

# **M-Tec Holding Danmark ApS**

**CVR No 36 95 73 60**

**Amaliegade 49, 1. sal, 1256 København K**

## **Annual report for**

**1 January 2017 - 31 December 2017**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:  
11 June 2018

**Chairman**



---

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 notes	17
Consolidated Notes	18
Group companies	43
M-Tec Holding Danmark ApS	44
Statement of profit and loss	45
Balance Sheet 31 December	46
Parent's statement of changes in equity	47
Notes	48

M-Tec Holding Danmark ApS

## **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**

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

## M-Tec Holding Danmark ApS

**Key figures****31. December**

	<b>2017</b>	<b>2016 (*)</b>
	<b>T.DKK</b>	<b>T.DKK</b>
<b>Key figures</b>		
Net revenue	213.073	212.319
Gross profit	98.227	123.597
Earnings before non-recurring items, depreciation, amortisation and impairment (EBITDA)	40.241	57.701
Earnings before interest and tax (EBIT)	(8.169)	(16.657)
Earnings from financial items, net	(9.061)	(12.597)
Earnings before Tax (EBT)	(17.230)	(29.254)
Profit for the period	(13.150)	(29.810)
Investments in PPE	4.139	5.658
Total assets	711.228	757.554
Equity	423.974	433.163
Total liabilities	711.228	757.554
Average number of employees	106	81
<b>5 years ratios</b>		
Return on equity (%)	(3,1)	(6,5)
Equity ratio (%)	59,6	57,2

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

\*) M-Tec Holding Danmark ApS was established at 8 July 2015.

## 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 2017.

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 2017 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 2017.

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.

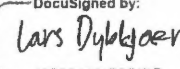
We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 11 June 2018

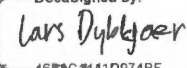
### Executive Board



Michael Specht Bruun

DocuSigned by:  
  
Lars Dybkjaer

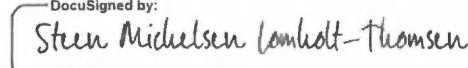
### Supervisory Board

DocuSigned by:  
  
Lars Dybkjaer  
Chairman

DocuSigned by:  
  
Gunnar Evensen



Michael Specht Bruun

DocuSigned by:  
  
Steen Michelsen Lomholt-Thomsen

## ***Management review***

### **The Group's principal activities**

Trackunit is one of 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 for 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**

2017 was a year of significant progress in terms of commercial progress and organisational building. A range of activities further helped transform Trackunit into one of the leading global telematics companies servicing the off highway construction industry.

On the commercial side Trackunit continued to significantly strengthen its organization in several areas such as Sales, Marketing and R&D. As a consequence the number of employees expanded during 2017 to 120 employees at the end of 2017 against 81 in 2016. The increased resources allowed for a US entry, which is the world largest market for off highway construction telematics and a deeper penetration of the European Market where Trackunit today is the market leader. To reinforce Trackunits innovative leadership the R&D organisation was also considerably strengthened and to better the ability to attract new talent headquarters has been moved from Pandrup to Aalborg. The investments in R&D resulted in several product launches in the 2017 (Trackunit GO, ON, SPOT and Iris) and was followed up by a complete company rebranding and new product positioning.

The financial result for 2017 is considered satisfactory, with 31% year on year growth in Revenue from 162.6 DKK mill. in 2016 (212.3 DKK mill. 08.07.2015 – 31.12.2016) to 213.1 DKK mill. in 2017. Growth was driven by a more than 36% growth year on year in unit sales with a significantly underlying growth in the subscription base. EBITDA before special non-recurring items was 40.2 DKK mill. in 2017 impacted heavily by the build up of the growth investments in Sales, Marketing and R&D. The Group in 2017 has had special items total of 13 DKK mill. primarily due to one-off costs for new owners acquisition related cost by taking over the company, outsourcing of the production and move of headquarters to Aalborg, closing of the Dreyer + Timm activities in Rotenburg.

### **Significant changes in operations and financial matters**

To ensure the capability for further growth and focus Trackunit outsourced the production in 2017. This has provided the Group with greater flexibility and economies of scale. The Group continue to undertake the development of new hardware, while the production is being carried out by BB Electronics.

### **Unusual conditions that affect recognition and measurement**

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

### **Outlook**

Management expects continued high growth in 2018, with continued growth in subscription revenue and unit sales. As mentioned above the ongoing strengthening of the organization, will continue into 2018 and affect

the costs and short term earnings. With the expected higher cost level in 2018 the management expects an increase in the net result due to higher growth in revenue and gross profit.

**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.

The bearing debt is covered completely and therefore do not constitute a risk in relation to the profit.

**Development activities**

The development activities primarily include development of next generation Trackunit products. The Group continues to increase its development activities for the benefit of its products and thus customers.

**Significant events after the balance sheet date**

In May 2018 Trackunit acquired the leading machine telematics provider in the UK, Satrak UK Ltd, further solidifying Trackunit's position in the UK.

## ***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 2017 and of the results of the Group's operations and cash flows for the financial year 1 January 2017 - 31 December 2017 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 2017 and of the results of the Parent Company's operations for the financial year 1 January 2017 - 31 December 2017 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 2017 - 31 December 2017, 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 Financials 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, 11 June 2018

