

Swarco Technology ApS

C.F. Tietgens Boulevard 25
Fraugde
5220 Odense SØ

CVR no. 19 94 33 05

Annual report 2021

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

5 April 2022

Morten Søndergård Hansen
Chairman

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Swarco Technology ApS
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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 Swarco Technology ApS for the financial year 1 January – 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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, 5 April 2022
Executive Board:

Morten Søndergård Hansen

Board of Directors:

Christoph Bergdolt
Chairman

Jeremy Peter Cowling

Independent auditor's report

To the shareholder of Swarco Technology ApS

Opinion

We have audited the financial statements of Swarco Technology ApS for the financial year 1 January – 31 December 2021 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, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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 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.

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.

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.

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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 5 April 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kenn Wolff Hansen
State Authorised
Public Accountant
mne30154

Stine Inger Pedersen
State Authorised
Public Accountant
mne47771

Swarco Technology ApS
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Management's review

Company details

Swarco Technology ApS
C.F. Tietgens Boulevard 25
Fraugde
5220 Odense SØ

CVR no.:	19 94 33 05
Established:	1 February 1997
Registered office:	Odense
Financial year:	1 January – 31 December

Board of Directors

Christoph Bergdolt, Chairman
Jeremy Peter Cowling

Executive Board

Morten Søndergård Hansen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The principal activities comprise development, services and maintenance of traffic signalling systems.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 10,414,465 as against DKK 11,054,246 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 32,027,943 as against DKK 31,613,478 at 31 December 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2021	2020
Gross profit		28,707,274	29,200,776
Staff costs	2	-15,259,493	-14,940,020
Profit before financial income and expenses		13,447,781	14,260,756
Other financial expenses		-91,375	-84,689
Profit before tax		13,356,406	14,176,067
Tax on profit for the year	3	-2,941,941	-3,121,821
Profit for the year		10,414,465	11,054,246
Proposed profit appropriation			
Proposed dividends for the year		10,000,000	10,000,000
Retained earnings		414,465	1,054,246
		10,414,465	11,054,246

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Fixtures and fittings, tools and equipment		<u>0</u>	<u>0</u>
Current assets			
Inventories			
Manufactured goods and goods for resale		4,363,865	4,638,480
Prepayments for goods		<u>3,125,000</u>	<u>0</u>
		<u>7,488,865</u>	<u>4,638,480</u>
Receivables			
Trade receivables		5,049,606	5,694,652
Receivables from group entities		22,616,784	10,175,417
Other receivables		561,624	10,684,777
Deferred tax asset	5	<u>9,214</u>	<u>12,285</u>
		<u>28,237,228</u>	<u>26,567,131</u>
Cash at bank and in hand		<u>2,284,363</u>	<u>8,148,245</u>
Total current assets		<u>38,010,456</u>	<u>39,353,856</u>
TOTAL ASSETS		<u><u>38,010,456</u></u>	<u><u>39,353,856</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		166,194	166,194
Retained earnings		21,861,749	21,447,284
Proposed dividends for the financial year		<u>10,000,000</u>	<u>10,000,000</u>
Total equity		<u>32,027,943</u>	<u>31,613,478</u>
Liabilities			
Current liabilities			
Prepayments received from customers		0	90,990
Trade payables		1,598,815	1,163,894
Payables to group entities		227,284	0
Joint tax contribution payable		2,938,870	3,117,726
Other payables		<u>1,217,544</u>	<u>3,367,768</u>
		<u>5,982,513</u>	<u>7,740,378</u>
Total liabilities		<u>5,982,513</u>	<u>7,740,378</u>
TOTAL EQUITY AND LIABILITIES		<u>38,010,456</u>	<u>39,353,856</u>
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2021	166,194	21,447,284	10,000,000	31,613,478
Ordinary dividends paid	0	0	-10,000,000	-10,000,000
Transferred over the profit appropriation	0	414,465	10,000,000	10,414,465
Equity at 31 December 2021	166,194	21,861,749	10,000,000	32,027,943

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Swarco Technology ApS for 2021 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

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2020.

Staff costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit for the year

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

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates 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.

Inventories

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

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

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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 forecast 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.

Cash at bank and in hand

Cash comprises bank deposits.

Tax receivables from group entities and deferred tax

Current tax payable and receivable from the joint taxation scheme 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.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK	<u>2021</u>	<u>2020</u>
2 Staff costs		
Wages and salaries	13,930,812	13,671,666
Pensions	923,227	919,227
Other social security costs	207,110	177,594
Other staff costs	<u>198,344</u>	<u>171,533</u>
	<u>15,259,493</u>	<u>14,940,020</u>
Average number of full-time employees	<u>24</u>	<u>24</u>
3 Tax on profit for the year		
Current tax for the year	2,938,870	3,117,726
Deferred tax for the year	<u>3,071</u>	<u>4,095</u>
	<u>2,941,941</u>	<u>3,121,821</u>
4 Property, plant and equipment		
DKK		<u>Fixtures and fittings, tools and equipment</u>
Cost at 1 January 2021		<u>286,599</u>
Cost at 31 December 2021		<u>286,599</u>
Depreciation and impairment losses at 1 January 2021		<u>-286,599</u>
Depreciation and impairment losses at 31 December 2021		<u>-286,599</u>
Carrying amount at 31 December 2021		<u>0</u>
5 Deferred tax assets		
DKK	<u>31/12 2021</u>	<u>31/12 2020</u>
Deferred tax at 1 January	12,285	16,380
Deferred tax adjustment for the year in the income statement	<u>-3,071</u>	<u>-4,095</u>
	<u>9,214</u>	<u>12,285</u>

Financial statements 1 January – 31 December

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6 Contractual obligations, contingencies, etc.

Contingent liabilities

Swarco Technology ApS 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 on unearned income. Any subsequent adjustment of corporation taxes and withholding taxes may increase the Company's liability.

Operating lease obligations

The Company has entered into operating leases with the following future lease and rental payments:

Within 1 year: DKK 343,080 (2020: DKK 590,380).

Between 1 and 5 years: DKK 151,311 (2020: DKK 700,000).

7 Related party disclosures

Control

Swarco Technology ApS is part of the consolidated financial statements of Swarco AG, Blattenwaldweg 8 6112 Wattens, Austria, which is the smallest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Swarco AG can be obtained by contacting the Company at the address above.