



Sønderjyllands Revision
Statsautoriseret revisionsaktieselskab

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Tentoma A/S

Smøl 1, 6310 Broager

Company reg. no. 33 64 70 93

Annual report

2018

The annual report have been submitted and approved by the general meeting on the

6 March 2019

Henrik Raunkjær
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British 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 %.

Management's report

The board of directors and the managing director have today presented the annual report of Tentoma A/S for the financial year 1 January to 31 December 2018.

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

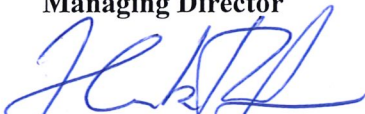
We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.


Broager, 6 March 2019

Managing Director



Henrik Raunkjær

Board of directors



Jørgen Gylling Poulsen
Chairman



Morten Anker Petersen



Henrik Raunkjær



Erik Damsgaard



Henrik Hilmar Thomsen



Stig Poulsen

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Independent auditor's report

To the shareholders of Tentoma A/S

Opinion

We have audited the annual accounts of Tentoma A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. 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 2018 and of the results of the company's operations for the financial year 1 January to 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 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

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The 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, the 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 the 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.

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:

Independent auditor's report

- 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 the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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

The 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.

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.

Independent auditor's report

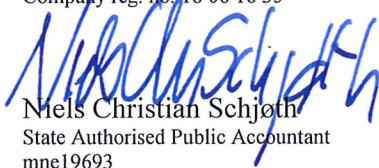
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

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.

Sønderborg, 6 March 2019

Sønderjyllands Revision

State Authorised Public Accountants
Company reg. no. 18 06 16 35



Niels Christian Schjøth
State Authorised Public Accountant
mne19693

Company data

The company

Tentoma A/S
Smøl 1
6310 Broager

Phone +45 7930 6210
Web site www.tentoma.com
E mail sales@tentoma.com

Company reg. no. 33 64 70 93
Established: 9 May 2011
Domicile:
Financial year: 1 January 2018 - 31 December 2018
8th financial year

Board of directors

Jørgen Gylling Poulsen, Chairman
Morten Anker Petersen
Henrik Raunkjær
Erik Damsgaard
Henrik Hilmar Thomsen
Stig Poulsen

Managing Director

Henrik Raunkjær

Auditors

Sønderjyllands Revision, Statsautoriseret revisionsaktieselskab
Jyllandsgade 28
6400 Sønderborg

Bankers

Broager Sparekasse

Lawyer

Kjems Advokatfirma Advokatanpartsselskab

Management's review

The principal activities of the company

The company's main activities have not changed and are to develop, sell, manufacture and service horizontal stretchfilm packing machines to the industry under the brand name "RoRo Stretchpack".

Further information and description of the activities and products of the company can be found on the company homepage www.tentoma.com.

Development in activities and financial matters

The year end closing as per December 31st, 2018 shows a deficit of tDKK 4.875 compared to a deficit in 2017 of tDKK 7.833.

In 2018, the huge interest and increasing market awareness towards Tentoma and for RoRo StretchPack solutions has been translated into a growing sale of the company's machines. It has thus been possible to sell RoRo StretchPack machines to a number of the major players in the industry segments that the company focuses on.

In 2018, the company invested significantly in the development of new machines and expansion of the organization, as well as marketing activities for the company's packaging machines have continued. These investments in future sales are the main reason for the realized deficit. The company's owners have proactively chosen to invest in order to exploit the full potential. Results are still considered unsatisfactory.

The company has in 2018 increased its equity with mDKK 10,2 through investment and loan conversion from existing shareholders.

As per December 31st, 2018, the equity of the company is tDKK 3.123.

The huge interest and increasing awareness for RoRo StretchPack solutions and a attractive product range are expected to significantly increase sales in 2019, which is confirmed by the good order book at the beginning of the year.

The significant investments in the development of the Company's product range have provided a broad portfolio of horizontal stretchfilm packing machines that can solve differentiated packing tasks in terms of speed, package size and variation.

Investments will continue to be made in the Company's market efforts and organization, but despite this, a significantly improved financial result for 2019 is expected.

Management's review

Special risks

Market risks:

As an order-producing company, a constant supply of orders is important to ensure optimal utilization of capacity and resources. Through focus on specific industries and segments where RoRo StretchPack solves packaging problems optimally and giving the buyer a documented reduction of resource consumption and an attractive return of investment (less energy consumption, less plastic film consumption and less cost of manpower) the company will secure a constant order flow.

Currency risks:

The company's currency risk is very limited, as most of the revenue as well as the purchase of goods is settled in Euro or Danish kroner.

