

M-Tec Holding Danmark ApS

CVR No 36 95 73 60

Amaliegade 49, 1. sal, 1256 København K

Annual report for

1 January 2018 - 31 December 2018

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

Chairman of the AGM



Thomas Christiansen

Contents

Company Information	3
Key figures	4
Management's Statement	5
Management review	6
Independent Auditor's Report	8
Consolidated statement of profit and loss	11
Consolidated statement of comprehensive income	12
Consolidated balance sheet	13
Consolidated statement of changes in equity	15
Consolidated cash flow statement	16
Index of consolidated notes	17
Consolidated Notes	18
M-Tec Holding Danmark ApS	45
Statement of profit and loss	46
Balance Sheet 31 December	47
Parent's statement of changes in equity	48
Notes	49

Company Information

Company

M-Tec Holding Danmark ApS
Amaliegade 49, 1. sal.
1256 København K

CVR No: 36 95 73 60
Municipality of reg. Office: København

Board of directors

Frank Cohen (Chairman)
Lars Dybkjær
Gunnar Evensen
Michael Specht Bruun
Steen Michelsen Lomholt-Thomsen

Executive board

Michael Specht Bruun
Lars Dybkjær

Auditor

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Strandvejen 44, 2900 Hellerup

Key figures**31. December**

	2018 (**)	2017	2016 (*)
	T.DKK	T.DKK	T.DKK
Key figures			
Net revenue	280.226	213.073	212.319
Gross profit	182.842	136.765	140.449
Earnings before non-recurring items, depreciation, amortisation and impairment (EBITDA)	50.140	40.241	57.701
Earnings before interest and tax (EBIT)	929	(8.169)	(16.657)
Earnings from financial items, net	(10.245)	(9.061)	(12.597)
Earnings before Tax (EBT)	(9.316)	(17.230)	(29.254)
Profit for the period	(9.383)	(13.150)	(29.810)
Investments in PPE	3.235	4.139	5.658
Total assets	815.905	711.228	757.554
Equity	443.768	423.974	433.163
Total liabilities	372.137	287.254	324.391
Average number of employees	139	106	81
Ratios			
Return on equity (%)	(2,2)	(3,1)	(6,5)
Equity ratio (%)	54,4	59,6	57,2

The key figures and financial ratios have been prepared on a consolidated basis. For definitions, see accounting policies.

*) M-Tec Holding Danmark ApS was established at 8 July 2015 (First financial year comprised 18 months).

*) Dreyer&Timm GmbH was acquired on 2 September 2016

**) Trackunit Telematics Ltd (Satrak UK Ltd) was acquired 4 June 2018.

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of M-Tec Holding Danmark ApS for the financial year 1 January - 31 December 2018.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with additional disclosure requirements of the Danish Financial Statements Act. Management's Review is also prepared in accordance with disclosures requirements of the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the period and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

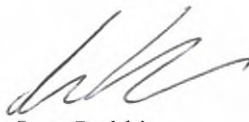
We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 7 May 2019

Executive Board



Michael Specht Bruun

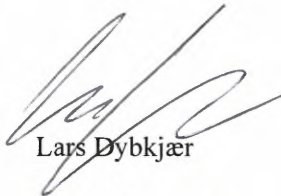


Lars Dybkjær

Supervisory Board



Frank Cohen (Chairman)



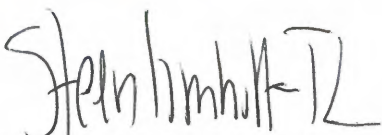
Lars Dybkjær



Gunnar Evensen



Michael Specht Bruun



Steen Michelsen Lomholt-Thomsen

Management review

The Group's principal activities

Trackunit is one of the world's leading telematics companies servicing the off-highway construction and adjacent industries. Trackunit develops and provides innovative solutions for the entire value chain, from machine manufacturers, machine dealers, machine landlords, contractors and operators. Trackunit services its customers directly from its headquarters in Denmark and through subsidiaries in Sweden, Norway, France, Holland, Germany, England and the United States.

Developments in activities and financial affairs

2018 was another year of significant progress with a year on year growth of 69% of new connected machines to the company's SaaS platform. Important milestones from 2018 was signing up 3 OEM partnerships representing significant volume the coming years and completing the acquisition of UK based telematics provider Trackunit Telematics Ltd (Satrak (UK) Ltd) in June 2018.

2018 has been considered as a year of investment in talent and technology to secure ongoing growth and to position Trackunit as the leading global telematics company servicing the off-highway construction industry. 50 employees joined Trackunit in 2018 organically and 20 employees joined via the acquisition of Satrak UK Ltd.

On the commercial side Trackunit continued to significantly strengthen its organization globally within Sales and Marketing with 23 employees. Also, in 2018, the company doubled in the US with 9 employees, which is the world largest market for off-highway construction telematics. To reinforce Trackunit's innovative leadership the Engineering organization was also considerably strengthened with 14 employees.

The financial result for 2018 is considered satisfactory, with 32% year on year growth in Revenue from 213 DKK mill. in 2017 to 280 DKK mill. in 2018. Growth was driven by a more than 21% growth year on year in unit sales with a significantly underlying growth in the subscription base. EBITDA before special - items was 48 DKK mill. in 2018 impacted heavily by the buildup in Sales, Marketing and R&D. In 2018 the group has had special items total of 8 DKK mill. primarily due to one-off costs for merger and acquisition related costs as well as transition related costs.

The 2017 annual report outlook described 2018 as being a year with continued expectations for high growth rates in sales, as well as heavy investments in strengthening the organization, which would partially offset the positive impact to the net result from the increase in sales activity. Management considers the described outlook from the 2017 annual report to be in line with the events that have occurred in 2018 as described above.

Significant changes in operations and financial matters

In June 2018 Trackunit acquired the leading machine telematics provider in the UK, Satrak UK Ltd, further consolidating the position of Trackunit in the UK.

Unusual conditions that affect recognition and measurement

There are no unusual factors that have affected recognition and measurement of the group's results and status.

Outlook

Management expects continued high growth in 2019, with further growth in subscription revenue and unit sales. For 2019 the management expects an increase in the net result due to higher growth in revenue and gross profit, than in costs.

Significant assumptions and uncertainties

There are no material conditions and uncertainties that affect the group's results and balance sheet.

Risk factors

Activities in foreign countries and hereby earnings, exchange rates and interest rates of various currencies affect cash flows and equity. Adjustment of investments in subsidiaries and associates that are independent entities, are recognized directly in equity. Currency risks related thereto are not hedged. For other exchange risks, the Group believes that it will not be relevant from an overall risk and cost perspective.

Development activities

The development activities primarily include development of next generation Trackunit products and services. The group continues to increase its development activities of its products and thus customers.

Intellectual capital

The group aims to be the market leader within the off-highway telematics business. In order to achieve this goal, the group must be able to serve its customers with products and services that are cutting edge of what technology can offer. Developing, integrating and maintaining especially software services and user platforms to access those services requires a highly skilled workforce. 2018 was a year of significant strengthening of the engineering team, adding 14 highly skilled employees.

In late 2018 the group was audited and followingly obtained the most current ISO quality management system (ISO 9001:2015) in January 2019. The standard certifies high quality processes and management and that development of products and services are customer-driven and aligned with the overall business strategy.

Significant events after the balance sheet date

There are no significant events after the balance sheet date.

Independent Auditor's Report

To the Shareholders of M-Tec Holding Danmark ApS

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January 2018 - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of M-Tec Holding Danmark ApS for the financial year 1 January 2018 - 31 December 2018, which comprise of income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Group 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report (continued)

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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 judgment and maintain professional skepticism 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report (continued)

- 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.


