Swarco Technology ApS

C.F. Tietgens Boulevard 25

5220 Odense SØ

CVR No. 19943305

Annual Report 2018

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 8 May 2019

Morten Søndergård Hansen
Chairman

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Swarco Technology ApS for the financial year 1 January 2018 - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 8 May 2019

Executive Board

Morten Søndergård Hansen

Supervisory Board

Cristoph Bergdolt

Hans Petter Ødegaard

Independent Auditor's Report

To the shareholders of Swarco Technology ApS

Opinion
We have audited the financial statements of Swarco Technology ApS for the financial year 1 January 2018 - 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes including acccounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility 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 financial statement 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

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 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 which we identify during our audit.

Copenhagen, 8 May 2019

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-no. 25578198

Kenn W. Hansen
State Authorised Public Accountant
mne30154

Company details

Company	Swarco Technology ApS C.F. Tietgens Boulevard 25 5220 Odense SØ
CVR No.	19943305
Registered office	Odense
Financial year	1 January 2018 - 31 December 2018
Supervisory Board	Cristoph Bergdolt Hans Petter Ødegaard
Executive Board	Morten Søndergård Hansen
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198

Income Statement

	Note	2018 kr.	2017 kr.
Gross profit		**27.459.089**	**25.785.017**
Employee benefits expense	2	-12.438.208	-11.483.358
Depreciation		-72.000	-72.000
Profit from operating activities		**14.948.881**	**14.229.659**
Finance income		0	6.185
Financial expences		-69.637	-45.164
Profit before tax		**14.879.244**	**14.190.680**
Tax expense	3	-3.291.307	-3.143.928
Profit		**11.587.937**	**11.046.752**
Proposed profit appropriation			
Proposed dividend		8.000.000	12.755.100
Retained earnings		3.587.937	-1.708.348
		11.587.937	**11.046.752**

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
Assets			
Fixtures, fittings, tools and equipment	4	70.599	142.599
Property, plant and equipment		**70.599**	**142.599**
Fixed assets		**70.599**	**142.599**
Manufactured goods and goods for resale		4.986.454	4.079.281
Inventories		**4.986.454**	**4.079.281**
Trade receivables		3.175.642	5.022.397
Receivables from group enterprises		6.843.552	11.727.767
Other receivables		4.091.779	123.549
Deferred tax		6.309	12.532
Receivables		**14.117.282**	**16.886.245**
Cash and cash equivalents		**2.479.592**	**4.781.213**
Current assets		**21.583.328**	**25.746.739**
Assets		**21.653.927**	**25.889.338**

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
Liabilities and equity			
Contributed capital		166.194	166.194
Retained earnings		8.197.519	4.701.671
Proposed dividend		8.000.000	12.755.100
Equity		**16.363.713**	**17.622.965**
Trade payables		2.411.782	4.298.895
Tax payables to group enterprises		1.309.657	2.024.572
Other payables		1.568.775	1.942.906
Short-term liabilities other than provisions		**5.290.214**	**8.266.373**
Liabilities other than provisions within the business		**5.290.214**	**8.266.373**
Liabilities and equity		**21.653.927**	**25.889.338**
Lease obligations	5		
Contingent liabilities	6		
Related parties	7		

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend	Total
Equity 1 January 2018	166.194	4.701.671	12.755.100	17.622.965
Adjustment 1 January 2018 in accordance with IFRS 9	0	-92.089	0	-92.089
Dividend paid	0	0	-12.755.100	-12.755.100
Transferred over the profit appropriation	0	3.587.937	8.000.000	11.587.937
Equity 31 December 2018	**166.194**	**8.197.519**	**8.000.000**	**16.363.713**

The share capital has remained unchanged for the last 5 years.

Notes

1. Principal activity
The principal activities comprise the development, services and maintenance of traffic signalling systems.

2. Employee benefits expense

	2018	2017
Wages and salaries	11.278.332	10.374.237
Pensions	823.388	822.512
Social security contributions	151.034	124.569
Other employee expense	185.454	162.040
	12.438.208	**11.483.358**
Average number of employees	20	19

3. Tax expense

Current tax for the year	3.285.084	3.135.279
Deferred tax for the year	6.223	8.649
	3.291.307	**3.143.928**

4. Fixtures, fittings, tools and equipment

Cost at the beginning of the year	286.599	286.599
Cost at the end of the year	**286.599**	**286.599**
Depreciation and amortisation at the beginning of the year	-144.000	-72.000
Depreciation for the year	-72.000	-72.000
Depreciation at the end of the year	**-216.000**	**-144.000**
Carrying amount at the end of the year	**70.599**	**142.599**

5. Lease obligations
Lease obligations under operating leases. Total future lease and rental payments:

Within 1 year: DKK 1.233.012 (2017: 739.611)
Between 1 and 5 years: DKK DKK 3.678.688 (2017: 2.275.000)

6. Contingent liabilities
Contingent liabilities
The Company is jointly and severally liable for tax on the jointly taxed income with Swarco Danmark A/S. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustment of corporation taxes and withholding taxes may increase the Company´s liability.

Notes

7. Related parties

Swarco Technology ApS is part of the financial statements of Swarco AG, Austria, which is the smallest group in which the Company is included as a subsidiary.

8. Accounting policies

Reporting Class
The Annual Report of Swarco Technology ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. In addition the company has applied selected rules from reporting class c.

Changes in accounting policies
With effect from 1 January 2018, the entity has chosen to rely on IFRS 9 Financial instruments as interpretation for the measurement of receivables and for hedging principles. IFRS 9 Financial instruments can be used to comply with the provisions of the Danish Financial Statements Act within these areas without adopting the standard in its entirety.

Contrary to the former accounting policies which relied on IAS 39 for interpretation, IFRS 9 introduces the so-called “Expected loss” model. Accordingly, write-down of receivables is amended for accounting purposes. In accordance with IFRS 9, future expected losses must be recognised, whereas write-down in accordance with IAS 39 is not to be recognised before there is indication of losses (incurred loss). Recognition of future expected losses must be recognised already at initial recognition, i.e. from the moment when the entity either engages in borrowing activities or makes an investment/sale.

The amendments with regard to hedge accounting have the outcome that the entity's hedging activities have been reconciled to the entity's risk management objective and strategy. At the same time, hedging efficiency is calculated in a new manner.

The entity may rely on the following transitional provisions:
The effect from IFRS 9 has caused a change in equity 1 January 2018 of DKK 92 thousand.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year. There has been reclassifications in the balance sheet. Comparative figures have been restated accordingly.

The Annual Report is presented in Danish kroner.

General Information

Basis of recognition and measurement
Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Accounting Policies

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue
Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Employee benefits expense
Staff expenses comprise wages and salaries, pensions and social security costs.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year.

Tax expense
Tax on profit for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish group companies are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance Sheet

Tangible assets
Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company.
The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.
Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Fixtures and fittings, tools and equipment	3-5 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Leases
All leases are considered operating leases. payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Inventories
Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Manufactured goods and goods for resale are measured at cost, comprising purchase price plus delivery cost.

The net realisable value of inventories is calculated as the sale amount less cost 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 which usually corresponds to the nominal value. The value is reduced by write-downs for expected future credit losses.

Prepayments
Prepayments comprise prepaid expences concerning rent, insurance premiums, subscriptions and interest.

Accounting Policies

Equity
Proposed dividend for the year is recognised as a separate item in equity.

Deferred tax
Deferred tax is determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Currency policies
Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Liabilities other than provisions
Financial liabilities are recognised at cost and subsequently measured at amortised cost normally equal to nominal value.