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31



Mikkel Strøm  
State Authorised Public Accountant  
mne26693



Marianne Fog Jørgensen  
State Authorised Public Accountant  
mne21405

**Consolidated statement of profit and loss**

		<b>01.01.2017 - 31.12.2017</b>	<b>08.07.2015 31.12.2016</b>
	<b>Notes</b>	<b>T.DKK</b>	<b>T.DKK</b>
Net revenue	3	213.073	212.319
Expenses for raw materials and consumables		(60.004)	(74.679)
Changes in inventories of finished goods, work in progress and goods for resale		(16.304)	2.809
External costs	7	(38.538)	(16.956)
Other operating income	4	0	104
<b>Gross profit/(loss)</b>		<b>98.227</b>	<b>123.597</b>
Employee costs	5,6	(57.986)	(65.896)
<b>Earnings before depreciation, amortisation and impairment (EBITDA), and before special items</b>		<b>40.241</b>	<b>57.701</b>
Special non-recurring items	8	(13.375)	(30.834)
Depreciation, amortisation costs and impairment loss of property, plant and equipment and intangible assets	12,13	(35.034)	(43.524)
<b>Earnings before interest and tax (EBIT)</b>		<b>(8.169)</b>	<b>(16.657)</b>
Finance income	9	1.485	1.762
Finance costs	10	(10.546)	(14.359)
<b>Earnings before tax (EBT)</b>		<b>(17.230)</b>	<b>(29.254)</b>
Income tax expenses	11	4.080	(556)
<b>Profit/(loss) for the period</b>		<b>(13.150)</b>	<b>(29.810)</b>

M-Tec Holding Danmark ApS

**Consolidated statement of comprehensive income**

	<b>01.01.2017 - 31.12.2017</b>	<b>08.07.2015 - 31.12.2016</b>
<b>Notes</b>	<b>T.DKK</b>	<b>T.DKK</b>
Profit/(loss) for the period	(13.150)	(29.810)
<b><i>Other comprehensive income</i></b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences regarding subsidiaries in another currency	(595)	(1.638)
Change in value of cash flow hedges		
- changes for the year	606	(1.543)
Income tax relating to these items	(133)	340
<b>Other comprehensive income for the period, net of tax</b>	<b>(123)</b>	<b>(2.841)</b>
<b>Total comprehensive income for the period</b>	<b>(13.272)</b>	<b>(32.651)</b>

**Consolidated balance sheet****31. December**

	<b>Notes</b>	<b>2017 T.DKK</b>	<b>2016 T.DKK</b>
Goodwill		339.063	339.063
Trademarks		40.224	43.349
Customer lists		259.673	285.565
Completed development projects		18.056	9.870
Development projects in progress		951	971
<b>Intangible assets</b>	<b>12</b>	<b>657.967</b>	<b>678.818</b>
Land and buildings		0	148
Plant and machinery		899	1.579
Other equipment		4.069	1.297
<b>Tangible assets</b>	<b>13</b>	<b>4.967</b>	<b>3.024</b>
Deferred tax assets	14	3.688	994
Deposits	17	1.410	986
<b>Financial assets</b>		<b>5.098</b>	<b>1.980</b>
<b>Total non-current assets</b>		<b>668.032</b>	<b>683.822</b>
Inventories	15	7.051	23.355
Trade receivables	16,17	25.967	37.132
Other receivables	17	2.533	386
Prepayments	17	5.458	4.015
<b>Receivables</b>		<b>41.009</b>	<b>64.888</b>
<b>Cash and cash equivalents</b>	<b>17</b>	<b>2.187</b>	<b>4.844</b>
<b>Assets held for sale</b>	<b>13,17,24</b>	<b>0</b>	<b>4.000</b>
<b>Total current assets</b>		<b>43.196</b>	<b>73.732</b>
<b>Total assets</b>		<b>711.228</b>	<b>757.554</b>

**Consolidated balance sheet****31. December**

	Note	2017 T.DKK	2016 T.DKK
Share capital	20	511	506
Other reserves		1.535	836
Retained earnings		421.928	431.821
<b>Total equity</b>		<b>423.974</b>	<b>433.163</b>
Credit institutions	17,19	158.400	163.287
Deferred tax liabilities	14	70.131	74.357
<b>Total non-current liabilities</b>		<b>228.531</b>	<b>237.644</b>
Credit institutions	17,19	9.000	14.375
Borrowings	17	7.925	20.896
Trade payables	17	11.921	15.951
Current income tax liabilities	11	7.289	6.913
Other payables	17,18	8.206	16.326
Deferred income	17	14.382	12.286
<b>Total current liabilities</b>		<b>58.723</b>	<b>86.747</b>
<b>Total liabilities</b>		<b>287.254</b>	<b>324.391</b>
<b>Total equity and liabilities</b>		<b>711.228</b>	<b>757.554</b>

## Consolidated statement of changes in equity

	Share capital	Share premium	Reserve for Exchange rate translation	Other undistributable reserves	Reserve from loan and security	Retained earnings	Reserve for hedges	Total equity
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
<b>Balance at 08.07.2015</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
Profit for the period	0	0	0	0	0	(29.810)	0	(29.810)
Other comprehensive income	0	0	(1.638)	0	0	0	(1.204)	(2.842)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>(1.638)</b>	<b>0</b>	<b>0</b>	<b>(29.810)</b>	<b>(1.204)</b>	<b>(32.652)</b>
<i>Transactions with owners in their capacity as owners</i>								
Increase in share capital	456	462.571	0	0	0	0	0	463.027
Share-based payment, warrents	0	0	0	3.678	0	0	0	3.678
Acquisition of treasury shares	0	0	0	0	0	(940)	0	(940)
Transferred to Retained earnings	0	(462.571)	0	0	0	462.571	0	0
<b>Balance at 31.12.2016</b>	<b>506</b>	<b>0</b>	<b>(1.638)</b>	<b>3.678</b>	<b>0</b>	<b>431.821</b>	<b>(1.204)</b>	<b>433.163</b>
	<b>T.DKK</b>	<b>T.DKK</b>	<b>T.DKK</b>	<b>T.DKK</b>	<b>T.DKK</b>	<b>T.DKK</b>	<b>T.DKK</b>	<b>T.DKK</b>
<b>Balance at 01.01.2017</b>	<b>506</b>	<b>0</b>	<b>(1.638)</b>	<b>3.678</b>	<b>0</b>	<b>431.821</b>	<b>(1.204)</b>	<b>433.163</b>
Profit for the period	0	0	0	0	0	(13.150)	0	(13.150)
Other comprehensive income	0	0	(595)	0	0	0	472	(123)
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>(595)</b>	<b>0</b>	<b>0</b>	<b>(13.150)</b>	<b>472</b>	<b>(13.272)</b>
<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	(2.533)	0	0
Acquisition of treasury shares	0	0	0	0	0	(1.200)	0	(1.200)
Transferred to Retained earnings	0	(4.457)	0	0	0	4.457	0	0
<b>Balance at 31.12.2017</b>	<b>511</b>	<b>0</b>	<b>(2.233)</b>	<b>4.499</b>	<b>2.533</b>	<b>419.395</b>	<b>(732)</b>	<b>423.974</b>