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.

Copenhagen, 7 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Søren Ørjan Jensen

State Authorised Public Accountant

mne33226

Consolidated statement of profit and loss

		2018	2017
	Notes	T.DKK	T.DKK
Revenue from contracts with customers	3	280.226	213.073
Cost of sales of goods		(69.902)	(55.141)
Cost of providing services		(27.482)	(21.167)
Gross Profit		182.842	136.765
External costs	7	(37.884)	(38.538)
Other operating expenses	4	(43)	0
Employee costs	5,6	(94.775)	(57.986)
Earnings before depreciation, amortisation and impairment (EBITDA), and before special items		50.140	40.241
Special non-recurring items	8	(12.424)	(13.375)
Depreciation, amortisation costs and impairment loss of property, plant and equipment and intangible assets	12,13	(36.787)	(35.034)
Earnings before interest and tax (EBIT)		929	(8.169)
Finance income	9	468	1.485
Finance costs	10	(10.713)	(10.546)
Earnings before tax (EBT)		(9.316)	(17.230)
Income tax expense	11	(67)	4.080
Profit/(loss) for the period		(9.383)	(13.150)
 Profit is attributable to:			
Owners of M-tec Holding Danmark ApS		(9.383)	(13.150)

Consolidated statement of comprehensive income

	Notes	2018 T.DKK	2017 T.DKK
Profit/(loss) for the period		(9.383)	(13.150)
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences regarding subsidiaries in another currency		(701)	(595)
Change in value of cash flow hedges			
- changes for the year		937	606
Income tax relating to these items		(205)	(133)
Other comprehensive income for the period, net of tax		31	(123)
Total comprehensive income for the period		(9.352)	(13.272)

Consolidated balance sheet**31 December****Assets**

		2018	2017
	Notes	T.DKK	T.DKK
Non-current assets			
Intangible assets	12	709.364	657.967
Property, plant and equipment	13	5.329	4.967
Deferred tax assets	14a	2.520	3.688
Deposits		1.304	1.410
Total non-current assets		718.516	668.032
Current assets			
Inventories	15	6.135	7.051
Trade receivables	16,17	66.741	25.967
Other financial assets at amortised cost	17	7.493	2.533
Other current assets	17	6.444	5.458
Cash and cash equivalents	17	10.576	2.187
Total current assets		97.389	43.196
Total assets		815.905	711.228

Consolidated balance sheet**31 December****Equity and liabilities**

		2018	2017
	Notes	T.DKK	T.DKK
Share capital	20	532	511
Other reserves		3.833	4.068
Retained earnings		439.403	419.395
Total equity		443.768	423.974
Credit institutions	17,19	178.348	158.400
Deferred tax liabilities	14b	70.785	70.131
Contract liabilities	3a	11.191	3.250
Total non-current liabilities		260.324	231.781
Credit institutions	17,19	10.010	9.000
Borrowings	17	24.272	7.925
Trade and other payables	17	34.527	18.598
Current income tax liabilities	11	4.464	7.289
Contract liabilities	3a	38.329	11.132
Derivative financial instruments	17	211	1.529
Total current liabilities		111.813	55.473
Total liabilities		372.137	287.254
Total equity and liabilities		815.905	711.228

Significant accounting policies	1
Critical accounting estimates and judgements	2
Related parties	21
Commitments and contingent liabilities	22
Business combinations	23
Financial risk management	24
Events after the balance sheet date	25
Group companies	27

Consolidated statement of changes in equity

	Share capital	Share premium	Other reserves - Foreign currency translation	Other reserves - Other undistributable reserves	Other reserves - Reserve from loan and security	Other reserves - Reserve for hedges	Retained earnings	Total equity
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
Balance at 01.01.2018	511	0	(2.233)	4.499	2.533	(732)	419.395	423.974
Profit for the period	0	0	0	0	0	0	(9.383)	(9.383)
Other comprehensive income	0	0	(701)	0	0	732	0	31
Total comprehensive income for the period	0	0	(701)	0	0	732	(9.383)	(9.352)
<i>Transactions with owners in their capacity as owners</i>								
Increase in share capital	22	29.978	0	0	0	0	0	30.000
Share-based payment, warrants granted	0	0	0	326	0	0	0	326
Share-based payment, warrants forfeited	0	0	0	(294)	0	0	0	(294)
Loan and security on sale of shares of the Company	0	0	0	0	(298)	0	298	0
Acquisition of treasury shares	0	0	0	0	0	0	(1.506)	(1.506)
Sale of treasury shares	0	0	0	0	0	0	1.674	1.674
Other equity movements	0	0	0	0	0	0	(1.053)	(1.053)
Transfer from share premium account	0	(29.978)	0	0	0	0	29.978	0
Balance at 31.12.2018	532	0	(2.934)	4.531	2.235	0	439.403	443.768
Balance at 01.01.2017	506	0	(1.638)	3.678	0	(1.204)	431.821	433.163
Profit for the period	0	0	0	0	0	0	(13.150)	(13.150)
Other comprehensive income	0	0	(595)	0	0	472	0	(123)
Total comprehensive income for the period	0	0	(595)	0	0	472	(13.150)	(13.272)
<i>Transactions with owners in their capacity as owners</i>								
Increase in share capital	5	4.457	0	0	0	0	0	4.462
Share-based payment, warrents	0	0	0	821	0	0	0	821
Loan and security on sale of shares of the Company	0	0	0	0	2.533	0	(2.533)	0
Acquisition of treasury shares	0	0	0	0	0	0	(1.200)	(1.200)
Transferred to Retained earnings	0	(4.457)	0	0	0	0	4.457	0
Balance at 31.12.2017	511	0	(2.233)	4.499	2.533	(732)	419.395	423.974

Consolidated cash flow statement
January 1 to December 31

	Notes	2018 T.DKK	2017 T.DKK
Earnings before interest and tax (EBIT)		929	(8.169)
Depreciations and amortizations		36.787	35.034
Non-cash items		43	0
Change in net working capital	26	3.945	13.401
Cash flows from primary operating activities		41.704	40.266
Received interests		468	1.485
Paid interests		(8.724)	(10.546)
Paid income taxes		(9.969)	(4.213)
Cash flow from operating activities		23.479	26.992
Purchase of property, plant and equipment		(3.235)	(4.139)
Sale of property, plant and equipment		104	4.000
Purchase of intangible assets		(6.040)	(12.151)
Increase/decrease in deposits		103	0
Business acquisitions (net of cash acquired)		(70.283)	0
Cash flow from investing activities		(79.351)	(12.290)
Payments to credit institutions		(9.800)	(10.262)
Proceeds from credit institutions		31.000	0
Paid loan fees to credit institutions		(1.452)	0
Change in borrowings		16.347	(12.971)
Capital increase		30.000	4.083
Sale and purchase of warrants/treasury shares		200	0
Other		(1.053)	1.791
Cash flow from financing activities		65.242	(17.359)
Net cash flow for the year		9.370	(2.657)
Cash and cash equivalents, beginning of the period		2.187	4.844
Unrealized exchange rate gains and losses		(981)	0
Cash and cash equivalents, end of the year		10.576	2.187

The cash flow statement cannot be derived from the published financial information only.

