Tel.: +45 76 35 56 00
kolding@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Kolding Åpark 8A, 7. sal
DK-6000 Kolding
CVR no. 20 22 26 70

SOURCE TECHNOLOGY APS

KORSVEJ 11, 6000 KOLDING

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2019

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 2 March 2020

Kim Doctor Krintel

CVR NO. 29 84 53 36

CONTENTS

	Page
Company Details	
Company Details	3
Statement and Report	
Statement by Board of Directors and Board of Executives	4
The Independent Auditor's Report	5-6
Management's Review	
Management's Review	7
Financial Statements 1 January - 31 December	
Income Statement	8
Balance Sheet	9-10
Notes	11-13
Accounting Policies	14-17

COMPANY DETAILS

Company	SOURCE TECHNOLOGY ApS Korsvej 11 6000 Kolding Telephone: +45 75 55 90 95 CVR No.: 29 84 53 36 Established: 31 August 2006 Registered Office: Kolding Financial Year: 1 January - 31 December
Board of Directors	Lafe Nolan Bailey, chairman John David Pierson Brad Douglas Wenger Marc Louis Wenger
Board of Executives	Kim Doctor Krintel
Auditor	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding
Bank	Sydbank Kolding Åpark 8B 6000 Kolding
Law Firm	Bech Bruun Langelinie Allé 35 2100 Copenhagen Ø

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of SOURCE TECHNOLOGY ApS for the financial year 1 January - 31 December 2019.

The Annual Report is presented 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Kolding, 2 March 2020

Board of Executives

Kim Doctor Krintel

Board of Directors

Lafe Nolan Bailey Chairman	John David Pierson	Brad Douglas Wenger

Marc Louis Wenger

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SOURCE TECHNOLOGY ApS

Conclusion

We have performed an extended review of the Financial Statements of SOURCE TECHNOLOGY ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

THE INDEPENDENT AUDITOR'S REPORT

Statement on the Management's Review
Management is responsible for the Management's Review.

Our conclusion on the Financial Statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the Financial Statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's Review.

Kolding, 2 March 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Henning Wiese
State Authorised Public Accountant
MNE no. mne27707

MANAGEMENT'S REVIEW

Principal activities
The company's activity comprises to conduct business with consulting as well as development and sale of machines and products primarily for the food industry.

Development in activities and financial position
The income statement of the entity for 2019 shows a profit of DKK ('000) 9,532. Management considers the result for the year satisfactory.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK '000
GROSS PROFIT		**31.094.336**	**2.449**
Staff costs	1	-16.005.212	-11.033
Depreciation, amortisation and impairment losses		-2.828.899	-7.386
OPERATING PROFIT		**12.260.225**	**-15.970**
Other financial income		529.135	147
Other financial expenses		-506.336	-681
PROFIT BEFORE TAX		**12.283.024**	**-16.504**
Tax on profit/loss for the year	2	-2.751.056	3.605
PROFIT FOR THE YEAR		**9.531.968**	**-12.899**

PROPOSED DISTRIBUTION OF DIVIDEND

Retained earnings		9.531.968	-12.899
TOTAL		**9.531.968**	**-12.899**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK '000
Development projects completed		4.841.948	2.812
Intangible fixed assets acquired		724.535	772
Intangible fixed assets	3	**5.566.483**	**3.584**
Land and buildings		29.566.831	30.476
Other plant, fixtures and equipment		6.364.517	1.800
Tangible fixed assets in progress and prepayment		258.738	0
Tangible fixed assets	4	**36.190.086**	**32.276**
FIXED ASSETS		**41.756.569**	**35.860**
Raw materials and consumables		1.388.328	0
Work in progress		2.045.773	8.090
Finished goods and goods for resale		0	7.952
Inventories		**3.434.101**	**16.042**
Trade receivables		12.014.402	6.428
Receivables from group enterprises		729.362	0
Provision for deferred tax		0	1.397
Other receivables		1.951.209	1.467
Corporation tax receivable		260.050	684
Prepayments and accrued income		644.216	44
Receivables		**15.599.239**	**10.020**
Cash and cash equivalents		**7.640.831**	**20**
CURRENT ASSETS		**26.674.171**	**26.082**
ASSETS		**68.430.740**	**61.942**

BDO

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK '000
Share capital		1.000.000	1.000
Reserve for development costs		3.776.719	2.194
Retained earnings		18.322.413	10.373
EQUITY	5	**23.099.132**	**13.567**
Provision for deferred tax		1.272.591	0
PROVISION FOR LIABILITIES		**1.272.591**	**0**
Mortgage debt		7.813.664	8.293
Bank loan		4.955.897	5.618
Holiday allowance commitment		406.523	0
Lease liabilities		0	308
Long-term liabilities	6	**13.176.084**	**14.219**
Short-term portion of long-term liabilities	6	1.422.385	1.126
Bank debt		0	8.281
Prepayments received from customers		19.544.883	14.306
Trade payables		2.757.855	3.309
Payables to group enterprises		3.683.328	5.604
Other liabilities		3.474.482	1.530
Current liabilities		**30.882.933**	**34.156**
LIABILITIES		**44.059.017**	**48.375**
EQUITY AND LIABILITIES		**68.430.740**	**61.942**