**Consolidated cash flow statement**

	<b>01.01.2017 - 31.12.2017</b>	<b>08.07.2015 - 31.12.2016</b>
<b>Notes</b>	<b>T.DKK</b>	<b>T.DKK</b>
Earnings before interest and tax (EBIT)	(8.169)	(16.657)
Depreciations and amortizations	35.034	43.524
Non-cash items	0	(7.843)
Change in net working capital	27 13.401	(5.879)
<b>Cash flows from primary operating activities</b>	<b>40.266</b>	<b>13.145</b>
Received interests	1.485	1.762
Paid interests	(10.546)	(14.359)
Paid income taxes	(4.213)	(10.670)
<b>Cash flow from operating activities</b>	<b>26.992</b>	<b>(10.122)</b>
Purchase of property, plant and equipment	(4.139)	(5.658)
Sale of property, plant and equipment	4.000	3.874
Purchase of intangible assets	(12.151)	(5.702)
Business acquisitions	0	(659.635)
<b>Cash flow from investing activities</b>	<b>(12.290)</b>	<b>(667.121)</b>
Proceeds from credit institutions	(10.262)	177.662
Capital increase	4.083	463.028
Other	1.791	3.678
<b>Cash flow from financing activities</b>	<b>(4.388)</b>	<b>644.368</b>
<b>Net cash flow for the year</b>	<b>10.314</b>	<b>(32.875)</b>
Cash and cash equivalents, beginning of the period	(16.052)	50
Cash from acquisition of activities	0	16.773
<b>Cash and cash equivalents, end of the year</b>	<b>(5.738)</b>	<b>(16.052)</b>
The cash flow statement cannot be derived from the published financial information only.		
Cash and cash equivalents	2.187	4.844
Borrowings	(7.925)	(20.896)
	<b>(5.738)</b>	<b>(16.052)</b>



## **Consolidated Notes**

- Note 1. Significant accounting policies
- Note 2. Critical accounting estimates and judgements
- Note 3. Net revenue
- Note 4. Other operating income
- 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. Tax on profit for the year
- Note 12. Intangible assets
- Note 13. Property, plant and equipment
- Note 14. Deferred tax
- 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. Assets held for sale
- Note 25. Financial risks management
- Note 26. Events after the balance sheet date
- Note 27. Changes in net working capital

## 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 2017. 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 2017:

- IAS 7, Statement of cash flows: Additional disclosures on reconciliation of financial liabilities required. Interest-bearing debt to be reconciled from beginning to end of period.
- IAS 12, Income taxes: Clarifies when a difference is considered a temporary difference in respect of tax assets related to financial assets that are measured at fair value. When an enterprise has acquired a receivable, which is treated as available for sale and, consequently, is measured at fair value through other comprehensive income, a subsequent decline in the fair value of the receivable will result in a temporary difference between the carrying amount and the tax base, on which deferred tax is to be calculated.
- Annual improvements (2014-2016): The annual improvements imply a minor clarification:
- IFRS 12, Disclosure of interests in other entities: Clarification of the disclosure requirements for ownership interests in IFRS 12 also being applicable when the interests are classified as held for sale, held for distribution or as discontinued operations under IFRS 5, whereas other disclosure requirements have been exempted.

M-Tec Holding Danmark has assessed the effect of the new standards, amendments and interpretations. M-Tec Holding Danmark has concluded that all standards, amendments and interpretations effective for financial years beginning on or after 1 January 2017 are either not relevant to the Group or have no significant effect on the Financial Statements of the Group.

#### **New standards, amendments and interpretations not yet been adopted by the EU**

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: The standard introduces an expected loss model for impairment losses on loans and receivables. As an overriding main rule, this new model will imply larger impairment losses than 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.

The standard will be effective for financial years beginning on or after 1 January 2018.

• IFRS 15, Revenue from contracts with customers: A new standard on revenue recognition that replaces IAS 11 and IAS 18 among others. The standard may potentially affect 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.

IFRS 15, Revenue from contracts with customers: Clarifications of IFRS 15 concerning the identification of performance obligations, principal versus agent considerations and licence considerations as well as changes to the transition rules.

IFRS 15 and the clarifications will be effective for financial years beginning on or after 1 January 2018.

• 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 and IFRS 15 will have no significant effect on the Financial Statements of the Group at the time of implementation.

IFRS 16 will have a significant 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 T.DKK 3,8
- Other equipment to increase, both in the level of T.DKK 0,7

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

• IAS 40, Investment property: The amendments clarify that transfers may only take place between investment properties and inventories or owner-occupied properties when an actual change in the use of the property has occurred.

The change in use must be documented, and management's intentions alone are not adequate documentation of a change in the use of a property.

The amendments will be effective for financial years beginning on or after 1 January 2018.

- IFRS 2, Share-based payment: The amendment comprises the following three issues:
  - Vesting conditions for cash-settled share-based payment schemes should be treated under the same rules as used for equity-settled share-based payment schemes.
  - If a share-based payment scheme provides an option for the enterprise to withhold some of the equity instruments for the payment of any tax at source payable by the recipient, such schemes are to be treated as equity-settled share-based schemes.
  - Rules on the accounting treatment of modifications of a cash-settled share-based payment scheme which is changed to an equity-settled share-based payment scheme.