Cash and cash equivalents	10.576	2.187
	10.576	2.187

Index of consolidated notes

- Note 1. Significant accounting policies
- Note 2. Critical accounting estimates and judgements
- Note 3. Revenue from contracts with customers
- Note 3a. Liabilities related to contracts with customers
- Note 4. Other operating expenses
- Note 5. Staff costs
- Note 6. Share based payments
- Note 7. Audit fees
- Note 8. Special non-recurring items
- Note 9. Financial income
- Note 10. Financial expenses
- Note 11. Income tax
- Note 12. Intangible assets
- Note 13. Property, plant and equipment
- Note 14a. Deferred tax assets
- Note 14b. Deferred tax liabilities
- Note 15. Inventories
- Note 16. Trade receivables
- Note 17. Financial assets and liabilities
- Note 18. Fair Values
- Note 19. Derivative financial instruments
- Note 20. Share capital
- Note 21. Related parties
- Note 22. Commitments and contingent liabilities
- Note 23. Business combinations
- Note 24. Financial risks management
- Note 25. Events after the balance sheet date
- Note 26. Changes in net working capital
- Note 27. Group companies

Consolidated Notes

1. Summary of significant accounting policies

The Consolidated Financial Statements for M-Tec Holding Danmark ApS have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C.

The annual report is prepared according to standards and interpretations effective for financial years beginning on 1. januar 2018. No standards or interpretations have been adopted early.

General information on recognition and measurement

The Financial Statements have been prepared under the historical cost method, except for the measurement of certain financial instruments at fair value.

Implementation of new standards, amendments and interpretations

The Company has implemented the following amendments or new standards (IFRS) for financial year 2018:

- IFRS 9, Financial instruments: The standard introduces an expected loss model for impairment losses on loans and receivables. M-Tec Holding Danmark ApS has assessed that the new model has not significantly changed impairment losses compared to those incurred under IAS 39. The number of classification categories for financial assets is reduced to three: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Fair value changes to financial liabilities which are attributable to the fair value and which arise from changes in own credit risks must be recognised in other comprehensive income. Simplified rules on hedge accounting are introduced.

- IFRS 15, Revenue from contracts with customers: A new standard on revenue recognition that replaces IAS 11 and IAS 18 among others. The standard potentially affects revenue recognition in a number of areas, including:

- o The timing of revenue recognition
- o Recognition of variable consideration
- o Allocation of revenue from multi-element arrangements
- o Recognition of revenue from licence rights
- o Incremental costs of obtaining the contract

The standard also includes a large number of new disclosure requirements.

M-Tec Holding Danmark ApS has assessed the effect of the adopting IFRS 15 and has concluded that there is no significant effect to the financial statements of the group.

Following the implementation of IFRS 9 and 15, the group has added disclosures and changed the classification of a number of balance sheet and income statement items in order to comply with the new standards.

New standards, amendments and interpretations adopted but not yet effective

The following new standards, amendments and interpretations of relevance to M-Tec Holding Danmark Group have been adopted by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the Annual Reports until they take effect.

- IFRS 9, Financial instruments: A minor amendment concerning the classification of receivables in situations where a borrower has a prepayment option and where such a prepayment has negative consequences for the borrower. They are to be measured at amortised cost or fair value with adjustments through other comprehensive income if certain criteria are met.

The standard will be effective for financial years beginning on or after 1 January 2019.

- IFRS 16, Leases: Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement.

The current rules remain largely unchanged for the lessor. Consequently, leases are still to be classified as finance leases and operating leases.

The standard will be effective for financial years beginning on or after 1 January 2019.

M-Tec Holding Danmark has assessed the effect of the new standards, amendments and interpretations. M-Tec Holding Danmark expects that IFRS 9 will have no significant effect on the financial statements of the Group at the time of implementation.

IFRS 16 will have an insignificant impact on the Group's consolidated financial statements. Assuming that the level of operating leases remains unchanged we expect:

- Land and building to increase, both in the level of M.DKK 9,8
- Other equipment to increase, both in the level of M.DKK 3,3

The IASB has issued the following new standards, amendments and new interpretations which could be relevant to M-Tec Holding Danmark ApS, but which have not yet been adopted by the EU:

- IAS 28, Investments in associates and joint ventures: A clarification that enterprises are to apply IFRS 9, including the requirements for impairment of financial assets, on recognition of long-term investments even though such receivables are considered part of the net investment in the associate or joint ventures under IAS 21.

The amendments will be effective for financial years beginning on or after 1 January 2019.

- IFRIC 23, Uncertainty over income tax treatments: The interpretation clarifies that it must be determined whether each tax position is to be treated individually or collectively with other uncertain tax positions. The assessment should be based on the assumption that the tax authorities have the same knowledge of the enterprise's circumstances and, therefore, the assessment should disregard any detection risk. This determination may be based on eg how tax statements are prepared, or how the enterprise expects the tax authorities to treat the uncertain tax positions. The uncertain tax position must be recognised if it is probable that the enterprise will have to pay or receive refunds. The uncertain tax position must be measured so as to better reflect the receivable/liability and the related uncertainty.

The amendment will be effective for financial years beginning on or after 1 January 2019.

- Annual improvements (2015-2017): Include three minor clarifications:

- o IAS 12, Income taxes: Income tax consequences of dividends should be recognised in profit or loss, see IAS 12.
- o IAS 23, Borrowing costs: Borrowing costs incurred on specific-purpose borrowing may subsequently change into borrowing costs on general borrowing, see IAS 23.
- o IFRS 3, Business combinations: Clarifies that a step acquisition of a joint venture by which an enterprise obtains control must be treated in accordance with IFRS 3.

The amendments will be effective for financial years beginning on or after 1 January 2019.

M-Tec Holding Danmark ApS expects to implement these new standards, amendments and interpretations when they take effect, without any significant impact on the financial statements of the group at the time of implementation.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Foreign currency translation

Functional and presentation currency

Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The financial statements are presented in Danish Kroner (DKK). The financial statements have been rounded to the nearest thousand.

Danish punctuation instead of English punctuation has been used in the figures in the financial statements.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the income statement within "finance income or costs".

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) Income and expenses for each income statement are translated at average exchange rates; and
- c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Revenue recognition

Revenue is recognized in the income statement when the entity satisfies a performance obligation by transferring a promised good or service (that is an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is measured at the fair value of the consideration received excluding VAT and less discounts granted in connection with the sales. Deferred revenue is provisioned as a debt to customers in contract liabilities.

Cost of sales of goods

Costs comprise the purchase price of raw materials, consumables and goods for resale.

Cost of providing services

Costs comprise the purchase price of sim-cards and data communication from network operators.

External costs

Costs comprise of costs for administration, IT, property, sales and marketing and bad debt.

Employee costs

Costs comprise of salaries, social security contributions, pension contributions and other staff related costs.

Other operating expense

Costs comprise of losses from disposal of tangible assets.

Special non-recurring items

Special non-recurring items consist of costs and income of a one-off nature in relation to the Group's primary activities. Special items relates to M&A activities, restructuring costs and costs regarding integration and compliance.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme. Financial income and expenses are recognised at the amounts relating to the financial year.

Depreciation, amortization costs and impairment loss

Amortization, depreciation and impairment losses relating to plant and equipment as well as intangible assets comprise amortization, depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable that the temporary difference will reverse in the future and that there is sufficient taxable profit available, against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Trademarks and customer lists

Separately acquired trademarks and customer lists or acquired at the acquisition of subsidiaries are shown at historical cost and fair value, respectively. Trademarks and customer lists have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks (15 years) and customer lists (11-13 years) over their estimated useful lives.

Development projects

Research expenses are recognized in the income statement as they are incurred. Development costs are recognized as intangible assets if the costs are expected to generate future economic benefits.

Amortization is based on the straight-line method over the expected useful lives of 5 to 10 years.

