Sitech Denmark A/S

Mossvej 9
8700 Horsens

CVR no. 32 76 34 64

Annual report 2018

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

12 April 2019

Daniel Bernard Green
chairman

Contents

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 Sitech Denmark A/S 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.

Horsens, 12 April 2019
Executive Board:

Joe Andersen

Board of Directors:

Martinus Charles Johanna Maria Marijnissen
Chairman

Annette Birgit Jacobsen

Daniel Bernard Green

Joe Andersen

Independent auditor's report

To the shareholder of Sitech Denmark A/S

Qualified opinion

We have audited the financial statements of Sitech Denmark A/S 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, except from the possible effects of the matter described in the "Basis for qualified opinion" section of our report, 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 Qualified Opinion

In prior years, Management has been unable to measure inventories in accordance with the FIFO method as stated in the Company's accounting policies. We have therefore not been able to obtain sufficient and appropriate audit evidence for the valuation of inventories as of 1 January 2018. Consequently, we have not been able to determine whether adjustments of the recognised value of inventories and results for the financial year 1 January - 31 December 2018 may have been necessary.

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 the 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 Group in accordance with the International Ethics Standards Board of Accountant's 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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.

Independent auditor's report

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 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.

Independent auditor's report

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.

Aarhus, 12 April 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jakob Westerdahl
State Authorised
Public Accountant
mne31449

Management's review

Company details

Sitech Denmark A/S
Mossvej 9
8700 Horsens

Telephone:	+45 70254414
Fax:	+45 70254415
CVR no.:	32 76 34 64
Established:	29 January 2010
Registered office:	Horsens
Financial year:	1 January – 31 December

Board of Directors

Martinus Charles Johanna Maria Marijnissen, Chairman
Annette Birgit Jacobsen
Daniel Bernard Green
Joe Andersen

Executive Board

Joe Andersen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Principal activities

The Company's main activities comprise marketing and sales in Denmark, Greenland and the Faroe Islands of Trimble construction technology systems to heavy and highway construction industries. Furthermore, the Company provides spare parts and offers customer service, personalised training and technical support within these areas.

Development in activities and financial position

For the year under review, the Company reported a profit of DKK 1,536 thousand, total assets of DKK 14,591 thousand and equity of DKK 6,892 thousand.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2018	2017
Gross profit		13,257,516	8,515,625
Staff costs	2	-10,948,551	-8,840,248
Depreciation, amortisation and impairment		-741,086	-982,739
Ordinary operating profit/loss		1,567,879	-1,307,362
Other operating costs		-872	-699,367
Operating profit/loss		1,567,007	-2,006,729
Financial expenses	3	-30,593	-131,030
Profit/loss before tax		1,536,414	-2,137,759
Tax on profit/loss for the year		0	11,850
Profit/loss for the year		1,536,414	-2,125,909

Proposed profit appropriation/distribution of loss

Retained earnings		1,536,414	-2,125,909

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	4		
Software		0	0
Property, plant and equipment	5		
Leased assets		1,169,376	129,904
Fixtures and fittings, tools and equipment		2,352,453	626,185
		3,521,829	756,089
Total fixed assets		3,521,829	756,089
Current assets			
Inventories			
Finished goods and goods for resale		5,441,809	6,571,787
Receivables			
Trade receivables		5,585,765	4,514,591
Prepayments		41,756	14,137
		5,627,521	4,528,728
Total current assets		11,069,330	11,100,515
TOTAL ASSETS		14,591,159	11,856,604

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Retained earnings		6,392,140	4,855,726
Total equity		6,892,140	5,355,726
Liabilities			
Current liabilities other than provisions			
Trade payables		1,965,719	1,942,816
Payables to group entities		2,098,687	2,008,538
Other payables		3,201,444	2,549,524
Deferred income		433,169	0
		7,699,019	6,500,878
Total liabilities		7,699,019	6,500,878
TOTAL EQUITY AND LIABILITIES		14,591,159	11,856,604
Contractual obligations, contingencies, etc.	6		
Related party disclosures	7		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	500,000	4,855,726	5,355,726
Transferred over the profit appropriation	0	1,536,414	1,536,414
Equity at 31 December 2018	500,000	6,392,140	6,892,140

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Sitech Denmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods and services, comprising the sale of systems and software as well as consultancy services within these systems, is recognised in the income statement when delivery and transfer of risks to the buyer have taken place and provided that the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees.

