

PLM Group ApS

Langebjergvænget 4
4000 Roskilde
Denmark

CVR no. 32 65 00 74

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting on

17 May 2019

Jörgen Pehr Niklas Fredsson
chairman

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PLM Group ApS
Annual report 2018
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of PLM Group ApS for the financial year 1 January – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Roskilde, 17 May 2019
Executive Board:

Jan Olov Lundström
Chief Executive Officer

Board of Directors:

Jörgen Pehr Niklas
Fredsson
Chairman

Bengt Fredrik Liljedahl

Allan Thorvaldsen

Independent auditor's report

To the shareholder of PLM Group ApS

Opinion

We have audited the financial statements of PLM Group ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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

Independent auditor's report

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.
- 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 the Management's review

Management is responsible for the Management's review.

Our opinion 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 audit 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 audit, 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 of the Management's review.

Copenhagen, 17 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant
mne19737

PLM Group ApS
Annual report 2018
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Management's review

Company details

PLM Group ApS
Langebjergvænget 4
4000 Roskilde
Denmark

CVR no.: 32 65 00 74
Financial year: 1 January – 31 December

Board of Directors

Jörgen Pehr Niklas Fredsson, Chairman
Bengt Fredrik Liljedahl
Allan Thorvaldsen

Executive Board

Jan Olov Lundström, Chief Executive Officer

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

PLM Group is the largest Dassault Systemes/SolidWorks value added reseller in Northern Europe serving approx. 5.000 customers from a wide range of industries. PLM Group makes customers more competitive by implementing solutions based on PLM application software into their entire value chain. The intuitive and high torques solutions generate 3D capabilities to sell, design, manufacture, deliver and service better products, faster and more cost-effectively.

Development in activities and finances

PLM Group ApS is the parent company of several subsidiaries in the Nordic and Baltic countries. The result for 2018 is in accordance with the budget. The result for the year is a profit of DKK 15.929 thousand which meets the management's expectations.

In the annual report of 2017, the Group enterprises payables were not adjusted to the year-end exchange rate at 31 December 2017.

The error is adjusted in the entities equity, in accordance with the Danish Financial Statements Act Article 52, 2. The correction has led to an adjustment of payables to group enterprises and retained earnings of DKK 764 thousand.

Uncertainty regarding measurement of investments in subsidiaries

2018 was in many ways a challenging year with varying markets, currencies and purchasing behavior. However, we are confident that the long term plan will ensure a satisfying development in both sales and profitability for the different subsidiaries and subsequently the PLM Group in total.

In connection with LMT Group AB's acquisition of the sharecapital of the company by end of November 2018 a number of re-organisation initiatives were kick started. The re-organisation plan has been put in place, to secure a more streamlined sales and service process for for the entire subgroup consisting of PLM Group ApS and its subsidiaries, to ensure a more profitable development throughout the Group.

At the time of acquisition Management considered that the underlying performance especially in PLM Group Danmark ApS and PLM Group Norge AS had significant potential for topline growth and improved profitability. The base assumptions upon acquisition was to lift the revenue by 25% and 33% respectively for each of the entities over the period 2019-2022.

Based on this assumption Management has assessed the valuation of the PLM Group Danmark ApS and PLM Group Norge AS shares. The assesment is based on a standardized DFC calculation. In the calculation a WACC of 11.4% has been applied which is considered conservative in the respective markets. Growth rate in the terminal period has been set to 2%. Based on this the valuation of the investments is considered to be aligned with the initial plans in and the carrying value of the investments is not considered impaired.

For the other subsidiaries no detailed impairment test has been carried out considering that the underlying performance of those entities support the view that the carrying value is lower than Net realisable value.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Management's review

Operating review

Capital resources

LMT Group AB has issued a letter of support stating that financial support will be provided to PLM Group ApS at least until 31 December 2019. Management assesses that this is sufficient to cover the expected financing requirements for the coming year.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit		4,785	5,217
Income from equity investments in group entities		11,373	13,655
Financial income	2	4,189	1,513
Financial expenses	3	<u>-3,133</u>	<u>-1,839</u>
Profit before tax		17,214	18,546
Tax on profit/loss for the year	4	<u>-1,285</u>	<u>-1,042</u>
Profit for the year		<u>15,929</u>	<u>17,504</u>
Proposed profit appropriation			
Retained earnings		<u>15,929</u>	<u>17,504</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>31/12 2018</u>	<u>31/12 2017</u>
ASSETS			
Fixed assets			
Investments			
Investments in group entities	5	<u>75,927</u>	<u>75,927</u>
Total fixed assets		<u>75,927</u>	<u>75,927</u>
Current assets			
Receivables			
Receivables from group entities		<u>10,547</u>	<u>83,598</u>
Cash at bank and in hand		<u>107</u>	<u>0</u>
Total current assets		<u>10,654</u>	<u>83,598</u>
TOTAL ASSETS		<u>86,581</u>	<u>159,525</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		250	250
Retained earnings		9,808	75,514
Total equity		10,058	75,764
Liabilities			
Non-current liabilities other than provisions			
Payables to group entities		70,421	57,346
Other payables		4,406	4,197
		74,827	61,543
Current liabilities other than provisions			
Banks, current liabilities		0	21,113
Corporation tax		1,285	1,076
Other payables		411	29
		1,696	22,218
Total liabilities		76,523	83,761
TOTAL EQUITY AND LIABILITIES		86,581	159,525
Contingent liabilities	6		
Related party disclosures	7		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	250	74,750	75,000
Net effect from adjustment of fundamental error	0	764	764
Transferred over the profit appropriation	0	15,929	15,929
Extraordinary dividends paid	0	-81,635	-81,635
Equity at 31 December 2018	250	9,808	10,058

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of PLM Group ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

Explanation of the accounting effect of the transition to the amended Danish Financial Statements Act:

In the annual report of 2017, the Group entities payables were not adjusted to year-end exchange rate at 31 December 2017.