The amortization begins when the development project is at a stage where its commercial potentials can be utilized in the manner intended by Management.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are not subject to amortisation but are tested annually for impairment, irrespective of whether there is any indication that they may be impaired.

Development projects regarding the entity's own developed software are measured at cost less accumulated amortisation and impairment losses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to develop, market or apply the product or process in question, are recognised as intangible assets.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense in the income statement as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life (Goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Tangible assets

Tangible assets are mainly comprised of land and buildings and plant and machinery, which are measured at cost less accumulated depreciation, and any impairment losses.

Plant and Machinery: 3-7 years

Other equipment: 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of raw materials and consumables comprises purchase price and other direct costs. Work-in-progress and finished goods are recognised at manufacturing cost including materials consumed and labour costs plus allowance for production overheads. Production overheads include operating costs, maintenance and depreciation of production plant plus administration and factory management. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Receivables are measured at amortized cost. Receivables are written down for bad debt losses based on the simplified approach to providing for expected credit losses, which requires expected lifetime losses to be recognized from initial recognition of receivables. Impairment losses are calculated as the difference between carrying amount and present value of expected cash flows, including the expected realizable value of any collateral provided. The discount rate is the effective interest rate used at the time of initial recognition of the receivable.

Provisions

Provisions are recognized when, as a consequence of an event occurring on or before the balance sheet date, the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. The obligation is measured on the basis of Management's best estimate of the discounted amount at which the obligation is expected to be met.

Financial assets

Classification

The group classifies its financial assets in the following categories; Amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the assets is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities and equity instruments

Classification

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Other reserves include:

Foreign currency translation - movements in other comprehensive income from retranslation of foreign operations.

Other undistributable reserve - movement in share warrants

Reserve from loan and securities - reserve for unpaid share capital hedging

Financial liabilities

Financial liabilities are initially measured at fair value less transaction costs incurred. Subsequently, the loans are measured at amortized cost. Amortized cost is calculated as original cost less installments plus/less the accumulated amortization of the difference between cost and nominal value. Losses and gains on loans are thus allocated over the term so that the effective interest rate is recognized in the income statement over the loan period. Financial liabilities are derecognized when settled.

Contract liabilities

Contract liabilities are prepayments received from customers, comprising of payments received regarding income in subsequent years.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The net gain or loss relating to the ineffective portion is recognised immediately in the income statement within financial cost or income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion is recognised in the income statement within finance income or cost. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gains/losses - net.

Share-based payment

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (warrants) of the group. The fair value of the employee services received in exchange for the grant of the warrants is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the warrants granted including any market performance conditions excluding the impact of any service and non-market performance vesting conditions and including the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of warrants that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the warrants are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Statement of cash flow

The Statement of Cash Flows is presented using the indirect method. The Statement of Cash Flows shows cash flows used in operating activities, cash flows used in investing activities, cash flows from financing activities, and the group's cash and cash equivalents at the beginning and end of the year.

Cash flows used in operating activities is comprised of net profit or loss for the year adjusted for non-cash items, such as share based payment expense, fair value revaluations of shareholder warrants, depreciations, paid financial items, corporate tax paid, and change in working capital. Cash flows used in investing activities is comprised of payments relating to property, plant and equipment.

Cash flows from financing activities is comprised of proceeds from borrowings, such as interest-bearing convertible loans, and proceeds from share issuances and related transaction costs.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and other short-term highly liquid investments with original maturities of three months or less.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Consolidated Key Figures

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts updated in 2018.

Equity ratio is calculated as the equity divided by total assets.

Return on equity is calculated as the profit or loss for the year before tax divided by the average equity.

2. Critical accounting estimates and judgements

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Acquisition of enterprises and activities

In connection with acquisition of enterprises and activities the fair value of identifiable assets, liabilities and contingent liabilities is measured. Estimation of fair value mainly applies to intangible and tangible assets, inventories and deferred tax hereof. The estimation of fair value is related to Management estimates which are based on the expected future earnings of the assets. For a significant portion of the assets and liabilities there is no active market that can be used for determining the fair value. This applies particularly to intangible assets acquired such as customer relations and trademarks. The estimation of fair value is based on an estimate and may therefore be subject to uncertainty and may subsequently be adjusted up to one year after the end of the year of the acquisition. The acquisitions are describe in detail in note 23.

Impairment of goodwill and customer relations

Determining whether goodwill and customer lists are impaired requires an estimation of the value in use of the cashgenerating units to which goodwill and customer lists have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The key assumptions used in the impairments tests of goodwill and customer lists are disclosed in note 12.

Notes

3. Revenue from contracts with customers

2018:	Hardware and consulting		License		Total
	EMEA	US	EMEA	US	T.DKK
Segment revenue	124.219	35.513	140.312	14.188	314.232
Inter-segment revenue	(34.006)	0	0	0	(34.006)
Revenue from external customers	90.213	35.513	140.312	14.188	280.226
Timing of revenue recognition					
At a point in time	87.882	34.006	0	0	121.888
Over time	2.331	1.507	140.312	14.188	158.338
	90.213	35.513	140.312	14.188	280.226
2017:	Hardware and consulting		License		Total
	EMEA	US	EMEA	US	T.DKK
Segment revenue	100.908	6.961	105.830	6.335	220.034
Inter-segment revenue	(6.961)	0	0	0	(6.961)
Revenue from external customers	93.947	6.961	105.830	6.335	213.073
Timing of revenue recognition					
At a point in time	93.947	6.961	0	0	100.908
Over time	0	0	105.830	6.335	112.165
	93.947	6.961	105.830	6.335	213.073

3a. Liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	2018 T.DKK	2017 T.DKK
Non-current contract liabilities - Prepaid license	11.191	3.250
Current contract liabilities - Prepaid license	38.329	11.132
	49.520	14.382

4. Other operating expenses

Loss on disposal of fixed assets	43	0
	43	0

5. Staff costs

Wages and salaries	79.532	46.339
Redundancy costs and termination benefits	2.611	0
Social security costs	5.664	3.958
Pension costs, defined contribution plans	4.663	4.120
Other employee costs	2.305	3.569
	94.775	57.986
Average number of full time employees	139	106

Key Management Compensation

Key Management includes Board of Directors and Executive Management. The compensation paid or payables to key management for employee services is shown below:

Salaries and other short-term employee benefits and termination benefits	3.405	2.336
Post-employment benefits	238	364
Other long-term benefits	5	4
	3.648	2.704
Compensation to the Board of Directors and Executive Management		
Compensation to the Board of Directors	568	325
Compensation to the Executive Management	3.080	2.379
	3.648	2.704

6. Share based payments

M-Tec Holding Danmark ApS has established a warrant and share program for management and certain key employees. The purpose is to ensure retention and the correct incentives for key management. Shares and warrants are granted upon hiring and are forfeited upon termination of employment. The right to exercise the warrants to acquire shares is based on company performance in the vesting period.

The warrant program comprise a total of 7.021.524 (2017: 6.966.714) warrants at 31 December 2018. Each warrant gives the holder right to share capital of DKK 0,01 nominal value in M-Tec Holding Danmark ApS. The outstanding warrants amount to 13,2% (2017: 12,1%) of the share capital if they are all exercised.

The three warrants (series I, II and III) are priced at 6,5% of the share price 9,1608 (2017: DKK 9,1608) per warrant and enables the key employees to increase their returns when the hurdle rates of 10%, 15% and 20% annual returns, measured as IRR, have been reached.

