STEMMER IMAGING A/S

Skelbækgade 2, 6., 1717 København V

Company reg. no. 32 44 98 91

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 18 May 2021.

Uwe Kemm
Chairman of the meeting

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 %.

Contents

Management's report

The board of directors and the managing director have today presented the annual report of STEMMER IMAGING 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.

Copenhagen, 18 May 2021

Managing Director

Max Peter Trollsås
CEO

Board of directors

Uwe Kehm Chairman	Arne Eike Dehn	Max Peter Trollsås

Independent auditor's report

To the shareholder of STEMMER IMAGING A/S

Opinion

We have audited the annual accounts of STEMMER IMAGING 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, 18 May 2021

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Iver Haugsted
State Authorised Public Accountant
mne10678

Company information

The company	STEMMER IMAGING A/S Skelbækgade 2, 6. 1717 København V	
	Phone	+45 77 33 41 66
	Web site	www.stemmer-imaging.com/en-dk/
	E mail	info@stemmer-imaging.dk
	Company reg. no.	32 44 98 91
	Domicile:	Copenhagen
	Financial year:	1 January 2020 - 31 December 2020 12th financial year
Board of directors	Uwe Kemm, Chairman Arne Eike Dehn Max Peter Trollsås	
Managing Director	Max Peter Trollsås, CEO	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	

Management commentary

The principal activities of the company

STEMMER IMAGING is an international supplier of Machine Vision and Artificial Vision. The company provides components from leading manufacturers and services required to support our customers and partners. In addition, the company has a wide range of accessories to make it possible for the customers to find all components from one supplier that understands and has the possibility to recommend and take responsibility for the whole task. Increasingly important are the services the company offers in terms of training, pre-studies and consultation to help the customers shorten their development cycles.

STEMMER IMAGING A/S is a fully owned daughter company to STEMMER IMAGING AG, located in Puchheim, near Munich, Germany.

Unusual circumstances

The Corona / COVID-19 presents challenges and risks for the company.

Corona / COVID-19 has or may have a significant impact on the number of customers, nationally or internationally, as a result of the recommendations and orders given by the political team. Given the major uncertainty Corona / COVID-19 has created and the uncertainty about the duration of the situation, it is currently not possible to make a reasonable assessment of the financial consequences of the Corona crisis. On the same basis, it is not possible to express a sufficiently secure expectation of revenue and profit before tax. So far, however, management believes that the company has the necessary liquidity and credit facilities to continue its operations.

Development in activities and financial matters

The gross profit for the year totals DKK 4.963.262 against DKK 1.631.746 last year. Income or loss from ordinary activities after tax totals DKK -368.922 against DKK -392.307 last year. Last year the financial year was 6 months from 1 July to 31 December 2019. Management considers the net profit for the year satisfactory.

The company’s customers has access to an extensive range of products with fast deliveries through the central European warehouse in Germany as well as local expertise and services. This in combination with investments in new technologies such as Hyper Spectral Imaging and 3D means that the company is well positioned for continued growth. Corresponding to this assessment, we expect a growth in sales and a sustainable improvement of the result for fiscal year 2021.

The Board estimates that the company’s long term product and market strategy has positioned STEMMER IMAGING A/S well for growth by increased market share and an underlying growing market.

The company's cash and cash equivalents have increased by DKK 456.723, i.e. from DKK 1.928.603 to DKK 2.385.326.

Events occurring after the end of the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement

All amounts in DKK.

Note		1/1 - 31/12 2020	1/7 - 31/12 2019
	Gross profit	**4.963.262**	**1.631.746**
2	Staff costs	-4.835.330	-1.809.171
	Depreciation, amortisation and impairment	-560.696	-282.911
	Operating profit	**-432.764**	**-460.336**
	Other financial income	33.961	10.463
3	Other financial costs	-75.287	-52.769
	Pre-tax net profit or loss	**-474.090**	**-502.642**
	Tax on ordinary results	105.168	110.335
	Net profit or loss for the year	**-368.922**	**-392.307**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-368.922	-392.307
	Total allocations and transfers	**-368.922**	**-392.307**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
4	Goodwill	0	441.256
	Total intangible assets	0	441.256
5	Other fixtures and fittings, tools and equipment	137.669	198.185
6	Leasehold improvements	23.412	82.336
	Total property, plant, and equipment	161.081	280.521
7	Deposits	321.396	315.124
	Total investments	321.396	315.124
	Total non-current assets	**482.477**	**1.036.901**
	Current assets		
	Manufactured goods and trade goods	371.263	123.774
	Total inventories	371.263	123.774
	Trade debtors	3.049.780	2.762.089
	Other debtors	3.260	0
	Deferred tax assets	673.350	569.180
	Accrued income and deferred expenses	14.187	74.655
	Total receivables	3.740.577	3.405.924
	Available funds	2.385.326	1.928.603
	Total current assets	**6.497.166**	**5.458.301**
	Total assets	**6.979.643**	**6.495.202**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
8	Contributed capital	500.000	500.000
	Results brought forward	1.725.380	2.094.302
	Total equity	**2.225.380**	**2.594.302**
	Liabilities other than provisions		
	Trade creditors	177.324	254.828
	Debt to group enterprises	2.455.902	2.819.749
	Corporate tax	0	5.090
	Other debts	2.121.037	821.233
	Total short term liabilities other than provisions	4.754.263	3.900.900
	Total liabilities other than provisions	**4.754.263**	**3.900.900**
	Total equity and liabilities	**6.979.643**	**6.495.202**

