

# Glova Rail A/S

Sivlandsvænget 1 D, Hjallesø, 5260 Odense S

CVR no. 10 12 02 68

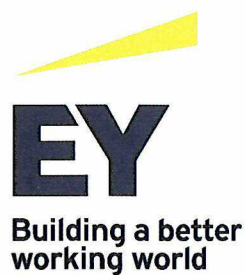
## Annual report 2020

Approved at the Company's annual general meeting on 8 April 2021

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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 8 April 2021  
Executive Board:

.....  
Horst Kirchner

Board of Directors:

.....  
Sven Maschow

.....  
Ole Lind Rasmussen

.....  
Andrew P. Flinn

.....  
Horst Kirchner

## Independent auditor's report

To the shareholders 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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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' 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.

### 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.

## Independent auditor's report

- ▶ 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 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, 8 April 2021  
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 1 D, 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	Horst Kirchner
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, 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 2020 shows a profit of DKK 7,916,826 against a profit of DKK 10,897,596 last year, and the balance sheet at 31 December 2020 shows equity of DKK 30,563,741. 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.

### Outlook

COVID-19 has during financial year 2020 had an impact on the transport industry, which has led to a decrease in orders and activity in general. The management expects that the COVID-19 virus will have an ever bigger impact in 2021.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	<u>2020</u>	<u>2019</u>
	Gross profit	20,039,020	23,140,815
2	Staff costs	-9,653,153	-8,942,409
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	<u>-319,790</u>	<u>-342,866</u>
	Profit before net financials	10,066,077	13,855,540
3	Financial income	221,458	180,694
4	Financial expenses	<u>-133,784</u>	<u>-57,349</u>
	Profit before tax	10,153,751	13,978,885
5	Tax for the year	<u>-2,236,925</u>	<u>-3,081,289</u>
	Profit for the year	<u><u>7,916,826</u></u>	<u><u>10,897,596</u></u>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	6,000,000	8,000,000
	Retained earnings	<u>1,916,826</u>	<u>2,897,596</u>
		<u><u>7,916,826</u></u>	<u><u>10,897,596</u></u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2020</u>	<u>2019</u>
	<b>ASSETS</b>		
	Fixed assets		
	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	436,206	571,196
	Leasehold improvements	<u>218,002</u>	<u>0</u>
		<u>654,208</u>	<u>571,196</u>
	Total fixed assets	<u>654,208</u>	<u>571,196</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	10,454,697	9,750,351
		<u>10,454,697</u>	<u>9,750,351</u>
	Trade receivables	5,003,691	3,768,264
	Receivables from group entities	1,125,840	951,307
	Deferred tax assets	270,708	540,499
	Other receivables	586,787	570,533
	Deferred income	<u>132,780</u>	<u>339,409</u>
		<u>7,119,806</u>	<u>6,170,012</u>
	Cash	<u>16,526,579</u>	<u>18,948,473</u>
	Total non-fixed assets	<u>34,101,082</u>	<u>34,868,836</u>
	<b>TOTAL ASSETS</b>	<u><u>34,755,290</u></u>	<u><u>35,440,032</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500,000	500,000
	Retained earnings	24,063,741	22,146,915
	Dividend proposed for the year	6,000,000	8,000,000
	Total equity	<u>30,563,741</u>	<u>30,646,915</u>
	Provisions		
	Other provisions	500,000	1,680,490
	Total provisions	<u>500,000</u>	<u>1,680,490</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	0	295,285
		<u>0</u>	<u>295,285</u>
	Current liabilities other than provisions		
	Trade payables	1,032,395	1,596,123
	Joint taxation contribution payable	411,134	366,954
	Other payables	2,248,020	854,265
		<u>3,691,549</u>	<u>2,817,342</u>
		<u>3,691,549</u>	<u>3,112,627</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>34,755,290</u></u>	<u><u>35,440,032</u></u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral

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 2019	500,000	19,249,319	6,000,000	25,749,319
Transfer through appropriation of profit	0	2,897,596	8,000,000	10,897,596
Dividend	0	0	-6,000,000	-6,000,000
Equity at 1 January 2020	500,000	22,146,915	8,000,000	30,646,915
Transfer through appropriation of profit	0	1,916,826	6,000,000	7,916,826
Dividend distributed	0	0	-8,000,000	-8,000,000
Equity at 31 December 2020	500,000	24,063,741	6,000,000	30,563,741

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Glova Rail A/S for 2020 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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).

#### 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.

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 statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### 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 or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Other payables

Other payables are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2020	2019
2 Staff costs		
Wages/salaries	8,791,903	8,194,300
Pensions	749,320	615,646
Other social security costs	111,930	132,463
	<u>9,653,153</u>	<u>8,942,409</u>
Average number of full-time employees	<u>17</u>	<u>18</u>
3 Financial income		
Interest receivable, group entities	165,779	134,181
Exchange gain	55,679	46,513
	<u>221,458</u>	<u>180,694</u>
4 Financial expenses		
Other financial expenses	133,784	57,349
	<u>133,784</u>	<u>57,349</u>
5 Tax for the year		
Estimated tax charge for the year	1,967,134	3,124,954
Deferred tax adjustments in the year	269,791	-43,665
	<u>2,236,925</u>	<u>3,081,289</u>

### 6 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 411 thousand at 31 December 2020. 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>411,953</u>	<u>424,013</u>
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### 7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.