At sale or IPO of the company the 3 warrants series give the employee the right to acquire 0-3 additional shares based on the return of the investment.

Returns (measured by IRR) of between 10% to 20% gives the key employees the right to acquire additional shares.

If the key employees receives the right to buy additional shares, the shares are acquired at an annual cost of 10% to 20% per share.

The warrants can only be exercised in case of a sale, an IPO or in the period 1 December to 31 December 2020. They can only be settled in new shares in M-Tec Holding Danmark ApS.

Specification of outstanding warrants

	2018	2017
Outstanding 1 January 2018	6.966.714	5.916.279
Granted	548.088	1.379.286
Forfeited	-493.278	-328.851
Outstanding 31 December 2018	7.021.524	6.966.714

There has not been recognized expenses relating to the warrant program classified as equity instruments in the period.

7. Audit fees

	2018 T.DKK	2017 T.DKK
Statutory audit	544	256
Audit-related services	0	123
Tax advisory services	46	65
Other services	316	29
	907	473

8. Special non-recurring items

Special non-recurring items	12.424	13.375
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Special non-recurring items consist of costs and income of a one-off nature in relation to the Group's primary activities.

Special items relates to M&A activities, restructuring costs and costs regarding integration.

9. Financial income

Exchange rate adjustments	0	1.310
Other interest income	468	175
	468	1.485

10. Financial expenses

Interest expenses, mortgage debt and borrowings
 Loan fee amortizations
 Exchange rate adjustments
 Other financial expenses, including bank fees

2018 T.DKK	2017 T.DKK
8.229	8.573
1.437	0
552	877
495	1.096
10.713	10.546

11. Income tax

Current tax:

Current tax on profits for the year
 Current tax on profits for prior years

Total current tax

(5.468)	(2.973)
(38)	0
(5.506)	(2.973)

Deferred tax:

Origination and reversal of temporary differences

Total deferred tax assets

5.439	7.053
5.439	7.053

Income tax expenses for the period

(67)	4.080
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Profit before tax

Computed 22%

Tax effects of:

Effect of income/expenses that is exempt from taxation
 Effect of not recognised tax assets
 Effect of different tax rates of subsidiaries operating in other jurisdictions
 Effect of opening balance adjustment to deferred tax
 Other

(9.316)	(17.230)
2.050	3.790
(2.833)	(39)
160	(274)
(192)	1.010
781	0
(33)	(408)

Tax charge

(67)	4.080
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Income tax expenses for the period

(67)	4.080
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The tax charge relating to components of other comprehensive income is as follows:

Cash flow hedges

Other comprehensive income

(205)	(133)
(205)	(133)

12. Intangible assets

	Goodwill T.DKK	Trade-marks T.DKK	Customer lists T.DKK	Completed development projects T.DKK	Development projects in progress T.DKK	Total T.DKK
2018:						
Cost:						
At 1 January	339.063	47.034	315.258	24.451	951	726.757
Exchange differences	(941)	33	(651)	0	0	(1.559)
Addition acquisition of subsidiary	43.567	0	37.211	0	0	80.778
Additions during the year	0	0	0	0	6.040	6.040
Disposals	0	0	0	(44)	0	(44)
Reclassifications	0	0	0	2.318	(2.318)	0
As at 31 December	381.689	47.067	351.818	26.724	4.674	811.972
Amortisation and impairment:						
At 1 January	0	6.810	55.585	6.395	0	68.790
Exchange differences	0	14	75	0	0	89
Amortisation charge	0	2.875	25.958	4.940	0	33.773
Disposals	0	0	0	(44)	0	(44)
As at 31 December	0	9.699	81.618	11.291	0	102.608
Carrying amount 31 December	381.689	37.368	270.200	15.433	4.674	709.364
2017:						
Cost:						
At 1 January	339.063	47.034	315.258	12.280	971	714.606
Additions during the year	0	0	0	0	12.151	12.151
Reclassifications	0	0	0	12.171	(12.171)	0
As at 31 December	339.063	47.034	315.258	24.451	951	726.757
Amortisation and impairment:						
At 1 January	0	3.685	29.693	2.410	0	35.788
Amortisation charge	0	3.125	25.892	3.985	0	33.002
As at 31 December	0	6.810	55.585	6.395	0	68.790
Carrying amount 31 December	339.063	40.224	259.673	18.056	951	657.967

Impairment test for goodwill

Impairment test was performed at the end of 2018. The impairment test was based on the cash-generating-units (CGU's) to which goodwill can be allocated. The basis for determining the recoverable amount is value-in-use for the CGU's. Acquired companies and/or activities are integrated into the Trackunit business as quickly as possible in order to obtain the optimum synergies. As a consequence, soon after an acquisition, it is no longer possible to allocate goodwill to individual acquisitions. M-Tec Holding Danmark ApS is evaluated to be one cash-generating unit (Trackunit). The definition of the cash generating units is reconsidered once a year.

The impairment test compares the recoverable amount, equivalent to the present value of the expected future cash flows, with the invested capital of the individual CGU. The expected future cash flow is based on budgets for 2019 and business plans for 2020-2022. Budgets and business plans are approved by group management and the board of directors. Primary variables are sales, EBIT and investments.

The discount rate (WACC) used to calculate the recoverable amount is 8,2%. The growth rate in the terminal period is 4% and is based on past performance and management expectation to the future market development. The sales expectations and EBIT margin used in the impairment test is considered reasonable taking the initiatives in the business plan and general market outlook into consideration.

Investments are assumed to be level with depreciations and amortizations in the terminal period.

Based on the impairment test performed 31 December 2018, the impairment test is indicating significantly increased values. Therefore impairment will not be required. In relation to sensitivity analysis, a simultaneous 1,5 percentage point increase in WACC and 2 percentage point decrease in the terminal period growth rate does not lead to an impairment charge.

Impairment test for customer lists

The customer lists are amortized and tested annually for impairment. Remaining amortization period is 9-10 years. Customer lists valuation is performed on the time of the acquisition and based on a multi-period excess earnings method (MEEM), considering the customers present at that time. Management has analysed whether the main prerequisites of the MEEM calculation are still present. The analysis indicates increased value to the customer lists and therefore impairment will not be required.

13. Property, plant and equipment

	Land and buildings T.DKK	Plant and machinery T.DKK	Other equipment T.DKK	Total T.DKK
2018:				
Cost:				
At 1 January	148	3.295	5.502	8.945
Exchange differences	0	0	(19)	(19)
Addition on acquisition of subsidiary	0	0	1.127	1.127
Additions during the year	0	159	3.076	3.235
Disposals during the year	(148)	(938)	(596)	(1.682)
As at 31 December	0	2.516	9.090	11.606
Amortisation and impairment:				
At 1 January	148	2.396	1.434	3.978
Exchange differences	0	0	(9)	(9)
Addition on acquisition of subsidiary	0	0	820	820
Depreciation for the year	0	689	2.325	3.014
Depreciation of sold assets	(148)	(939)	(439)	(1.526)
As at 31 December	0	2.146	4.131	6.277
Carrying amount 31 December	0	370	4.959	5.329
2017:				
Cost:				
At 1 January	148	3.240	1.587	4.975
Additions during the year	0	55	4.084	4.139
Disposals during the year	0	0	(169)	(169)
As at 31 December	148	3.295	5.502	8.945
Amortisation and impairment:				
At 1 January	0	1.661	290	1.951
Depreciation for the year	0	735	1.297	2.032
Reversal of impairment and depreciation of sold assets	148	0	(153)	(5)
As at 31 December	148	2.396	1.434	3.978
Carrying amount 31 December	0	899	4.069	4.967