The amendment will be effective for financial years beginning on or after 1 January 2018.

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

- IFRIC 22 - Foreign currency transactions and advance consideration: IAS 21 requires an enterprise to use the exchange rate at the date of the transaction which is defined as the date on which the transaction first qualifies for recognition.

The amendment will be effective for financial years beginning on or after 1 January 2018.

- 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 (2014-2016): The annual improvements imply two minor clarifications:
  - IAS 28, Investments in associates and joint ventures: It is clarified that the option to measure at fair value through profit or loss an investment in an associate or a joint venture held by an entity that is a venture capital organisation is available for each investment in an associate or joint venture on an investment-by-investment basis.
  - IFRS 1, First-time adoption of IFRS: Deletes certain exemptions for first-time adopters of IFRS related to financial instruments, employee benefits and investment companies that are no longer relevant.

The amendments will be effective for financial years beginning on or after 1 January 2018.

- 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.

#### ***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.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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.

***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***

Revenue is recognized in the income statement if the risk has been transferred to the purchaser at the balance sheet date, the income can be measured reliably, and expenses incurred or expected to be incurred in connection with the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received excluding VAT and less discounts granted in connection with the sales. Revenue regarding subscriptions are recognized over the service period.

***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.

***Changes in inventory and external costs***

Cost comprises the purchase price of raw materials, consumables and goods for resale, direct labor costs and a share of indirect production costs, including costs of operation and depreciation of production facilities as well as operation, administration and management of factories.

***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.

***Employee costs***

Employee costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the Company's staff.

***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 and deferred tax***

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.

M-Tec Holding Danmark ApS

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings: 50 years

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***

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***

are measured at amortized cost less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable taking into consideration the period overdue and the expected likelihood of receiving payment.

***Provisions***

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.

***Assets held for sale***

Assets held for sale are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

***Financial assets and liabilities******Classification***

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

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

***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 sub-substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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.

***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 gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains/losses - net.

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/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 and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

***Leases***

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***

been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

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).

Management also makes an estimate of the useful life, and the asset is then depreciated and amortised systematically over the expected future useful life.

***Development projects***

For development projects in progress an impairment test is performed annually. The impairment test is performed on the basis of various factors, including future expected use of the outcome of the project, the fair value of the estimated future earnings or savings, interest rates and risks.

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria.

## M-Tec Holding Danmark ApS

**Notes****3. Net revenue**

Sale of goods  
Sale of subscriptions

	01.01.2017 - 31.12.2017 T.DKK	08.07.2015 - 31.12.2016 T.DKK
	100.908	128.542
	112.165	83.777
	<b>213.073</b>	<b>212.319</b>

**4. Other operating income**

Profit on sale of fixed assets

	0	104
	<b>0</b>	<b>104</b>

**5. Staff costs**

Wages and salaries, including restructuring costs and other termination benefits  
Social security costs  
Pension costs, defined contribution plans  
Other employee costs

	46.339	54.113
	3.958	2.953
	4.120	5.287
	3.569	3.543
	<b>57.986</b>	<b>65.896</b>

Average number of full time employees

	106	81
--	-----	----

**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	2.336	3.769
Post-employment benefits	364	142
Other long-term benefits	4	4
	<b>2.704</b>	<b>3.915</b>

**Compensation to the Board of Directors and Executive Management**

Compensation to the Board of Directors  
Compensation to the Executive Management

	325	0
	2.379	3.915
	<b>2.704</b>	<b>3.915</b>

*In the above, salaries and redundancy costs to resigned CFO is included in 2016: T.DKK 923 (2017: T.DKK 0)*

**6. Share based payments**

M-Tec Holding Danmark ApS has established a warrant program for management and certain key employees. The warrant program comprise a total of 6.966.714 (2016: 5.916.279) warrants at 31 December 2017. 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 12,1% (2016: 10,5%) of the share capital if they are all exercised.

The programme comprises a combination of shares and warrants, which is triggered at exit of the investment if certain hurdle rates have been reached.

The three warrants (series I, II and III) are priced at 5-8% of the share price 9,1608 (2016: 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**

	Number	Number
Outstanding 1 January 2017	5.916.279	0
Granted	1.379.286	5.916.279
Forfeited	-328.851	0
Outstanding 31 December 2017	<b>6.966.714</b>	<b>5.916.279</b>

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

## M-Tec Holding Danmark ApS

	01.01.2017 - 31.12.2017 T.DKK	08.07.2015 - 31.12.2016 T.DKK
<b>7. Audit fees</b>		
Statutory audit	256	483
Audit-related services	123	0
Tax advisory services	65	110
Other services	29	1.609
	<b>473</b>	<b>2.202</b>
<b>8. Special non-recurring items</b>		
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.		
Special non-recurring items	<b>13.375</b>	<b>30.834</b>
<b>9. Financial income</b>		
Interest income, banks	0	6
Exchange rate adjustments	1.310	1.703
Other interest income	175	53
	<b>1.485</b>	<b>1.762</b>
<b>10. Financial expenses</b>		
Interest expenses, mortgage debt and borrowings	8.573	10.358
Exchange rate adjustments	877	3.617
Other financial expenses, including bank fees	1.096	384
	<b>10.546</b>	<b>14.359</b>
<b>11. Tax on profit for the year</b>		
Current tax:		
Current tax on profits for the year	(2.973)	(9.455)
<b>Total current tax</b>	<b>(2.973)</b>	<b>(9.455)</b>
Deferred tax:		
Origination and reversal of temporary differences	7.053	8.899
<b>Total deferred tax assets</b>	<b>7.053</b>	<b>8.899</b>
<b>Income tax expenses for the period</b>	<b>4.080</b>	<b>(556)</b>
<b>Profit before tax</b>	<b>(17.230)</b>	<b>(29.254)</b>
<b>Computed 22%</b>	<b>3.790</b>	<b>6.436</b>
Tax effects of:		
Effect of income/expenses that is exempt from taxation	(39)	(3.296)
Effect of not recognised tax assets	(274)	(1.142)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1.010	(588)
Other	(408)	(1.966)
<b>Tax charge</b>	<b>4.080</b>	<b>(556)</b>
<b>Income tax expenses for the period</b>	<b>4.080</b>	<b>(556)</b>
The tax charge relating to components of other comprehensive income is as follows:		
Cash flow hedges	(133)	340
<b>Other comprehensive income</b>	<b>(133)</b>	<b>340</b>

