BUUS JENSEN
Statsautoriserede
Revisorer

Smarttec Nordic A/S

Rugvænget 21 F, 2630 Taastrup

Company reg. no. 28 68 71 68

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 21 June 2021.

Lars Bøndergaard
Chairman of the meeting

Contents

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 2020.

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 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

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, 7 June 2021

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 2020, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. 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 2020 and of the results of the company's operations for the financial year 1 January to 31 December 2020 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

Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. 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, 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 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.

Independent auditor's report

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 management and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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

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.

Independent auditor's report

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, 7 June 2021

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 21 F 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 -134.795 against DKK 109.987 last year.

The financial year has been significantly affected by the coronavirus and the restrictions caused by the coronavirus crisis.

Consequently, the company has applied for compensation from the state compensation scheme in relation to the coronavirus crisis, comprising compensation for wages. The extent of the compensation amounts to DKK 356 thousand and is recognised in the financial statements under Other operating income. Specifications in this relation appears from note 1 concerning special items.

The management expects a positive result for the coming year.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**5.501.648**	**6.488.767**
2	Staff costs	-5.469.976	-5.961.772
	Depreciation and writedown relating to tangible fixed assets	-15.941	-7.000
	Operating profit	**15.731**	**519.995**
3	Other financial costs	-142.926	-363.668
	Pre-tax net profit or loss	**-127.195**	**156.327**
4	Tax on ordinary results	-7.600	-46.340
	Net profit or loss for the year	**-134.795**	**109.987**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	0	109.987
	Allocated from retained earnings	-134.795	0
	Total allocations and transfers	**-134.795**	**109.987**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
6	Other fixtures and fittings, tools and equipment	27.983	4.667
7	Leasehold improvements	64.925	0
	Total property, plant, and equipment	92.908	4.667
	Total non-current assets	**92.908**	**4.667**
	Current assets		
	Manufactured goods and trade goods	2.018.572	4.983.213
	Total inventories	2.018.572	4.983.213
	Trade debtors	1.744.380	5.622.637
	Deferred tax assets	0	7.600
	Receivable corporate tax	54.000	0
	Other debtors	2.114.916	1.165.133
	Accrued income and deferred expenses	0	776.520
	Total receivables	3.913.296	7.571.890
	Available funds	1.904.648	372.618
	Total current assets	**7.836.516**	**12.927.721**
	Total assets	**7.929.424**	**12.932.388**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	500.000	500.000
	Retained earnings	1.070.649	1.205.444
	Total equity	**1.570.649**	**1.705.444**
	Liabilities other than provisions		
	Subordinate loan capital	741.422	741.422
	Total long term liabilities other than provisions	741.422	741.422
	Bank debts	614.396	1.210.688
	Trade payables	2.221.254	7.355.385
	Corporate tax	0	137.240
	Other payables	2.781.703	1.782.209
	Total short term liabilities other than provisions	5.617.353	10.485.522
	Total liabilities other than provisions	**6.358.775**	**11.226.944**
	Total equity and liabilities	**7.929.424**	**12.932.388**

1 Special items

8 Charges and security

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	500.000	1.095.457	1.595.457
Profit or loss for the year brought forward	0	109.987	109.987
Equity 1 January 2020	500.000	1.205.444	1.705.444
Profit or loss for the year brought forward	0	-134.795	-134.795
	500.000	**1.070.649**	**1.570.649**

Notes

All amounts in DKK.

	2020	2019

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by compensation for wages due to COVID-19 that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2020	2019
Income:		
Compensation for wages	355.543	0
	355.543	0
Special items are recognised in the following items in the financial statements:		
Gross profit / Other operating income	355.543	0
Profit of special items, net	**355.543**	**0**

2. Staff costs

	2020	2019
Salaries and wages	5.418.095	5.948.936
Other costs for social security	51.881	12.836
	5.469.976	**5.961.772**
Average number of employees	7	6

3. Other financial costs

	2020	2019
Other financial costs	142.926	363.668
	142.926	**363.668**

All amounts in DKK.

		2020	2019
4.	**Tax on ordinary results**		
	Tax of the results for the year	0	42.240
	Adjustment for the year of deferred tax	7.600	4.100
		7.600	**46.340**

		2020	2019
5.	**Goodwill**		
	Cost 1 January 2020	475.000	475.000
	Cost 31 December 2020	**475.000**	**475.000**
	Amortisation and writedown 1 January 2020	-475.000	-475.000
	Amortisation and writedown 31 December 2020	**-475.000**	**-475.000**

		2020	2019
6.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	78.225	153.225
	Additions during the year	29.982	0
	Disposals during the year	-35.000	-75.000
	Cost 31 December 2020	**73.207**	**78.225**
	Amortisation and writedown 1 January 2020	-73.558	-141.558
	Depreciation and writedown for the year	-6.666	-7.000
	Depreciation and writedown, assets disposed of	35.000	75.000
	Amortisation and writedown 31 December 2020	**-45.224**	**-73.558**
	Carrying amount, 31 December 2020	**27.983**	**4.667**

Notes

All amounts in DKK.

		31/12 2020	31/12 2019
7.	**Leasehold improvements**		
	Cost 1 January 2020	0	0
	Additions during the year	74.200	0
	Cost 31 December 2020	**74.200**	**0**
	Depreciation and writedown 1 January 2020	0	0
	Depreciation and writedown for the year	-9.275	0
	Depreciation and writedown 31 December 2020	**-9.275**	**0**
	Carrying amount, 31 December 2020	**64.925**	**0**

8. Charges and security

Businesspartners guarantees have been issued of DKK 75.000

As the collateral for bank facilities, the Company has issed a mortgage of DKK 2.050.000

9. Contingencies

Contingent liabilities

	DKK in tousands
Contingent liabilities in total	144

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.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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.

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

Other operating income comprises items of a secondary nature as regards 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.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of 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.

All other 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.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

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.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.