14a. Deferred tax assets

Deferred tax at 1 January 2018
Addition on acquisition of subsidiary
Deferred tax recognised in the income statement
Deferred tax recognised in other comprehensive income
Reclassifications
Currency exchange
Deferred tax at 31 December

2018 T.DKK	2017 T.DKK
3.688	994
68	0
(738)	2.827
0	(133)
(639)	0
141	0
2.520	3.688

Deferred tax relates to:

Debt
Property, plant and equipment
Tax loss carry-forwards
Other liabilities

545	207
(21)	803
2.191	2.678
(195)	0
2.520	3.688

14b. Deferred tax liabilities

Deferred tax at 1 January 2018
Addition on acquisition of subsidiary
Deferred tax recognised in the income statement
Reclassifications
Currency exchange
Deferred tax at 31 December

(70.131)	(74.357)
(6.470)	0
6.177	4.226
(438)	0
77	0
(70.785)	(70.131)

Deferred tax relates to:

Intangible assets
Property, plant and equipment
Other liabilities

(71.060)	(70.178)
226	47
49	0
(70.785)	(70.131)

Tax loss carry forwards are recognised to the extent that they are expected to be used in the future. If the result of expected future earnings gives a reasonable probability that the losses will be realised in a foreseeable future, the deferred tax assets has been recognized. Tax loss carry-forward amounts recognized relate to subsidiary in the United States. An unrecognized amount relate to France (DKK 2.809k). The tax losses have no expiration date.

15. Inventories

Raw materials and supplies
Work in progress
Finished goods

1.935	2.341
0	397
9.262	8.522
11.197	11.260

Total inventories

Less: provision for inventory reserves

5.062	4.210
6.135	7.051

Total net inventories

Inventories recognised as an expense and included in 'Cost of sales of goods' amounted to T.DKK 69.902 (2017: T.DKK 55.141.)

16. Trade receivables

Trade receivables at 31 December
Less provision for impairment of trade receivables
Trade receivables net

Movement on the Group provision for impairment of trade receivables are as follows:

Opening balances

Allowances during the year
Write-offs during the year
Reversed allowances

At 31 December

Allocation of overdue net receivables (not written off) by maturity period are as follows:

Up to 30 days
Between 31 and 90 days
Between 91 and 365 days

Overdue net receivables at 31 December**17. Financial assets and liabilities**

Financial assets at amortised cost:

Trade receivables
Other financial assets at amortised costs
Cash and cash equivalents
Other current assets

Total

Financial liabilities at amortised cost:

Borrowings / Credit institutions
Trade and other payables

Financial liabilities at fair value:

Derivative financial instruments:
Used for hedging
Held for trading at fair value through profit and loss

Total

2018 T.DKK	2017 T.DKK
68.319	30.427
1.578	4.460
66.741	25.967
4.460	1.590
780	2.870
(4)	0
(3.658)	0
1.578	4.460
11.952	11.302
9.926	1.372
8.020	3.281
29.898	15.956
66.741	25.967
7.493	2.533
10.576	2.187
6.444	5.458
91.254	36.145
212.630	167.400
34.527	18.598
0	937
211	592
247.368	187.527

Fair values are approximately the same as the carrying amounts.

18. Fair values

Financial instruments measured at fair value can be divided into three levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability

Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair value measurements

	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2018:				
Foreign exchange contracts	0	211	0	211
As at 31 December	0	211	0	211
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2017:				
Cashflow hedges	0	937	0	937
Foreign exchange contracts	0	592	0	592
As at 31 December	0	1.529	0	1.529

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

19. Derivative financial instruments

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to market risks.

The group enters into two types of derivative financial instruments: interest rate swap on borrowings, from a floating rate interest to a fixed rate, and forward currency contracts to hedge future sales.

Derivative financial instruments

	Notional principal	Amount recognised in OCI	Fair value	Remaining contract period
2018:				
Interest rate swaps - cash flow hedge	0	937	0	
As at 31 December	0	937	0	
	Notional principal	Amount recognised in OCI	Fair value	Remaining contract period
2017:				
Interest rate swaps - cash flow hedge	140.000	606	(937)	28-12-2018
As at 31 December	140.000	606	(937)	

20. Share capital

The share capital comprise 53.220.270 shares of a nominal value of DKK 0,01 each. The share capital is broken down as follow:

	Number of shares	Nominal value (DKK)	Number of shares, paid in full	Paid in full, value (DKK)
2018:				
A-shares	19.887.613	198.876	19.887.613	198.876
B-shares	30.686.041	306.860	30.686.041	306.860
C-shares	2.646.616	26.466	2.442.471	24.425
	53.220.270	532.203	53.016.125	530.161

	Number of shares
Changes in share capital:	
Share capital at 1 January	51.037.052
Shares issued	2.183.218
Shares outstanding	0
Share capital at 31 December	53.220.270

	Number of shares	Nominal value (DKK)	Number of shares, paid in full	Paid in full, value (DKK)
2017:				
A-shares	19.069.052	190.691	19.069.052	190.691
B-shares	29.423.024	294.230	29.423.024	294.230
C-shares	2.544.976	25.450	2.313.584	23.136
	51.037.052	510.371	50.805.660	508.057

	Number of shares
Changes in share capital:	
Share capital at 1 January	50.550.000
Shares issued	487.052
Shares outstanding	0
Share capital at 31 December	51.037.052

Treasury shares:

Treasury shares are shares in M-Tec Holding Danmark ApS that are held by M-Tec Holding Danmark ApS for the purpose of issuing shares under the management incentive program (MIP).

	Number of shares	Nominal value (DKK)
Treasury shares at 1 January 2017	451.107	4.511
Acquisition of shares	0	0
Shares issued to employees	-255.659	-2.557
Treasury shares at 1 January 2018	195.448	1.954
Acquisition of shares	164.426	1.644
Shares issued to employees	-182.696	-1.827
Treasury shares at 31 December 2018	177.178	1.772

A-shares carry one vote per share. B-shares carry one vote per share. C-shares carry no votes. A-shares elect 2 members for the board of directors. B-shares elect 2 members for the board of directors. Co-investor shareholder agreements additionally affects the rights attached to the shares.

Dividends

The dividends paid in 2018 were 0 DKK (2017: 0 DKK).

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The board of directors monitors the share and capital structure to ensure that M-Tec Holding Danmark ApS' capital resources support the strategic goals.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2018, the group's strategy was to maintain the gearing ratio within 28% to 35%. The gearing ratios at 31 December 2018 were 31,1% (2017: 29,5%).

During 2018 M-Tec Holding Danmark ApS acquired shares from a former management investor. Treasury shares have also been sold to new management investors. Treasury shares are bought back to meet obligations under the Company's incentive schemes and to adapt the capital structure. The reserve is a distributable reserve.

21. Related parties

The group is owned by Broad Street Principal Investments, L.L.C., which owns 57,66% (2017: 57,65%) of the shares. The remaining 42,34% is owned by Gro Holding II ApS, which owns 37,37% (2017: 37,36%) of the shares and Management, which owns 4,97% (2017: 4,99%) of the shares. Neither Broad Street Principal Investments, L.L.C. nor Gro Holding II ApS have control over the group.

The disclosure of "Key management compensation" is presented in note 5 and 6.

The disclosure of shares issued during the period is presented in note 20.

22. Commitments and contingent liabilities**Operating leases**

Operating lease commitments:

Due within 1 year

Due between 1 and 5 years

	2018 T.DKK	2017 T.DKK
Due within 1 year	5.283	5.217
Due between 1 and 5 years	7.731	4.555
	13.014	9.772
Expensed payments relating to operating leases	5.814	2.342

Lease commitments relate primarily to office, car rental and licenses.