**12. Intangible assets**

2017:	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
<b>Cost:</b>						
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
<b>As at 31 December</b>	<b>339.063</b>	<b>47.034</b>	<b>315.258</b>	<b>24.451</b>	<b>951</b>	<b>726.757</b>
<b>Amortisation and impairment:</b>						
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
<b>As at 31 December</b>	<b>0</b>	<b>6.810</b>	<b>55.585</b>	<b>6.395</b>	<b>0</b>	<b>68.790</b>
<b>Carrying amount 31 December</b>	<b>339.063</b>	<b>40.224</b>	<b>259.673</b>	<b>18.056</b>	<b>951</b>	<b>657.967</b>
<b>2016:</b>						
	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
<b>Cost:</b>						
At 8 July 2015	0	0	0	0	0	0
Addition acquisition of subsidiary	339.063	47.034	315.258	0	7.549	708.904
Additions during the year	0	0	0	0	5.702	5.702
Reclassifications	0	0	0	12.280	(12.280)	0
<b>As at 31 December</b>	<b>339.063</b>	<b>47.034</b>	<b>315.258</b>	<b>12.280</b>	<b>971</b>	<b>714.606</b>
<b>Amortisation and impairment:</b>						
At 8 July 2015	0	0	0	0	0	0
Amortisation charge	0	3.685	29.693	2.410	0	35.788
<b>As at 31 December</b>	<b>0</b>	<b>3.685</b>	<b>29.693</b>	<b>2.410</b>	<b>0</b>	<b>35.788</b>
<b>Carrying amount 31 December</b>	<b>339.063</b>	<b>43.349</b>	<b>285.565</b>	<b>9.870</b>	<b>971</b>	<b>678.818</b>

**Impairment test for goodwill**

Intangible assets including goodwill are primarily related to acquisition of enterprises and activities. The recoverable value for both "Trackunit" and "Dreyer+Timm" has been based on a fair value less costs to sell. (Fair value level 3). Both businesses has been performing in line with expectations.

Management defines the cash-generating units (CGU) based on the smallest group of identifiable assets which together generate incoming cash flow from continued use of the assets and which are independent of cash flow from other assets or groups of assets. The definition of the cash generating units is reconsidered once a year. M-Tec Holding Danmark ApS is evaluated to be two cash-generating unit (Trackunit and Dreyer+Timm) - if relevant test is done on a lower level.

The impairment test for goodwill for "Trackunit" and "Dreyer+Timm" is based on a normalized EBITDA valuation. The development in the appropriate peer group of telematics companies on EBITDA has been taken into consideration. The peer group support a valuation level of 15,3x EBITDA in 2017 (15,3x EBITDA in 2016). To make the impairment test relevant to a normal financial year, full-year EBITDA for the acquisition of Dreyer+Timm has been used and special non-recurring items regarding "Trackunit" and "Dreyer+Timm", included in note 8, have been excluded in the calculation of the normalized EBITDA, which is based on realised 2017 and expected normalized EBITDA for 2018.

Based on the impairment test performed 31 December 2017, the impairment test is indicating increased values therefore impairment will not be required.



**13. Property, plant and equipment**

<b>2017:</b>	<b>Land and buildings T.DKK</b>	<b>Plant and machinery T.DKK</b>	<b>Other equipment T.DKK</b>	<b>Total T.DKK</b>
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)
<b>As at 31 December</b>	<b>148</b>	<b>3.295</b>	<b>5.502</b>	<b>8.945</b>
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)
<b>As at 31 December</b>	<b>148</b>	<b>2.396</b>	<b>1.434</b>	<b>3.978</b>
<b>Carrying amount 31 December</b>	<b>0</b>	<b>899</b>	<b>4.069</b>	<b>4.967</b>
<b>2016:</b>	<b>Land and buildings T.DKK</b>	<b>Plant and machinery T.DKK</b>	<b>Other equipment T.DKK</b>	<b>Total T.DKK</b>
Cost:				
At 8 July 2015	0	0	0	0
Addition on acquisition of subsidiary	7.480	5.092	251	12.823
Additions during the year	2.274	2.048	1.336	5.658
Disposals during the year	0	(3.900)	0	(3.900)
Transferred to assets held for sale	(9.606)	0	0	(9.606)
<b>As at 31 December</b>	<b>148</b>	<b>3.240</b>	<b>1.587</b>	<b>4.975</b>
Amortisation and impairment:				
At 8 July 2015				
Impairment charge	5.316	0	0	5.316
Depreciation for the year	290	1.834	290	2.414
Reversal of impairment and depreciation of sold assets	0	(173)	0	(173)
Transferred to assets held for sale	(5.606)	0	0	(5.606)
<b>As at 31 December</b>	<b>0</b>	<b>1.661</b>	<b>290</b>	<b>1.951</b>
<b>Carrying amount 31 December</b>	<b>148</b>	<b>1.579</b>	<b>1.297</b>	<b>3.024</b>