The error is adjusted in the Company's equity, in accordance with the Danish Financial Statements Act Article 52, 2. Comparative figures for 2017 have been adjusted as follows:

DKK'000	<u>2018</u>	<u>2017</u>
Effect on:		
Equity	0	764
Total payables to group entities	0	-764

Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue occurs from the sale of royalties and is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external costs

Other external costs include costs relating to the Company's ordinary activities, including costs for administration and audit fees, etc.

Income from investments in group entities

Income from investments in group entities comprises gains in the form of dividends on investments in group entities.

Financial income and expenses

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group entities.

Other financial expenses comprise interest expenses, including interest expenses on payables to group entities, payables and transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Investments in group entities

Investments in group entities are recognised and measured at the lower of cost and net realisable value.

Net realisable value is calculated as the estimated selling price less related costs.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

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1 Accounting policies (continued)

Cash and cash equivalents

Cash comprises cash in hand and bank deposits.

Equity

Dividends

Dividend is recognised as a liability at the time of adoption at the general meeting. The expected dividends payment for the year is disclosed as a separate item under equity.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

DKK'000	<u>2018</u>	<u>2017</u>
2 Financial income		
Interest income from group entities	1,414	1,513
Exchange gains	<u>2,775</u>	<u>0</u>
	<u>4,189</u>	<u>1,513</u>
3 Financial expenses		
Interest expense to group entities	970	919
Other financial costs	743	801
Exchange losses	<u>1,420</u>	<u>119</u>
	<u>3,133</u>	<u>1,839</u>
4 Tax on profit/loss for the year		
Current tax for the year	1,285	1,076
Adjustment of tax concerning previous years	<u>0</u>	<u>-34</u>
	<u>1,285</u>	<u>1,042</u>

Financial statements 1 January – 31 December

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5 Fixed assets investments

DKK'000	Investment in group entities
Cost at 1 January 2018	<u>75,927</u>
Cost at 31 December 2018	<u>75,927</u>
Carrying amount at 31 December 2018	<u>75,927</u>

The Company has given suretyship to the companies listed below, for which reason PLM Group ApS and these debtors will be equally liable to their bankers.

The suretyship covers the following assets:

Goodwill, trademarks, designs and name rights, vehicles, inventory and operating equipment and trade receivables in the below entities:

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
PLM Group 3D Printing	Denmark	100%	-8,384	-5,047
PLM Group 3DX	Denmark	100%	54	-84
PLM Group Danmark	Denmark	100%	2,931	-330
PLM Group Estonia	Estonia	100%	5,066	275
PLM Group Latvia	Latvia	100%	6,211	1,155
PLM Group Norge	Norway	100%	2,189	1,398
PLM Group Suomi	Finland	100%	7,016	6,848
PLM Group Sverige	Sweden	100%	9,458	9,353
Pronor Ehf	Iceland	100%	<u>929</u>	<u>-441</u>
			<u>25,470</u>	<u>13,127</u>

2018 was in many ways a challenging year with varying markets, currencies and purchasing behavior. However, we are confident that the long term plan will ensure a satisfying development in both sales and profitability for the different subsidiaries and subsequently the PLM Group in total.

During the second half of 2018 several re-organisations were initiated for a more efficient and business-oriented organisation. The re-organisation plan has been put in place, to secure a more streamlined sales and service process for for the entire subgroup consisting of PLM Group ApS and its subsidiaries, to ensure a more profitable development throughout the Group.

At the time of acquisition Management considered that the underlying performance especially in PLM Group Danmark ApS and PLM Group Norge AS had significant potential for topline growth and improved profitability. The base assumptions upon acquisition was to lift the revenue by 25% and 33% respectively for each of the entities over the period 2019-2022.

Based on this assumption Management has assessed the valuation of the PLM Group Danmark ApS and

Financial statements 1 January – 31 December

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PLM Group Norge AS shares. The assesment is based on a standardized DFC calculation. In the calculation a WACC of 11.4% has been applied which is considered conservative in the respective markets. Growth rate in the terminal period has been set to 2%. Based on this the valuation of the investments is considered to be aligned with the initial plans in and the carrying value of the investments is not considered impaired.

For the other subsidiaries no detailed impairment test has been carried out considering that the underlying performance of those entities support the view that the carrying value is lower than Net realisable value.

6 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where PLM Group ApS serves as the administration company, According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

The Company has given suretyship to the companies listed below, for which reason PLM Group ApS and these debtors will be equally liable to their bankers.

- 3D Printing ApS
- PLM Group Danmark A/S
- PLM Holding ApS
- SDH Development ApS

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7 Related party disclosures

PLM Group ApS related parties comprise the following:

Consolidated financial statements

The company is part of the consolidated financial statements of LMT Group AB, BOX 423, SE-331 24 Värnamo, Sweden.

The consolidated financial statements can be obtained by contact to LMT Group AB on the address mentioned above.