23. Business combinations

In June 2018 the group has acquired 100% of the share capital in Trackunit Telematics Ltd (Formerly Satrak (UK) Ltd) and its holding company Fern Capital Ltd. In august 2015 the group has acquired 100% of the share capital in M-Tec Trackunit A/S (previous name M-Tec Holding, Pandrup ApS). In september 2016 the group acquired 100% of the shares in Dreyer+Timm GmbH, a German based company.

As a result of the acquisitions, the group has increased its presence in the market place regarding machine telematics. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition of Fern Capital Ltd and Trackunit Telematics Ltd (formerly Satrak (UK) Ltd).

The acquisition of Fern Capital and Trackunit Telematics Ltd was completed with an acquisition date of 4 June 2018. The total consideration paid amounts to a cash consideration of DKKm 96.7. No equity instruments has been issued and there is no contingent consideration in the business combination.

Fair value of the assets and liabilities acquired is summarized in the following table, which discloses recognised amounts of identifiable assets acquired and liabilities assumed:

	2018
	T.DKK
Net assets acquired	
Customer lists	37.211
Property, Plant & Equipment	307
Inventory	640
Trade receivables	4.976
Other receivables	8.938
Deferred tax	68
Prepayments	348
Cash	26.404
Deferred tax liabilities	(6.470)
Corp tax	(1.187)
Trade payables	(1.559)
Other payables	(1.554)
Deferred income	(15.002)
Net assets	53.120
Consideration paid	96.687
Goodwill	43.567

Acquisition-related costs of DKKt 5.772 have been charged to special items in the consolidated income statement for the year ended 31 December 2018.

The revenue included in the consolidated statement of comprehensive income since 4 June 2018 contributed by Trackunit Telematics Ltd was TDKK 19.576.

Had Trackunit Telematics Ltd and Fern Capital Ltd been consolidated from 1 January 2018, the consolidated statement of income would include pro-forma revenue of TDKK 34.932 and profit of TDKK 10.307.

Of the total profit in the consolidated statement of profit and loss amounting to TDKK -9.383, Trackunit Telematics Ltd and Fern Capital Ltd contributed profit of TDKK 4.557.

Notes**24. Financial risk management*****Financial risk factors***

The group's activities expose it to a variety of financial risks: market risk (currency and interest risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk***Foreign exchange risk***

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EUR, USD and the GBP. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Increases or decreases in the exchange rate of such foreign currencies against the functional currency, the DKK, can affect the group's results and cash position negatively or positively.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Groups sales, cost of goods sold and expenses are mainly incurred in DKK, EUR, USD or GBP. The Group has transactions in other currencies, but the foreign exchange risks related to this are not considered material. The group's debt is denominated in DKK and EUR. Currency fluctuations between these currencies and the functional currency have historically resulted in insignificant currency translation impacts to the group's financial statement.

The group is primarily exposed to changes in DKK/GBP and DKK/USD exchange rate.

Sensitivity analysis - foreign exchange risk

The following table details the group's sensitivity to a 10% decrease in USD and GBP exchange rates. The analysis includes impact to the profit and loss and total equity by translating the profit and loss accounts and balance sheet with USD and GBP exchange rates 10% lower than actual balance sheet ending rates. All other variables are held constant.

	2018	
	Income statement	Equity
T.DKK		
USD	-309	417
GBP	-300	-4.426

Interest rate risk

The group's interest rate risk arises from long-term borrowings related to the acquisitions. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Group policy is to maintain its borrowings in fixed rate instruments. During 2018, the group's borrowings at variable rate were denominated in DKK and EUR.

Sensitivity analysis - interest rate risk

The following table details the group's sensitivity to a 1 percentage point increase in interest rate level. The analysis includes impact to the profit and loss and total equity. All other variables are held constant.

	2018	
	Income statement	Equity
T.DKK		
Cash and debt with floating interest rates	-1.988	-1.988
Hedge instruments - interest swaps	1.988	1.988

The stated sensitivities are based on the recognized financial assets and liabilities throughout each quarter of the. Adjustments are made for installments, borrowings, etc.

Credit risks

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. For customers individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

The maximum exposure corresponds to the carrying amount.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The group has borrowing facilities of DKK 30m (2017: DKK 25m) that may be available for future operating activities.

Financial covenants

The company are every quarter measured on the normal four covenants against the Facility agreement with Nordea Bank (Cash Flow Cover, Interest Cover, Leverage and Capital Expenditure).

Notes

24. Financial risks management

The table below analyses the group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 12 months T.DKK	Between 12 months and 2 years T.DKK	3 to 4 years T.DKK	>5 years T.DKK	Total T.DKK
31 December 2018					
Credit institutions	10.010	10.590	167.758	0	188.358
Borrowings	24.272	0	0	0	24.272
Trade and other payables	34.527	0	0	0	34.527
Future exchange rate contracts	211	0	0	0	211
	69.020	10.590	167.758	0	247.368
31 December 2017					
Credit institutions	9.000	9.500	20.000	128.900	167.400
Borrowings	7.925	0	0	0	7.925
Trade and other payables	18.598	0	0	0	18.598
Interest rate swaps	50	53	112	722	937
Future exchange rate contracts	456	0	0	0	456
	36.029	9.553	20.112	129.622	195.316

Reconciliation of liabilities arising from financing activities

	1 January 2018	Financing Cash Flows	Other Reclassificati movements *	31 December 2018
Long-term borrowings	158.400	31.000	(1.042)	178.348
Short-term borrowings	9.000	(9.800)	800	10.010
Long-term debt	167.400	21.200	(242)	188.358

* Other movements include the net effect of change to loan fees and cumulative translation adjustments.

25. Events after the balance sheet date

No significant events have occurred after December 31 2018.

26. Changes in net working capital

	2018	2017
	T.DKK	T.DKK
Changes in inventories	916	16.304
Changes in trade receivables	(40.774)	11.165
Changes in other receivables	(5.946)	(4.014)
Changes in trade and other payables	49.749	(10.054)
	3.945	13.401

27. Group companies

Name and registered office	Country	Direct Group holding (pct.)
M-Tec Danmark ApS	Denmark	100%
M-Tec Danmark ApS owns shares in:		
Trackunit A/S	Denmark	100%
M-Tec Telematics Oy	Finland	100%
Trackunit AB	Sweden	100%
Trackunit AS	Norway	100%
Trackunit America ApS	Denmark	100%
Trackunit Inc.	USA	100%
Trackunit SAS	France	100%
Trackunit Ltd.	United Kingdom	100%
Fern Capital Ltd	United Kingdom	100%
Trackunit Telematics Ltd.	United Kingdom	100%
Trackunit GmbH	Germany	100%
Trackunit B.V.	Netherlands	100%

M-Tec Holding Danmark ApS

Financial statements of parent company

Statement of profit and loss

	Notes	2018 T.DKK	2017 T.DKK
Gross profit/(loss)		(509)	(319)
Finance costs	2	(66)	(5)
Profit/loss before tax		(575)	(324)
Income tax expense		27	71
Profit/(Loss) for the period	3	(548)	(253)

**Balance Sheet 31 December
December 31**

	Notes	2018 T.DKK	2017 T.DKK
Claim for payment of company capital		2.235	2.533
Investments in subsidiaries	4	460.785	460.785
Financial assets		463.020	463.318
Deferred tax assets		0	71
Other non-current assets		0	71
Total non-current assets		463.020	463.389
Receivables from group enterprises		35.281	2.897
Corporation tax receivable from group enterprises		3.308	7
Prepayments		14	16
Receivables		38.603	2.920
Cash and cash equivalents		79	2.788
Total current assets		38.682	5.708
Total assets		501.702	469.098