M Tec Holding Danmark ApS

	2017 T.DKK	2016 T.DKK
<b>14. Deferred tax assets</b>		
Deferred tax at 1 January 2017	994	0
Deferred tax recognised in the income statement	2.827	654
Deferred tax recognised in other comprehensive income	(133)	340
<b>Deferred tax at 31 December</b>	<b>3.688</b>	<b>994</b>
<b>Deferred tax relates to:</b>		
Other payables	207	340
Other	3.481	654
	<b>3.688</b>	<b>994</b>
<b>Deferred tax liabilities</b>		
Deferred tax at 1 January 2017	(74.357)	0
Addition on acquisition of subsidiary	0	(82.602)
Deferred tax recognised in the income statement	4.226	8.245
<b>Deferred tax at 31 December</b>	<b>(70.131)</b>	<b>(74.357)</b>
<b>Deferred tax relates to:</b>		
Intangible assets	(70.178)	(74.678)
Property, plant and equipment	47	321
	<b>(70.131)</b>	<b>(74.357)</b>
<p>The Group's deferred tax assets 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 relate to France, Netherland and USA. In all other cases the tax asset has been written-down. (Minor amounts). No losses will expire in 2018.</p>		
<b>15. Inventories</b>		
Raw materials and supplies	2.341	11.359
Work in progress	397	1.757
Finished goods	8.522	11.644
<b>Total inventories</b>	<b>11.260</b>	<b>24.760</b>
Less: provision for inventory reserves	4.210	1.405
<b>Total net inventories</b>	<b>7.051</b>	<b>23.355</b>
<p>Inventories recognised as an expense and included in 'Expenses for raw materials and consumables' and 'Change in inventories of finished goods, work in progress and goods for resale' amounted to T.DKK 76.308 (2016: T.DKK 71.870.)</p>		
<b>16. Trade receivables</b>		
Trade receivables at 31 December	30.427	38.722
Less provision for impairment of trade receivables	4.460	1.590
<b>Trade receivables net</b>	<b>25.967</b>	<b>37.132</b>
<p>Movement on the Group provision for impairment of trade receivables are as follows:</p>		
<b>Opening balances</b>	1.590	0
Allowances during the year	2.870	1.590
<b>At 31 December</b>	<b>4.460</b>	<b>1.590</b>
<p>Allocation of overdue net receivables (not written off) by maturity period are as follows:</p>		
Up to 30 days	11.302	7.840
Between 31 and 90 days	1.372	7.126
Between 91 and 365 days	3.281	2.886
<b>Overdue net receivables at 31 December</b>	<b>15.956</b>	<b>17.852</b>

**17. Financial assets and liabilities**

	Carrying amount	Carrying amount
Financial assets:		
Trade receivables	25.967	37.132
Other receivables	7.991	4.401
Deposit	1.410	986
Cash and cash equivalents	2.187	4.844
<b>Total</b>	<b>37.555</b>	<b>47.363</b>
Financial liabilities at amortised cost:		
Borrowings	167.400	177.662
Trade payables	11.921	15.951
Other payables	21.650	27.069
Financial liabilities at fair value: Cash flow hedge	937	1.543
<b>Total</b>	<b>201.908</b>	<b>222.225</b>

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
<b>2017:</b>				
Cashflow hedges	0	937	0	937
Other payables	0	456	0	456
<b>As at 31 December</b>	<b>0</b>	<b>1.393</b>	<b>0</b>	<b>1.393</b>
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>2016:</b>				
Cashflow hedges	0	1.543	0	1.543
Other payables	0	1.391	0	1.391
<b>As at 31 December</b>	<b>0</b>	<b>2.934</b>	<b>0</b>	<b>2.934</b>

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.

Further information regarding Assets held for sale are provided in note 24.

## 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.

Information about the group's exposure to price risk is provided in note 25.

### Derivative financial instruments

	Notional principal	Amount recognised in OCI	Fair value	Remaining contract period
<b>2017:</b>				
Interest rate swaps - cash flow hedge	140.000	606	(937)	28-12-2018
<b>As at 31 December</b>	<b>140.000</b>	<b>606</b>	<b>(937)</b>	
	Notional principal	Amount recognised in OCI	Fair value	Remaining contract period
<b>2016:</b>				
Interest rate swaps - cash flow hedge	140.000	(1.543)	(1.543)	28-12-2018
<b>As at 31 December</b>	<b>140.000</b>	<b>(1.543)</b>	<b>(1.543)</b>	

The interest has been fixed at 0,43% for the Facility A loan and 0,47% for the Facility B loan.

## 20. Share capital

The share capital comprise 510.371 shares of a nominal value of DKK 1 each. The share capital is broken down as follow:

	Number	Nominal value (DKK)
<b>2017:</b>		
A-shares	190.691	190.691
B-shares	294.230	294.230
C-shares	25.450	25.450
		<b>510.371</b>
		Number of shares DKK
Changes in share capital:		
Share capital at 1 January		505.500
Shares issued		4.871
Shares outstanding		0
<b>Share capital at 31 December</b>		<b>510.371</b>
	Number	Nominal value (DKK)
<b>2016:</b>		
A-shares	190.691	190.691
B-shares	294.230	294.230
C-shares	20.579	20.579
		<b>505.500</b>
		Number of shares DKK
Changes in share capital:		
Share capital at 8 July 2015		50.000
Shares issued		455.500
Shares outstanding		0
<b>Share capital at 31 December</b>		<b>505.500</b>

### Dividends

The dividends paid in 2017 were 0 DKK (2016: 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 2017, the group's strategy was to maintain the gearing ratio within 28% to 35%. The gearing ratios at 31 December 2017 were 29,5% (2016: 31,0%).

During 2017 M-Tec Holding Danmark ApS acquired shares from M-Tec Trackunit A/S. 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 57,65% of the shares. The remaining 42,35% is owned by Gro Holding II ApS, which owns 37,36% of the shares and Management, which owns 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.

