

# Glova Rail A/S

Sivlandsvænget 1D Hjallesø, 5260 Odense S

CVR no. 10 12 02 68

## Annual report 2022

Approved at the Company's annual general meeting on 4 April 2023

Chair of the meeting:

.....  
Horst Kirchner

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Glova Rail A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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.

Odense, 4 April 2023  
Executive Board:

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Peter Stage Sørensen

Board of Directors:

.....  
Sven Maschow

.....  
Ole Lind Rasmussen

.....  
Andrew P. Flinn

.....  
Horst Kirchner

## Independent auditor's report

To the shareholder of Glova Rail A/S

### Opinion

We have audited the financial statements of Glova Rail A/S for the financial year 1 January - 31 December 2022, which comprise 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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.

## Independent auditor's report

- ▶ 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 4 April 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Koch-Pedersen  
State Authorised Public Accountant  
mne19682

## Management's review

### Company details

Name	Glova Rail A/S
Address, Postal code, City	Sivlandsvænget 1D Hjallesø, 5260 Odense S
CVR no.	10 12 02 68
Registered office	Odense
Financial year	1 January - 31 December
Telephone	+45 66 19 00 55
Board of Directors	Sven Mascow Ole Lind Rasmussen Andrew P. Flinn Horst Kirchner
Executive Board	Peter Stage Sørensen
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark

## Management's review

### Business review

The Company is primarily engaged in designing technical solutions, servicing and selling systems and components to the railroad industry.

### Financial review

The income statement for 2022 shows a profit of DKK 11,433,764 against a profit of DKK 8,846,631 last year, and the balance sheet at 31 December 2022 shows equity of DKK 38,304,137. Management considers the Company's financial performance in the year satisfactory.

### Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2022	2021
	Gross profit	26,509,655	21,689,614
2	Staff costs	-11,353,211	-9,853,120
	Amortisation/depreciation and impairment of property, plant and equipment	-291,472	-368,120
	Profit before net financials	14,864,972	11,468,374
3	Financial income	114,064	125,307
4	Financial expenses	-311,097	-246,788
	Profit before tax	14,667,939	11,346,893
5	Tax for the year	-3,234,175	-2,500,262
	Profit for the year	<u>11,433,764</u>	<u>8,846,631</u>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	24,000,000	6,540,000
	Retained earnings/accumulated loss	-12,566,236	2,306,631
		<u>11,433,764</u>	<u>8,846,631</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	326,912	379,078
	Leasehold improvements	<u>43,601</u>	<u>130,802</u>
		<u>370,513</u>	<u>509,880</u>
	Total fixed assets	<u>370,513</u>	<u>509,880</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	<u>9,557,251</u>	<u>10,936,976</u>
		<u>9,557,251</u>	<u>10,936,976</u>
	Receivables		
	Trade receivables	8,444,006	6,419,740
	Receivables from group entities	3,198,622	3,279,501
	Deferred tax assets	184,606	176,469
	Other receivables	709,167	608,631
	Deferred income	<u>115,613</u>	<u>107,006</u>
		<u>12,652,014</u>	<u>10,591,347</u>
	Cash	<u>22,222,448</u>	<u>17,652,053</u>
	Total non-fixed assets	<u>44,431,713</u>	<u>39,180,376</u>
	TOTAL ASSETS	<u><u>44,802,226</u></u>	<u><u>39,690,256</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	500,000	500,000
	Retained earnings	13,804,137	26,370,373
	Dividend proposed for the year	24,000,000	6,540,000
	Total equity	<u>38,304,137</u>	<u>33,410,373</u>
	Provisions		
	Other provisions	500,000	500,000
6	Total provisions	<u>500,000</u>	<u>500,000</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	105,712	326,047
	Trade payables	1,991,785	2,206,937
	Joint taxation contribution payable	3,242,311	2,406,023
	Other payables	658,281	840,876
		<u>5,998,089</u>	<u>5,779,883</u>
	Total liabilities other than provisions	<u>5,998,089</u>	<u>5,779,883</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>44,802,226</b></u>	<u><b>39,690,256</b></u>

1 Accounting policies

7 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2021	500,000	24,063,742	6,000,000	30,563,742
Transfer through appropriation of profit	0	2,306,631	6,540,000	8,846,631
Dividend distributed	0	0	-6,000,000	-6,000,000
Equity at 1 January 2022	500,000	26,370,373	6,540,000	33,410,373
Transfer through appropriation of profit	0	-12,566,236	24,000,000	11,433,764
Dividend distributed	0	0	-6,540,000	-6,540,000
Equity at 31 December 2022	500,000	13,804,137	24,000,000	38,304,137

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Glova Rail A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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

##### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

##### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Financial income and expenses include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

#### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Financial statements 1 January - 31 December

### Notes to the financial statements

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

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments (recognised under 'Assets') comprise prepaid expenses regarding subsequent financial years.

##### Cash

Cash comprise cash.

##### Equity

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period of 2 years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yields.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2022	2021
2 Staff costs		
Wages/salaries	10,047,286	8,820,923
Pensions	1,007,079	693,827
Other social security costs	161,076	136,948
Other staff costs	137,770	201,422
	<u>11,353,211</u>	<u>9,853,120</u>
Average number of full-time employees	<u>18</u>	<u>18</u>
3 Financial income		
Interest receivable, group entities	92,344	104,588
Exchange gain	13,026	20,495
Other financial income	8,694	224
	<u>114,064</u>	<u>125,307</u>
4 Financial expenses		
Exchange losses	224,174	137,032
Other financial expenses	86,923	109,756
	<u>311,097</u>	<u>246,788</u>
5 Tax for the year		
Estimated tax charge for the year	3,242,312	2,406,023
Deferred tax adjustments in the year	-8,137	94,239
	<u>3,234,175</u>	<u>2,500,262</u>

### 6 Provisions

Other provisions comprise short-term provisions related to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods.

### 7 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The Company is jointly taxed with EUPA Holding ApS. As a jointly taxed company, which is wholly-owned, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Corporation taxes and withholding taxes payable within the joint taxation unit amounted to DKK 3.117 thousand at 31 December 2022. Any subsequent corrections to the taxable joint taxation income or withholding taxes may result in an increased liability for the Company.

#### Other financial obligations

##### Other rent and lease liabilities:

Rent and lease liabilities	<u>501,657</u>	<u>415,034</u>
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Rent and lease liabilities include rent obligation totalling DKK 66 thousand in yearly rent. The rent agreement can be terminated at 6 months' notice. The Company has operating lease agreements totalling DKK 104 thousand to be paid over the next two years.