Other external costs

Other external costs comprise costs for distribution, administration, premises, sale, advertising, bad debts, operating leases, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised directly in the income statement.

The Company is jointly taxed with its parent company and its subsidiaries. Current income tax is allocated between jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). The administrative company is Pon Holding Denmark A/S (CVR no. 21 86 47 06).

Balance sheet

Intangible assets

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful life, which is assessed at three years.

Gains and losses on the disposal of intangible assets are determined as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as amortisation.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on amortisation is recognised prospectively.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided in a straight-line basis over the expected useful lives of the assets.

The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3 years
Leased assets	1-5 year

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or operating costs, respectively.

Leased assets

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value of future lease payments is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

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

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

Finished goods are measured at cost, comprising the cost of raw materials and consumables.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

DKK	2018	2017
2 Staff costs		
	9,939,260	7,999,891
	898,017	744,961
	111,274	95,396
	10,948,551	8,840,248
Average number of full-time employees	16	14
3 Financial expenses		
Interest expense to group entities	16,417	127,340
Other financial costs	14,176	3,690
	30,593	131,030

Financial statements 1 January – 31 December

Notes

4 Intangible assets

DKK	Development projects in progress
Cost at 1 January 2018	438,442
Cost at 31 December 2018	438,442
Amortisation and impairment losses at 1 January 2018	-438,442
Amortisation and impairment losses at 31 December 2018	-438,442
Carrying amount at 31 December 2018	0

5 Property, plant and equipment

DKK	Leased assets	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	1,686,380	1,379,218	3,065,598
Additions for the year	1,270,472	2,431,488	3,701,960
Disposals for the year	-338,740	-437,089	-775,829
Cost at 31 December 2018	2,618,112	3,373,617	5,991,729
Depreciation and impairment losses at 1 January 2018	-1,556,476	-753,033	-2,309,509
Depreciation for the year	-230,128	-510,958	-741,086
Depreciation and impairment losses for the year on assets sold	337,868	242,827	580,695
Depreciation and impairment losses at 31 December 2018	-1,448,736	-1,021,164	-2,469,900
Carrying amount at 31 December 2018	1,169,376	2,352,453	3,521,829

6 Contractual obligations, contingencies, etc.

Contingent assets
The Company has a unrecognised deferred tax asset of DKK 1,328 thousand, of which DKK 447 thousand is attributable to tax loss carryforwards.

Contingent liabilities
The Company is jointly taxed with the Parent Company, Pon Holding Denmark A/S, and its subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail that the companies' liability will increase.

Contractual obligations
The Company has entered into lease liabilities regarding the lease of premises with a non-cancelable period of four years. The lease liability during the period of interminability represents DKK 1,765 thousand (2017: DKK 2,203 thousand).

Financial statements 1 January – 31 December

Notes

Further, the Company has entered into other lease liabilities with a total lease payment of DKK 291 thousand (2017: DKK 336 thousand).

Operating lease obligations
The Company has entered into operating leases, comprising nine cars, with a total annual lease payment of DKK 451 thousand. The leases have a remaining term of 18-61 months and a total residual payment of DKK 1,504 thousand (2016: DKK 1,369 thousand).

Guarantees
A guarantee of DKK 125 thousand (2017: DKK 125 thousand) has been provided to a third party. The guarantee for which no expiry date has been determined is provided via Nordea Bank.

7 Related party disclosures

Sitech Denmark A/S is part of the consolidated financial statements of Pon Equipment Holding B.V., Rondelbeltweg 41, 1300 Almere, the Netherlands, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Pon Equipment Holding B.V. can be obtained by contacting the Company.