

SECOMEA A/S
SMEDEHOLM 12-14, 2730 HERLEV
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 April 2020**

Lars Dige Knudsen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

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COMPANY DETAILS

Company	Secomea A/S Smedeholm 12-14 2730 Herlev
	CVR No.: 31 36 60 38
	Established: 4 April 2008
	Registered Office: Herlev
	Financial Year: 1 January - 31 December
Board of Directors	Lars Dige Knudsen, chairman Kim Fabricius Storm Peter Koldig Hansen Bjarne Schøn
Board of Executives	Michael Ferdinandsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Jyske Bank Hovedvejen 99 2600 Glostrup
	Nordea Bank Danmark A/S Lyngby Hovedgade 96 2800 Kongens Lyngby
Law Firm	EPIC Advokater Brønnums Hus August Bournonvilles Passage 1 1055 Copenhagen K

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 Secomea A/S 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.

Herlev, 23 April 2020

Board of Executives

Michael Ferdinandsen
CEO

Board of Directors

Lars Dige Knudsen
Chairman

Kim Fabricius Storm

Peter Koldig Hansen

Bjarne Schøn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Secomea A/S

Opinion

We have audited the Financial Statements of Secomea A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company 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 Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit 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 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 Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Financial Statements 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 Financial Statements, including the disclosures, and whether the Financial Statements represent 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 internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, we conclude that 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 of Management's Review.

Copenhagen, 23 April 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

MANAGEMENT'S REVIEW

Principal activities

The company's main activities are to engage in trading and service activities for secure, simple and scalable Internet based industrial communication solutions.

Development in activities and financial position

We conclude 2019 with an overall continuous sales growth and an increasing number of new customers. Even without considering the impact of Covid-19, the market situation is, however, challenging with accelerating demands from IT departments at manufacturing sites, resulting in increasing requirements for cybersecurity, interoperability and scalability and subsequent longer decision/sales cycles. Secomea has chosen to keep its commitment to bring turn-key solutions to the market that are simple and yet secure and has undergone some heavy investments in the last couple of years in general staff onboarding for establishment and streamlining of global offices and consolidation of the technological fundament based on agile processes to prepare for the next stage in Secomea's evolution towards the company vision. With this in mind, the earnings in the past year are as expected and therefore satisfactorily. The gross profit of the year shows an increase from DKK 33.294.345 to DKK 38.502.040 and the profit before tax shows a income of DKK 94.482 against a profit of DKK 6.144.680 in 2018.

Significant events after the end of the financial year

With increasing effect in 2020, the coronavirus pandemic has led to severe global socioeconomic disruption, country lockdowns and the postponement or cancellation of almost all major industry events and exhibitions. The United Nations has called the pandemic "a global health crisis unlike any other in the 75-year history of the United Nations,". Despite of that, we continue with a strong growth in the 1st quarter in 2020, showing an increase in gross profit of almost 12 % compared to last year. It is, anyhow, a challenge to manage the unmanageable, i.e. the duration of the Covid-19 situation and what future economic impact this will have on the different markets, for our customers and therefore for us. As our commitment to all our customers, we have taken extra measures for wise financial conduct, as we predict the pandemic will have some financial impact on the company's financial position.

Research and development activities

The development activities have primarily been focused on the communication solutions within remote access and data collection for the industrial market. The company does not capitalize on development costs. The company, therefore, recognizes development costs in the profit and loss account as costs are incurred.

Future expectations

We expect our core technology, development activities and market reputation will elevate Secomea into opportunities within Industrial IoT segments representing substantially larger figures that are currently a more linear growth rate. For the coming year, the future demand in our markets is difficult to assess due to the Covid-19 situation. Nevertheless, we expect a sustained activity rate looking at the full year, similar to this financial year.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
GROSS PROFIT		38.502.040	33.294.345
Staff costs.....	1	-29.888.388	-22.234.906
Depreciation, amortisation and impairment.....		-368.332	-264.296
OPERATING PROFIT		8.245.320	10.795.143
Result of equity investments in group and associates.....		-8.817.839	-5.093.133
Other financial income.....		954.212	629.448
Other financial expenses.....		-287.211	-186.778
PROFIT BEFORE TAX		94.482	6.144.680
Tax on profit/loss for the year.....	2	-1.966.106	-2.476.599
LOSS FOR THE YEAR		-1.871.624	3.668.081
PROPOSED DISTRIBUTION OF DIVIDEND			
Proposed dividend for the year.....		0	2.000.000
Retained earnings.....		-1.871.624	1.668.081
TOTAL		-1.871.624	3.668.081

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Other plant, machinery, tools and equipment		684.812	522.832
Leasehold improvements		580.686	244.211
Tangible fixed assets	3	1.265.498	767.043
Equity investments in group enterprises		0	0
Rent deposit and other receivables		624.230	613.314
Fixed asset investments	4	624.230	613.314
FIXED ASSETS		1.889.728	1.380.357
Finished goods and goods for resale		7.703.935	7.479.680
Prepayments		993.620	835.445
Inventories		8.697.555	8.315.125
Trade receivables		8.817.187	9.257.073
Receivables from group enterprises		3.619.765	6.685.461
Other receivables		568.717	814.414
Prepayments and accrued income		801.536	260.389
Receivables		13.807.205	17.017.337
Cash and cash equivalents		2.207.589	325.048
CURRENT ASSETS		24.712.349	25.657.510
ASSETS		26.602.077	27.037.867