Contingencies etc.	7
Charges and securities	8

NOTES

	2019 DKK	2018 DKK '000	Note
Staff costs			1
Average number of employees 17 (2018: 15)			
Wages and salaries	14.446.076	9.706	
Pensions	1.171.942	1.032	
Social security costs	56.234	50	
Other staff costs	330.960	245	
	16.005.212	**11.033**	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year	81.950	0	
Adjustment of deferred tax	2.669.106	-3.605	
	2.751.056	**-3.605**	

Intangible fixed assets	**Development projects completed**	**Intangible fixed assets acquired**	3
Cost at 1 January 2019	7.681.833	969.550	
Additions	2.848.766	0	
Cost at 31 December 2019	**10.530.599**	**969.550**	
Amortisation at 1 January 2019	4.868.692	196.458	
Amortisation for the year	819.959	48.557	
Amortisation at 31 December 2019	**5.688.651**	**245.015**	
Carrying amount at 31 December 2019	**4.841.948**	**724.535**	

Development projects
The capitalized development cost all comprises unique technologies for production of pet food- and human food products, and analysis for the same. There is expected to continue to be a big market for the products, that is strongly driven by strategic signalling effects like food control, healthier products etc.

NOTES

Note

Tangible fixed assets 4

	Land and buildings	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019	32.143.412	2.922.982	0
Additions	71.300	5.694.901	258.738
Disposals	0	-206.901	0
Cost at 31 December 2019	**32.214.712**	**8.410.982**	**258.738**
Depreciation and impairment losses at 1 January 2019	1.667.588	1.123.276	
Depreciation for the year	980.293	923.189	
Depreciation and impairment losses at 31 December 2019	**2.647.881**	**2.046.465**	
Carrying amount at 31 December 2019	**29.566.831**	**6.364.517**	**258.738**
Finance lease assets		285.371	

Equity 5

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2019	1.000.000	2.194.249	10.372.915	13.567.164
Proposed distribution of profit			9.531.968	9.531.968
Transferred to reserve for development costs		1.582.470	-1.582.470	
Equity at 31 December 2019	**1.000.000**	**3.776.719**	**18.322.413**	**23.099.132**

Long-term liabilities 6

	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt	8.282.796	469.132	4.692.272	8.696.868	402.915
Bank loan	5.601.313	645.416	2.300.000	6.213.064	595.326
Holiday allowance commitment	406.523	0	406.523	0	0
Lease liabilities	307.837	307.837	0	435.649	127.812
	14.598.469	**1.422.385**	**7.398.795**	**15.345.581**	**1.126.053**

NOTES

Note

Contingencies etc. 7

Contingent liabilities
The company has entered into operating lease agreements which have not been recognised in the financial statement. The liability is DKK ('000) 476 at 31 December 2019. The agreement have an average residual term of 17 months.

The Company has warranties for delivered goods and services.

Charges and securities 8
The buildings have been charged as security for mortgage debt. The carrying amount of the assets is DKK ('000) 29,567 at 31 December 2019.

As a security for debt to banks a building has been provided as security. The mortgage deed is DKK ('000) 4,000. The carrying amount of the assets is DKK ('000) 29,567 at 31 December 2019.

A letter of indemnity worth DKK ('000) 5,000 has been issued towards a financial institute to secure bank debt. The letter of indemnity is secured by way of pledge in goodwill, instangible property rights, other plant, fixtures and equipment, inventories and trade receivables (company pledge).

The carrying amount of pledged assets is DKK ('000) 27,638.

ACCOUNTING POLICIES

The Annual Report of SOURCE TECHNOLOGY ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change in accounting policies and classification
The accounting policies have been changed in the following areas:

- The classification of rental equipment has been amended from "Finished goods and goods for resale" to "Other plant, fixtures and equipment". The amendment in classification of rental equipment does not affect the income statement, balance sheet or equity for current year and last year.

INCOME STATEMENT

Net revenue
Net revenue from sale of manufactured goods and goods for resale is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets
Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 20 years.

ACCOUNTING POLICIES

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets
Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings...	30 years	0-19 %
Other plant, fixtures and equipment...	3-20 years	0-70 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Lease contracts
Lease contracts relating to tangible fixed assets
where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

Cost consist of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials and consumables and direct payroll cost.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

ACCOUNTING POLICIES

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.