026.413
	Total liabilities other than provisions	11.226.944	10.767.835
	Total equity and liabilities	12.936.488	12.363.292
8 Charges and security			
9 Contingencies			

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	5.948.936	4.995.236
Other costs for social security	<u>12.836</u>	<u>46.772</u>
	<u>5.961.772</u>	<u>5.042.008</u>
Average number of employees	<u>6</u>	<u>7</u>
2. Other financial costs		
Other financial costs	<u>363.668</u>	<u>206.887</u>
	<u>363.668</u>	<u>206.887</u>
3. Tax on ordinary results		
Tax of the results for the year	42.240	165.000
Adjustment for the year of deferred tax	<u>4.100</u>	<u>1.300</u>
	<u>46.340</u>	<u>166.300</u>
4. Goodwill		
Cost 1 January 2019	<u>475.000</u>	<u>475.000</u>
Cost 31 December 2019	<u>475.000</u>	<u>475.000</u>
Amortisation and writedown 1 January 2019	-475.000	-460.714
Amortisation and writedown for the year	<u>0</u>	<u>-14.286</u>
Amortisation and writedown 31 December 2019	<u>-475.000</u>	<u>-475.000</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	153.225	153.225
Disposals during the year	<u>-75.000</u>	<u>0</u>
Cost 31 December 2019	<u>78.225</u>	<u>153.225</u>
Amortisation and writedown 1 January 2019	-141.558	-134.558
Depreciation and writedown for the year	-7.000	-7.000
Depreciation and writedown, assets disposed of	<u>75.000</u>	<u>0</u>
Amortisation and writedown 31 December 2019	<u>-73.558</u>	<u>-141.558</u>
Book value 31 December 2019	<u>4.667</u>	<u>11.667</u>
6. Contributed capital		
Contributed capital 1 January 2019	<u>500.000</u>	<u>500.000</u>
	<u>500.000</u>	<u>500.000</u>
7. Retained earnings		
Retained earnings 1 January 2019	1.095.457	588.072
Profit or loss for the year brought forward	<u>109.987</u>	<u>507.385</u>
	<u>1.205.444</u>	<u>1.095.457</u>
8. Charges and security		
Businesspartners guarantees have been issued of DKK 75.000		
As the collateral for bank facilities, the Company has issued a mortgage of DKK 1.550.000		
9. Contingencies		
Contingent liabilities		
Contingent liabilities in total		<u>DKK in thousands</u> <u>249</u>

Accounting policies

The annual report for Smarttec Nordic A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in 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.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

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.

Accounting policies

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
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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.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Accounting policies

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.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to 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.

Accounting policies

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.