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital.....		555.600	555.600
Retained profit.....		12.116.389	14.747.926
Proposed dividend.....		0	2.000.000
EQUITY.....	5	12.671.989	17.303.526
Provision for deferred tax.....	6	36.853	36.865
PROVISION FOR LIABILITIES.....		36.853	36.865
Other liabilities.....		966.661	0
Long-term liabilities.....	7	966.661	0
Bank debt.....		3.329.785	2.570.261
Trade payables.....		4.597.448	3.330.161
Payables to group enterprises.....		10.615	180.554
Corporation tax.....		448.118	370.164
Payables to owners and management.....		1.765.719	422.323
Other liabilities.....		2.774.889	2.717.208
Accruals and deferred income.....		0	106.805
Current liabilities.....		12.926.574	9.697.476
LIABILITIES.....		13.893.235	9.697.476
EQUITY AND LIABILITIES.....		26.602.077	27.037.867
Contingencies etc.	8		

NOTES

	2019 DKK	2018 DKK	Note
Staff costs			1
Average number of employees 41 (2018: 35)			
Wages and salaries.....	26.854.344	20.411.285	
Pensions.....	2.563.456	1.509.157	
Social security costs.....	431.503	274.260	
Other staff costs.....	39.085	40.204	
	29.888.388	22.234.906	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	1.966.118	2.452.164	
Adjustment of deferred tax.....	-12	24.435	
	1.966.106	2.476.599	
Tangible fixed assets			3
	Other plant, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2019.....	734.853	595.891	
Additions.....	371.405	495.383	
Disposals.....	-77.448	-237.585	
Cost at 31 December 2019.....	1.028.810	853.689	
Depreciation and impairment losses at 1 January 2019.....	212.022	351.680	
Reversal of depreciation of assets disposed of.....	-73.520	-225.706	
Depreciation for the year.....	205.496	147.029	
Depreciation and impairment losses at 31 December 2019...	343.998	273.003	
Carrying amount at 31 December 2019.....	684.812	580.686	
Fixed asset investments			4
	Equity investments in group enterprises	Rent deposit and other receivables	
Cost at 1 January 2019.....	742.950	613.314	
Additions.....	0	10.916	
Cost at 31 December 2019.....	742.950	624.230	
Revaluation at 1 January 2019.....	-742.950	0	
Exchange adjustment.....	-759.914	0	
Profit/loss for the year.....	-8.817.839	0	
Other adjustments.....	9.577.753	0	
Revaluation at 31 December 2019.....	-742.950	0	
Carrying amount at 31 December 2019.....	0	624.230	

NOTES

	2019 DKK	2018 DKK	Note
Equity			5

	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 January 2019.....	555.600	14.747.927	2.000.000	17.303.527
Dividend paid.....			-2.000.000	-2.000.000
Foreign exchange adjustments.....		-759.914		-759.914
Proposed distribution of profit.....		-1.871.624		-1.871.624
Equity at 31 December 2019.....	555.600	12.116.389	0	12.671.989

Provision for deferred tax

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Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

The amount breaks down as follows:

	Carrying Value	Tax Value	Tax depre. or amort. above carrying value
Andre anlæg, driftsmateriel og inventar.....	684.812	601.695	83.117
Indretning af lejede lokaler.....	580.686	496.288	84.398
	1.265.498	1.097.983	167.515
Hensættelse til udskudt skat.....			36.853

	2019 DKK	2018 DKK
Deferred tax, beginning of year.....	36.865	12.430
Deferred tax of the year, income statement.....	-12	24.435
Provision for deferred tax 31 December 2019.....	36.853	36.865

Long-term liabilities

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	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
Other liabilities.....	966.661	0	0	0	0
	966.661	0	0	0	0

NOTES**Note****Contingencies etc.****8****Rent obligations**

The company has entered into a lease contract, where the lease has an annual rent of DKK ('000) 1,136. The lease can be terminated with 6 months' notice and the total rent obligation during the period of notice is thus DKK ('000) 568.

lease commitments

The company has entered into operational leasing agreements with a residual maturity of maximum 9 months and an annual lease payment of DKK ('000) 58. The total lease payment in the remaining interminable period is thus DKK ('000) 44.

ACCOUNTING POLICIES

The Annual Report of Secomea A/S 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.

Consolidated financial statements

Consolidated financial statements have not been prepared as the group complies with the exemption provisions in section 111 of the Danish Financial Statements Act.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods 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.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of tangible fixed assets.

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, operational 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.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

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.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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
Other plant, fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	5 years	0 %

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.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

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.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

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 reduced by impairment losses 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.

ACCOUNTING POLICIES

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.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

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.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or writedown of the asset. The items of the income statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.