1 Special items

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 July 2019	500.000	2.486.609	2.986.609
Profit or loss for the year brought forward	0	-392.307	-392.307
Equity 1 January 2020	500.000	2.094.302	2.594.302
Profit or loss for the year brought forward	0	-368.922	-368.922
	500.000	**1.725.380**	**2.225.380**

Notes

All amounts in DKK.

1. Special items

Special items include significant income of a special nature relative to the enterprise's ordinary operating activities, such as the cost of compensation of salaries due to covid-19, since the company in the beginning of covid-19 had repatriated employees.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors 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.

	1/1 - 31/12 2020	1/7 - 31/12 2019
Income:		
Compensation of salaries, covid-19	153.419	0
	153.419	0
Special items are recognised in the following items in the financial statements:		
Other operation income	153.419	0
Profit of special items, net	**153.419**	**0**

2. Staff costs

Salaries and wages	4.370.519	1.546.647
Pension costs	436.135	244.001
Other costs for social security	28.676	18.523
	4.835.330	**1.809.171**
Average number of employees	4	5

3. Other financial costs

Financial costs, group enterprises	36.609	39.111
Other financial costs	38.678	13.658
	75.287	**52.769**

Notes

All amounts in DKK.

4. Goodwill

Cost 1 January 2020	3.117.488	3.117.488
Cost 31 December 2020	**3.117.488**	**3.117.488**
Amortisation and writedown 1 January 2020	-2.676.232	-2.453.554
Amortisation for the year	-441.256	-222.678
Amortisation and writedown 31 December 2020	**-3.117.488**	**-2.676.232**
Carrying amount, 31 December 2020	**0**	**441.256**

5. Other fixtures and fittings, tools and equipment

Cost 1 January 2020	545.277	527.637
Additions during the year	0	17.640
Cost 31 December 2020	**545.277**	**545.277**
Amortisation and writedown 1 January 2020	-347.092	-316.321
Depreciation for the year	-60.516	-30.771
Amortisation and writedown 31 December 2020	**-407.608**	**-347.092**
Carrying amount, 31 December 2020	**137.669**	**198.185**

6. Leasehold improvements

Cost 1 January 2020	294.620	294.620
Cost 31 December 2020	**294.620**	**294.620**
Depreciation and writedown 1 January 2020	-212.284	-182.822
Depreciation for the year	-58.924	-29.462
Depreciation and writedown 31 December 2020	**-271.208**	**-212.284**
Carrying amount, 31 December 2020	**23.412**	**82.336**

Notes

All amounts in DKK.

		31/12 2020	31/12 2019
7.	**Deposits**		
	Cost 1 January 2020	315.124	315.124
	Additions during the year	6.272	0
	Cost 31 December 2020	**321.396**	**315.124**
	Carrying amount, 31 December 2020	**321.396**	**315.124**

8. Contributed capital

The share capital consists of 500.000 shares, each with a nominal value of DKK 1. No share carry any special rights.

9. Contingencies

Contingent liabilities

	DKK in thousands
Leasing liabilities	265
Contingent liabilities in total	**265**

Accounting policies

The annual report for STEMMER IMAGING A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in DKK. The accounting period was changed in the financial year before last and, consequently, the comparative figures in the income statement comprise the period 1 July 2019 – 31 December 2019.

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.

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

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 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales include 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, including profit from the disposal of intangible and tangible assets.

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 for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

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

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 7 years.

Property, plant, and equipment

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
Leasehold improvements	3-7 years	0-20 %
Other fixtures and fittings, tools and equipment	3-7 years	0-20 %

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 as other operating income or other operating expenses.

Leases

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.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Financial fixed assets

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

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.

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.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on 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.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.