Interest risks:

The interest-bearing debt represents a very small part of the Company's balance sheet, which is why the Company is only slightly affected by fluctuations in the general interest rate terms.

Credit risks:

Sales and production of machinery is largely based on an agreed positive cash flow from the customers, which significantly limits the Company's credit risk.

Environmental issues

The "RoRo Stretchpack" packaging machines are developed to reduce the consumption of packaging materials and energy in the customers packaging process, thus reducing the environmental impact of such.

Significant events occurring after end of the reporting period

No events materially affecting the Company's financial status has occurred subsequent to the financial year-end.

Accounting policies used

The annual report for Tentoma A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

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 concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Accounting policies used

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

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interests. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

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

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	3-5 years

Accounting policies used

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

Accounting policies used

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	3.134.166	-1.712.214
1 Staff costs	-7.928.878	-5.205.884
Depreciation and writedown relating to tangible fixed assets	-467.129	-444.466
Other operating costs	-2.663	0
Results from primary activities	-5.264.504	-7.362.564
Other financial income	4.250	22.149
Other financial costs	-112.848	-216.659
Results before tax	-5.373.102	-7.557.074
Tax on ordinary results	497.781	-275.804
Results for the year	-4.875.321	-7.832.878
Proposed distribution of the results:		
Allocated from results brought forward	-4.875.321	-7.832.878
Distribution in total	-4.875.321	-7.832.878

Balance sheet 31 December

All amounts in DKK.

Assets	<u>2018</u>	<u>2017</u>
Note		
Fixed assets		
Other plants, operating assets, and fixtures and furniture	638.179	1.135.221
Tangible fixed assets in total	<u>638.179</u>	<u>1.135.221</u>
Fixed assets in total	<u>638.179</u>	<u>1.135.221</u>
Current assets		
Raw materials and consumables	545.405	353.374
Work in progress	1.535.406	802.866
Manufactured goods and trade goods	9.248	11.614
Inventories in total	<u>2.090.059</u>	<u>1.167.854</u>
Trade debtors	4.134.355	1.112.753
Deferred tax assets	497.781	300.056
Other debtors	1.537.399	423.825
Accrued income and deferred expenses	615.037	77.936
Debtors in total	<u>6.784.572</u>	<u>1.914.570</u>
Available funds	<u>5.435.075</u>	<u>0</u>
Current assets in total	<u>14.309.706</u>	<u>3.082.424</u>
Assets in total	<u>14.947.885</u>	<u>4.217.645</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities	2018	2017
Note	<u>2018</u>	<u>2017</u>
Equity		
Contributed capital	809.765	652.173
Share premium account	23.084.156	12.997.785
Results brought forward	<u>-20.771.267</u>	<u>-15.895.946</u>
Equity in total	<u>3.122.654</u>	<u>-2.245.988</u>
Provisions		
Other provisions	<u>446.258</u>	<u>198.479</u>
Provisions in total	<u>446.258</u>	<u>198.479</u>
Liabilities		
2 Debt to shareholders	<u>0</u>	<u>1.271.644</u>
Long-term liabilities in total	<u>0</u>	<u>1.271.644</u>
Liabilities	36.792	71.250
Bank debts	72.820	528.870
Prepayments received from customers	4.892.011	2.509.703
Trade creditors	2.751.991	685.215
Other debts	<u>3.625.359</u>	<u>1.198.472</u>
Short-term liabilities in total	<u>11.378.973</u>	<u>4.993.510</u>
Liabilities in total	<u>11.378.973</u>	<u>6.265.154</u>
Equity and liabilities in total	<u>14.947.885</u>	<u>4.217.645</u>
3 Mortgage and securities		
4 Contingencies		

Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Salaries and wages	6.873.367	4.556.245
Pension costs	795.047	477.990
Other costs for social security	37.963	24.330
Other staff costs	222.501	147.319
	<u>7.928.878</u>	<u>5.205.884</u>
 Average number of employees	 <u>11</u>	 <u>7</u>
2. Debt to shareholders		
Debt to shareholders in total	36.792	1.271.644
Share of amount due within 1 year	-36.792	0
	<u>0</u>	<u>1.271.644</u>
 Share of liabilities due after 5 years	 <u>0</u>	 <u>0</u>
3. Mortgage and securities		
For bank debts, nom. t.DKK 3.000, the company has provided security in company assets stating the following book values:		
 Inventories	 t.DKK 2.090	
Receivable from sales and services	t.DKK 4.134	
Fixed assets	t.DKK 638	
4. Contingencies		
Rent liabilities		
The company has signed a rent agreement with a liability in the notice period of 10 t.DKK.		