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

	31.12.2017	31.12.2016
	T.DKK	T.DKK
	5.217	4.521
	4.555	6.431
	<u>9.772</u>	<u>10.952</u>
Expensed payments relating to operating leases	2.342	2.482

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

### 23. Business combinations

No business has been acquired in 2017 (T.DKK 0). 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 M-Tec Trackunit A/S (previous name M-Tec Holding, Pandrup ApS)*

The acquisition of M-Tec Trackunit A/S was completed with an acquisition date of 19 August 2015. The total consideration paid amounts to a cash consideration of DKKm 583.5. 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:

	<b>2016 T.DKK</b>
<b>Net assets acquired</b>	
Customer lists	259.500
Trademarks	39.600
Other immaterial assets	7.400
Property, plant and equipment	12.600
Deposits	300
Inventories	26.000
Trade receivables	29.800
Other receivables	5.800
Prepayments	300
Cash and equivalents	8.000
Other payables	(12.000)
Deferred income	(17.600)
Deferred tax liabilities	(68.700)
Trade payables	(15.900)
Current income tax liabilities	(6.200)
Roundings	174
<b>Net assets</b>	<b>269.074</b>
Consideration paid	583.504
<b>Goodwill</b>	<b>314.430</b>

Acquisition-related costs of DKKt 0 (2016: DKKt 6.738) have been charged to special items in the consolidated income statement for the year ended 31 December 2017.

The revenue included in the consolidated statement of comprehensive income since 19 august 2015 contributed by the M-Tec Trackunit Group was TDKK 199.078.

**Acquisition of Dreyer+Trimm  
GmbH**

The acquisition of Dreyer+Trimm GmbH was completed with an acquisition date of 2 September 2016. The total consideration paid amount to a cash consideration of DKKm 76.1. 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:

	<u>2016 T.DKK</u>
<b>Net assets acquired</b>	
Customer lists	55.758
Trademarks	7.434
Software	149
Technical equipment and machinery	74
Other equipment, factory and office equipment	149
Inventories	2.007
Trade receivables	3.345
Other assets	223
Prepayments	595
Cash and equivalents	8.773
Provisions	(3.048)
Deferred tax liabilities	(13.902)
Trade payables	(1.041)
Other liabilities	(3.717)
Deferred income	(5.130)
Roundings	(170)
<b>Net assets</b>	<u>51.499</u>
Consideration paid	<u>76.131</u>
<b>Goodwill</b>	<u>24.632</u>

Acquisition-related costs of TDKK 2.866 have been charged to special items in the consolidated income statement for the year ended 31 December 2016.

The revenue included in the consolidated statement of comprehensive income since 2 september 2016 contributed by Dreyer+Trimm GmbH was TDKK 13.241.

Had Dreyer+Trimm GmbH been consolidated from 1 January 2016, the consolidated statement of income would show pro-forma revenue of TDKK 38.036 and profit of TDKK 7.445.

Of the total profit in the consolidated statement of profit and loss amounting to TDKK -29.810 the M-Tec Trackunit Group and Dreyer+Trimm GmbH contributed profit of TDKK -14.081

**24. Assets held for sale**

No assets were held for sale at 31 December 2017. (2016: On 30 October 2016 the group announced its intention to close down productions facilities in Pandrup. The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements.)

(2016: The production facility comprise of property, plant and equipment. At 31 December 2016 plant and quipment have been sold to BB Electronics A/S, who has taken over the produktion.)

(2016: An impairment loss of DKKt. 5.316 is recognised in the statement of comprehensive income in line "Depreciation, amortisation costs and impairment loss of property, plant and equipment and intangible assets" for the write-down of building located Industrivej 10, 9490 Pandrup to fair value less cost to sell.)

**Notes****25. 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

***Sensitivity analysis***

At 31 December 2017, if the DKK had weakened/strengthened by 10% against the GBP or USD with all other variables held constant, the recalculated post-tax profit for the year for GBP would have been TDKK 30 higher/lower and for USD TDKK 750 higher/lower.

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

***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 2017, the group's borrowings at variable rate were denominated in DKK.



***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 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****25. 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
<b>31 December 2017</b>					
Credit institutions	9.000	9.500	20.000	128.900	167.400
Borrowings	7.925	0	0	0	7.925
Trade payables	11.921	0	0	0	11.921
Other payables	8.206	0	0	0	8.206
Interest rate swaps	50	53	112	722	937
Future exchange rate contracts	456	0	0	0	456
	<u>37.558</u>	<u>9.553</u>	<u>20.112</u>	<u>129.622</u>	<u>196.845</u>
<b>31 December 2016</b>					
Credit institutions	14.375	15.900	37.544	109.843	177.662
Borrowings	20.896	0	0	0	20.896
Trade payables	15.951	0	0	0	15.951
Other payables	19.026	0	0	0	19.026
Interest rate swaps	129	149	330	934	1.542
Future exchange rate contracts	703	935	0	0	1.638
	<u>71.080</u>	<u>16.984</u>	<u>37.874</u>	<u>110.777</u>	<u>236.715</u>

**Reconciliation of liabilities arising from financing activities**

	1 January 2017	Financing Cash Flows	Other movements *	31 January 2017
Long-term borrowings	163.287	0	(4.887)	158.400
Short-term borrowings	30.427	(24.689)	9.000	14.738
<b>Long-term debt</b>	<u>193.714</u>	<u>(24.689)</u>	<u>4.113</u>	<u>173.138</u>

\* Other movements include the effect of reclassification of non-current position of interest-bearing loans and borrowings.

**26. Events after the balance sheet date**

No significant events have occurred after 31 December 2017.

