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# ***M-tec Trackunit America ApS***

Industrivej 10, DK-9490 Pandrup

## **Annual Report for 1 January - 31 December 2016**

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CVR No 35 84 88 43

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
5 /5 2017

Thomas Christiansen  
Chairman



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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of M-tec Trackunit America ApS for the financial year 1 January - 31 December 2016.

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 at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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

Pandrup, 5 May 2017

### **Executive Board**

Jørgen Raguse  
CEO

Henrik Skovsby  
CFO

# Independent Auditor's Report

To the Shareholder of M-tec Trackunit America ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of M-tec Trackunit America ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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' 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, 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 about 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 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 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.
- 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

# Independent Auditor's Report

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.

Aalborg, 5 May 2017

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mikkel Sthyr  
State Authorised Public Accountant

Søren Korgaard-Møllerup  
State Authorised Public Accountant

## **Company Information**

### **The Company**

M-tec Trackunit America ApS  
Industrivej 10  
DK-9490 Pandrup

Telephone: + 45 96737400  
Facsimile: + 45 96737407

CVR No: 35 84 88 43  
Financial period: 1 January - 31 December  
Incorporated: 12 May 2014  
Municipality of reg. office: Jammerbugt

### **Executive Board**

Jørgen Raguse  
Henrik Skovsby

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Skelagervej 1A  
DK-9000 Aalborg

## **Management's Review**

Financial Statements of M-tec Trackunit America ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Main activity**

Trackunit is among the world's leading companies in the Industrial Internet of Things with a focus on innovative solutions to players within building, construction and industry. Trackunit develops and provides solutions for the entire value chain, from machine manufacturers, machine dealers, machine landlords, contractors for operators.

### **Development in the year**

The income statement of the Company for 2016 shows a loss of TDKK 3,098, and at 31 December 2016 the balance sheet of the Company shows negative equity of TDKK 2,894.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

|   | Note | 2016<br>TDKK  | 2015<br>TDKK |
|---|------|---------------|--------------|
| <b>Gross profit/loss</b>                                |      | <b>389</b>    | <b>976</b>   |
| Staff expenses  | 2    | -451          | -738         |
| <b>Profit/loss before financial income and expenses</b> |      | <b>-62</b>    | <b>238</b>   |
| Income from investments in subsidiaries                 |      | -3.172        | 0            |
| Financial income  | 3    | 206           | 299          |
| Financial expenses                                      | 4    | -49           | -40          |
| <b>Profit/loss before tax</b>                           |      | <b>-3.077</b> | <b>497</b>   |
| Tax on profit/loss for the year                         | 5    | -21           | -117         |
| <b>Net profit/loss for the year</b>                     |      | <b>-3.098</b> | <b>380</b>   |

## Distribution of profit

### Proposed distribution of profit

|                   |  |               |            |
|-------------------|--|---------------|------------|
| Retained earnings |  | -3.098        | 380        |
|                   |  | <b>-3.098</b> | <b>380</b> |

# Balance Sheet 31 December

## Assets

|                                    | Note | 2016<br>TDKK | 2015<br>TDKK |
|------------------------------------|------|--------------|--------------|
| Investments in subsidiaries        | 6    | 0            | 0            |
| <b>Fixed asset investments</b>     |      | <b>0</b>     | <b>0</b>     |
| Raw materials and consumables      |      | 15           | 0            |
| Finished goods                     |      | 4            | 854          |
| <b>Inventories</b>                 |      | <b>19</b>    | <b>854</b>   |
| Trade receivables                  |      | 358          | 791          |
| Receivables from group enterprises |      | 625          | 0            |
| Other receivables                  |      | 449          | 94           |
| Prepayments                        |      | 0            | 13           |
| <b>Receivables</b>                 |      | <b>1.432</b> | <b>898</b>   |
| <b>Cash at bank and in hand</b>    |      | <b>247</b>   | <b>288</b>   |
| <b>Currents assets</b>             |      | <b>1.698</b> | <b>2.040</b> |
| <b>Assets</b>                      |      | <b>1.698</b> | <b>2.040</b> |