	Notes	2018 T.DKK	2017 T.DKK
Share capital		532	511
Retained earnings		493.686	464.087
Other undistributable reserves		4.531	4.499
Total equity	5	498.750	469.098
Payables to group enterprises		115	0
Other payables		47	0
Current income tax liabilities		2.790	0
Total current liabilities		2.952	0
Total liabilities		2.952	0
Total equity and liabilities		501.702	469.098

Contingent liabilities	6
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Statement of changes in equity

	Share capital	Share premium account	Other undistributable reserves	Reserve from loan and security	Retained earnings	Total equity
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
Balance at 01.01.2018	511	0	4.499	2.533	461.554	469.098
Increase in share capital	21	29.978	0	0	0	29.999
Share-based payment, warrants granted	0	0	326	0	0	326
Share-based payment, warrants forfeited	0	0	(294)	0	0	(294)
Loan and security on sale of shares of the Company	0	0	0	(298)	298	0
Acquisition of treasury shares	0	0	0	0	(1.506)	(1.506)
Sale of treasury shares	0	0	0	0	1.675	1.675
Net profit/loss for the year	0	0	0	0	(548)	(548)
Transfer from share premium account	0	(29.978)	0	0	29.978	0
Balance at 31.12.2018	532	0	4.531	2.235	491.451	498.750

Balance at 01.01.2017	506	0	3.678	0	462.023	466.207
Increase in share capital	5	4.457	0	0	0	4.462
Share-based payment, warrants	0	0	821	0	0	821
Loan and security on sale of shares of the Company	0	0	0	2.533	(2.533)	0
Acquisition of treasury shares	0	0	0	0	(2.140)	(2.140)
Net profit/loss for the year	0	0	0	0	(253)	(253)
Transfer from share premium account	0	(4.457)	0	0	4.457	0
Balance at 31.12.2017	511	0	4.499	2.533	461.554	469.098

Notes

1. Significant accounting policies

The annual report for M-Tec Holding Danmark ApS has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C medium-sized.

General information on recognition and measurement

Assets are recognised in the balance sheet if it is probable that future financial benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is made as described below for each financial statement item.

Profits, losses and risks that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, including recognition of value adjustments of financial assets and liabilities that are measured at fair value. Furthermore, costs incurred to generate earnings for the year are recognised in the income statement, including depreciation/amortisation, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates of amounts formerly recognised in the income statement.

Foreign currency translation

Foreign currency transactions are translated applying the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit/loss

The gross profit/loss contains other external expenses.

Other operating expenses

Other external expenses include expenses relating to the Company's ordinary activities, including administrative expenses, etc.

Financial income

Financial income comprises interest income from receivables from group enterprise.

Financial expenses

Financial expenses comprise interest expenses, including interest expenses relating to payables to related parties, interest on borrowings and other interest expenses.

Tax on profit/loss

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

In 2018 the Company and its Danish subsidiaries are jointly taxed.

The share of the joint taxation income/expense is fully allocated according to the current rules governing joint taxation.

Balance sheet***Investments in subsidiaries***

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, it is written down.

Dividends from subsidiaries are recognized as income in the income statement of the Parent Company in the financial year in which the dividend is declared.

Receivables

Financial receivables are measured at amortised cost, usually equalling nominal value less impairments.

Financial assets

Cash and cash equivalents comprise cash balances and unrestricted deposits with banks.

Equity - dividend

Dividend is recognised as a liability at the time of adoption at the annual general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually equals nominal value.

Notes

	2018 T.DKK	2017 T.DKK
2. Financial expenses		
Other financial expenses	66	5
	66	5
3. Distribution of profit / loss		
Retained earnings	(548)	(253)
	(548)	(253)
4. Investments in subsidiaries		
2018:		
Cost at 1 January		460.785
Cost at 31 December		460.785
Carrying amount at 31 December		460.785
2017:		
Cost at 1 January		460.785
Cost at 31 December		460.785
Carrying amount at 31 December		460.785
Name and registered office	Country	Direct Group holding (pct.)
M-Tec Danmark ApS	Denmark	100%
M-Tec Danmark ApS owns shares in:		
Trackunit A/S	Denmark	100%
M-Tec Telematics Oy	Finland	100%
Trackunit AB	Sweden	100%
Trackunit AS	Norway	100%
Trackunit America ApS	Denmark	100%
Trackunit Inc.	USA	100%
Trackunit SAS	France	100%
Trackunit Ltd.	United Kingdom	100%
Fern Capital Ltd	United Kingdom	100%
Trackunit Telematics Ltd.	United Kingdom	100%
Trackunit GmbH	Germany	100%
Trackunit B.V.	Netherlands	100%

5. Share capital

The share capital comprise 53.220.270 shares of a nominal value of DKK 0,01 each. The share capital is broken down as follow:

	Number of shares	Nominal value (DKK)	shares, paid in full	Paid in full, value (DKK)
2018:				
A-shares	19.887.613	198.876	19.887.613	198.876
B-shares	30.686.041	306.860	30.686.041	306.860
C-shares	2.646.616	26.466	2.442.471	24.425
	53.220.270	532.203	53.016.125	530.161

	Number of shares
Changes in share capital:	
Share capital at 1 January	51.037.052
Shares issued	2.183.218
Shares outstanding	0
Share capital at 31 December 2018	53.220.270

	Number of shares	Nominal value (DKK)	Number of shares, paid in full	Paid in full, value (DKK)
2017:				
A-shares	19.069.052	190.691	19.069.052	190.691
B-shares	29.423.024	294.230	29.423.024	294.230
C-shares	2.544.976	25.450	2.313.584	23.136
	51.037.052	510.371	50.805.660	508.057

	Number of shares
Changes in share capital:	
Share capital at 1 January	50.550.000
Shares issued	487.052
Shares outstanding	0
Share capital at 31 December 2017	51.037.052

Treasury shares:

Treasury shares are shares in M-Tec Holding Danmark ApS that are held by M-Tec Holding Danmark ApS for the purpose of issuing shares under the management incentive program (MIP).

	Number of shares	Nominal value (DKK)
Treasury shares at 1 January 2017	396.529	3.965
Acquisition of shares	0	0
Shares issued to employees	-201.081	-2.011
Treasury shares at 1 January 2018	195.448	1.954
Acquisition of shares	164.426	1.644
Shares issued to employees	-182.696	-1.827
Treasury shares at 31 December 2018	177.178	1.772

A-shares carry one vote per share. B-shares carry one vote per share. C-shares carry no votes. A-shares elect 2 members for the board of directors. B-shares elect 2 members for the board of directors. Co-investor shareholder agreements additionally affects the rights attached to the shares.

6. Contractual liabilities and contingent liabilities

The Company is the administration company for Danish joint taxation. According to the Danish corporate tax rules, the Company is liable for the obligation to withhold taxes on interest, royalty and dividend for all companies in the Danish joint taxation.

As security for the utilization of the group's credit facilities, M-tec Holding Danmark ApS has entered into a payment guarantee with Nordea worth 191.350 T.DKK on behalf of the subsidiaries M-Tec Danmark ApS, Trackunit A/S and Trackunit GmbH.

Related parties

Transactions with related parties have been on arm's-length.

Refer to the consolidated financial statement regarding the company's ownership structure.