## M-Tec Holding Danmark ApS

	<b>31.12.2017</b>
	<b>T.DKK</b>
<b>27. Changes in net working capital</b>	
Changes in inventories	16.304
Changes in trade receivables	11.165
Changes in other receivables	(4.014)
Changes in trade and other payables	(10.054)
	<b>13.401</b>

**Group companies**

<b>Name and registered office</b>	<b>Country</b>	<b>Direct Group holding (pct.)</b>
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%
Trackunit GmbH	Germany	100%
Trackunit B.V.	Netherlands	100%

M-Tec Holding Danmark ApS

# M-Tec Holding Danmark ApS

Financial statements of parent company

M-Tec Holding Danmark ApS

**Statement of profit and loss**

		<b>01.01.2017 - 31.12.2017</b>	<b>08.07.2015 31.12.2016</b>
	<b>Notes</b>	<b>T.DKK</b>	<b>T.DKK</b>
<b>Gross profit/loss</b>		<b>(319)</b>	<b>(554)</b>
Finance income	2	0	24
Finance costs	3	(5)	(32)
<b>Profit/loss before tax</b>		<b>(324)</b>	<b>(562)</b>
Tax on profit/loss for the year		71	14
<b>Profit for the period</b>	4	<b>(253)</b>	<b>(548)</b>

**Balance Sheet 31 December****31. December**

	<b>2017</b>	<b>2016</b>
<b>Notes</b>	<b>T.DKK</b>	<b>T.DKK</b>
Other financial assets investments	2.533	0
Investments in subsidiaries	460.785	460.785
<b>Financial assets</b>	<b>463.318</b>	<b>460.785</b>
Deferred tax assets	71	0
<b>Other non-current assets</b>	<b>71</b>	<b>0</b>
<b>Total non-current assets</b>	<b>463.389</b>	<b>460.785</b>
Receivables from group enterprises	2.897	6.351
Corporation tax	7	0
Prepayments	16	40
<b>Receivables</b>	<b>2.920</b>	<b>6.391</b>
<b>Cash and cash equivalents</b>	<b>2.788</b>	<b>2</b>
<b>Total current assets</b>	<b>5.708</b>	<b>6.393</b>
<b>Total assets</b>	<b>469.098</b>	<b>467.178</b>

	<b>2017</b>	<b>2016</b>
<b>Notes</b>	<b>T.DKK</b>	<b>T.DKK</b>
Share capital	511	506
Retained earnings	464.087	462.023
Other undistributable reserves	4.499	3.678
<b>Total equity</b>	<b>469.098</b>	<b>466.207</b>
Other payables	0	55
Current income tax liabilities	0	916
<b>Total current liabilities</b>	<b>0</b>	<b>971</b>
<b>Total liabilities</b>	<b>0</b>	<b>971</b>
<b>Total equity and liabilities</b>	<b>469.098</b>	<b>467.178</b>

Contingent liabilities 7

## 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
<b>Balance at 08.07.2015</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
Increase in share capital	456	462.571	0	0	0	463.027
Dividend	0	0	0	0	0	0
Share-based payment, warrants	0	0	3.678	0	0	3.678
Net profit/loss for the year	0	0	0	0	(548)	(548)
Transfer from share premium account	0	(462.571)	0	0	462.571	0
<b>Balance at 31.12.2017</b>	<b>506</b>	<b>0</b>	<b>3.678</b>	<b>0</b>	<b>462.023</b>	<b>466.207</b>
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
<b>Balance at 01.01.2017</b>	<b>506</b>	<b>0</b>	<b>3.678</b>	<b>0</b>	<b>462.023</b>	<b>466.207</b>
Increase in share capital	5	4.457	0	0	0	4.462
Dividend	0	0	0	0	0	0
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
<b>Balance at 31.12.2017</b>	<b>511</b>	<b>0</b>	<b>4.499</b>	<b>2.533</b>	<b>461.554</b>	<b>469.098</b>

## 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 2017 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**

	01.01.2017 - 31.12.2017 T.DKK	08.07.2015 31.12.2016 T.DKK
<b>2. Financial income</b>		
Interest received from group enterprises	0	24
	<b>0</b>	<b>24</b>
<b>3. Financial expenses</b>		
Other financial expenses	5	32
	<b>5</b>	<b>32</b>
<b>4. Distribution of profit / loss</b>		
Retained earnings	(253)	(548)
	<b>(253)</b>	<b>(548)</b>
<b>5. Investments in subsidiaries</b>		
<b>2017:</b>		
Cost at 1 January		460.785
Cost at 31 December		<b>460.785</b>
<b>Carrying amount at 31 December</b>		<b>460.785</b>
<b>2016:</b>		
Cost at 8 July 2015		0
Additions		460.785
Cost at 31 December		<b>460.785</b>
<b>Carrying amount at 31 December</b>		<b>460.785</b>
<b>Name and registered office</b>	<b>Country</b>	<b>Direct Group holding (pct.)</b>
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%
Trackunit GmbH	Germany	100%
Trackunit B.V.	Netherlands	100%

**6. Share capital**

The share capital comprise 510.371 shares of a nominal value of DKK 1 each. The share capital is broken down as follow:

<b>2017:</b>	<b>Number</b>	<b>Nominal value (DKK)</b>
A-shares	190.691	190.691
B-shares	294.230	294.230
C-shares	25.450	25.450
		<b>510.371</b>
		<b>Number of shares</b>
		<b>DKK</b>
Changes in share capital:		
Share capital at 1 January		505.500
Shares issued		4.871
Shares outstanding		0
<b>Share capital at 31 December 2017</b>		<b>510.371</b>

<b>2016:</b>	<b>Number</b>	<b>Nominal value (DKK)</b>
A-shares	190.691	190.691
B-shares	294.230	294.230
C-shares	20.579	20.579
		<b>505.500</b>
		<b>Number of shares</b>
		<b>DKK</b>
Changes in share capital:		
Share capital at 8 July 2015		50.000
Shares issued		455.500
Shares outstanding		0
<b>Share capital at 31 December 2017</b>		<b>505.500</b>

**7. 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.

**Related parties**

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