# Balance Sheet 31 December

## Liabilities and equity

|  | Note | 2016<br>TDKK  | 2015<br>TDKK |
|--|------|---------------|--------------|
| Share capital  |      | 50            | 50           |
| Retained earnings  |      | -2.944        | 379          |
| <b>Equity</b>  |      | <b>-2.894</b> | <b>429</b>   |
| Trade payables   |      | 46            | 0            |
| Payables to group enterprises                                  |      | 4.525         | 1.488        |
| Corporation tax  |      | 21            | 117          |
| Other payables   |      | 0             | 6            |
| <b>Short-term debt</b>   |      | <b>4.592</b>  | <b>1.611</b> |
| <b>Debt</b>  |      | <b>4.592</b>  | <b>1.611</b> |
| <b>Liabilities and equity</b>                                  |      | <b>1.698</b>  | <b>2.040</b> |
| Going concern  | 1    |               |              |
| Contingent assets, liabilities and other financial obligations | 7    |               |              |

## Statement of Changes in Equity

|                              | Share capital | Retained earnings | Total         |
|------------------------------|---------------|-------------------|---------------|
|                              | TDKK          | TDKK              | TDKK          |
| Equity at 1 January          | 50            | 379               | 429           |
| Exchange adjustments         | 0             | -225              | -225          |
| Net profit/loss for the year | 0             | -3.098            | -3.098        |
| <b>Equity at 31 December</b> | <b>50</b>     | <b>-2.944</b>     | <b>-2.894</b> |

# Notes to the Financial Statements

## 1 Going concern

The Company has received a letter of support from its parent company.

The Company's equity is negative as at 31 December 2016. Company management expects that equity will be reestablished by means of future surplus.

|  | <u>2016</u><br>TDKK | <u>2015</u><br>TDKK |
|--|---------------------|---------------------|
| <b>2 Staff expenses</b>                  |                     |                     |
| Wages and salaries                       | 410                 | 679                 |
| Pensions                                 | <u>41</u>           | <u>59</u>           |
|  | <b><u>451</u></b>   | <b><u>738</u></b>   |
| <b>Average number of employees</b>       | <b><u>1</u></b>     | <b><u>1</u></b>     |
| <b>3 Financial income</b>                |                     |                     |
| Interest received from group enterprises | 13                  | 0                   |
| Exchange gains                           | <u>193</u>          | <u>299</u>          |
|  | <b><u>206</u></b>   | <b><u>299</u></b>   |
| <b>4 Financial expenses</b>              |                     |                     |
| Other financial expenses                 | 15                  | 7                   |
| Exchange loss                            | <u>34</u>           | <u>33</u>           |
|  | <b><u>49</u></b>    | <b><u>40</u></b>    |
| <b>5 Tax on profit/loss for the year</b> |                     |                     |
| Current tax for the year                 | <u>21</u>           | <u>117</u>          |
|  | <b><u>21</u></b>    | <b><u>117</u></b>   |

## Notes to the Financial Statements

|   | 2016<br>TDKK | 2015<br>TDKK |
|---|--------------|--------------|
| <b>6 Investments in subsidiaries</b>  |              |              |
| Cost at 1 January   | 0            | 0            |
| Additions for the year  | 653          | 0            |
| Cost at 31 December   | 653          | 0            |
| Value adjustments at 1 January  | 0            | 0            |
| Exchange adjustment   | -225         | 0            |
| Net profit/loss for the year  | -3.172       | 0            |
| Value adjustments at 31 December  | -3.397       | 0            |
| Equity investments with negative net asset value amortised over receivables | 2.744        | 0            |
| <b>Carrying amount at 31 December</b>                                       | <b>0</b>     | <b>0</b>     |

Investments in subsidiaries are specified as follows:

| Name           | Place of registered office | Share capital | Votes and ownership |
|----------------|----------------------------|---------------|---------------------|
| Trackunit Inc. | USA                        | USD 100.000   | 100%                |

## 7 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of M-tec Holding Danmark ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes, Accounting Policies

## Basis of Preparation

The Annual Report of M-tec Trackunit America ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in TDKK.

## Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

## Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange

## **Notes, Accounting Policies**

rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

### **Income Statement**

#### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### **Revenue**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

#### **Other external expenses**

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

#### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.



## **Notes, Accounting Policies**

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, finished goods, raw materials and consumables equals landed cost.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

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

## **Notes, Accounting Policies**

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.