M-Tec Holding Danmark ApS

CVR No 36 95 73 60
Amaliegade 49, 1. sal, 1256 København K

Annual report for

1 January 2020 - 31 December 2020

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:
11 March 2021

Chairman of the AGM

DocuSigned by:
Thomas Christiansen
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Thomas Christiansen

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Company Information

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

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

Board of directors
Frank Cohen (Chairman)
Jørgen Raguse
Lars Dybkjær
Gunnar Evensen
Michael Specht Bruun
Steen Michelsen Lomholt-Thomsen
Anja Bach Eriksson Kofoed

Executive board
Michael Specht Bruun
Lars Dybkjær

Auditor
PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Strandvejen 44, 2900 Hellerup

Key figures
31. December

	2020 T.DKK	2019 T.DKK	2018 * T.DKK	2017 T.DKK	2016 T.DKK
Key figures					
Net revenue	382.552	381.823	280.226	213.073	212.319
Gross profit	274.827	240.643	182.842	136.765	140.449
Earnings before special items, depreciation, amortisation and impairment (EBITDA)	101.956	69.224	50.140	40.241	57.701
Earnings before interest and tax (EBIT)	32.869	(11.296)	929	(8.169)	(16.657)
Earnings from financial items, net	(15.767)	(7.053)	(10.245)	(9.061)	(12.597)
Earnings before Tax (EBT)	17.102	(18.349)	(9.316)	(17.230)	(29.254)
Profit for the period	12.850	(17.054)	(9.383)	(13.150)	(29.810)
Investments in PPE	4.862	1.930	3.235	4.139	5.658
Total assets	897.683	830.794	815.905	711.228	757.554
Equity	439.373	428.263	443.768	423.974	433.163
Total liabilities	458.310	402.530	372.137	287.254	324.391
Average number of employees	185	193	139	106	81
Ratios					
Return on equity (%)	3,9	(4,2)	(2,2)	(3,1)	(6,5)
Equity ratio (%)	48,9%	51,5%	54,4%	59,6%	57,2%

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

*) IFRS 16 was implemented in 2019. Comparative figures have not been adjusted.

Managements 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 2020 - 31 December 2020.

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 2020 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 2020 - 31 December 2020.

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.

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

Copenhagen, 11 March 2021

Executive Board

Michael Specht Bruun

DocuSigned by: Lars Dybkjaer
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Lars Dybkjær

Board of Directors

DocuSigned by:
815392BFA69742A...
Frank Cohen (Chairman)

DocuSigned by: Jørgen Raguse
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Jørgen Raguse

DocuSigned by: Lars Dybkjaer
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Lars Dybkjær

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Gunnar Evensen

Michael Specht Bruun

DocuSigned by: Steen Michelsen Lomholt-Thomsen
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Steen Michelsen Lomholt-Thomsen

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Anja Bach Eriksson Kofoed

Mangement's review

The Group's principal activities

Trackunit is specialized in fleet management solutions connecting and tracking machines and operators across a wide range of industries. Trackunit’s IoT services collect and analyze machine data in real-time to deliver actionable, proactive, and predictive information, empowering customers with data-driven foresight.

Trackunit promises to lead the technology engagement to help eliminate downtime. The ambition of this mission is not only to recover from budget and schedule overruns, but also to re-establish the reputation of the industry for innovation and leadership.

From operator safety and machine health to business optimization, Trackunit’s industry-leading telematics software, hardware and services benefit the everyday operations of customers worldwide. Trackunit services its customers directly from its headquarters in Denmark and Chicago, IL and through subsidiaries in Sweden, Norway, France, Holland, Germany, and England.

Developments in activities and financial affairs

Activities and financial results in 2020 were impacted by the Covid19 outbreak in the spring of 2020. Uncertainty was high and visibility low in the early days of the outbreak and impact of the pandemic was unknown. Great effort was put into solidifying the Group’s strong financial position by reducing operating expenses and securing additional credit facilities, should the impact be longer. A slowdown in new modules sold and hardware revenue began in April as the countries for the Group’s main markets started to go into lock-down due to the government-imposed restrictions.

Revenue started to recover in the fall of 2020 and by the end of the year total revenue for the Group had surpassed that of 2019, despite Covid19 and decreasing currency rates, primarily USD and GBP, to the Danish Kroner. Comparing to prior year the increase in subscription revenue was offset by a reduction in module revenue. Churn of customers from the SaaS platform remained low, which is a testament to the power of the solution that Trackunit offers to the market and subscription base has increased to ~450.000 by the end of the year.

2020 was a year of further investment into the SaaS platform, with large development projects into the Trackunit Manager as part of the journey towards becoming the platform of the industry which includes seamless AEMP feed integration with 3rd party hardware. In late 2019 the Group launched the TU600 hardware unit and a full transition to the new unit was completed within the first half of the 2020. By the end of 2020 development of KIN nears completion. Kin is a Bluetooth tag which due to its small size and low cost will enable the industry to connect a wider range of lower value and/or non-powered assets. KIN will be launched in the first half of 2021.

To mitigate the risk of negative financial impact from Covid19 the Group reduced operating expenses during 2020. This unfortunately included reducing the numbers of employees. Trackunit has done the utmost to support and treat these people respectfully during the off-boarding process and support them towards their next employment.

New hires have been limited following the reduction in employees. As the main markets slowly started to reopen during the fall and revenue started to recover, the Group has initiated new hires primarily in Engineering to support the continued development of the software platform as described above.

The financial result for 2020 is considered satisfactory. Revenue increased despite the Covid19 impact and combined with effective costs management the Group earnings (EBITDA before special items) increased year on year by 47%. In 2020 the Group has incurred costs for special items total of 19 DKK mill. primarily due to one-off costs for downsizing the organization and hereto related costs.

The 2019 annual report outlook described 2020 as being a year with continued expectations for high growth rates in sales, resulting in an expected increase in EBITDA of 25%. There was also high uncertainty into the impact from covid19, and therefore Group planned for reducing the operating expenses by 25% to mitigate a potential decrease in revenue. While the negative impact to revenue was less than estimated, the reduction of operating expenses was highly effective and therefore the EBITDA outcome was close to the original expectation.

UN Global compact

The Group confirms the continued support for the Global Compact and renew the ongoing commitment to the initiative and its principles. This is an opportunity to confirm our commitment to the UN Sustainable Development Goals.

During the past year, progress has been made on initiatives. Efforts were focused on establishing a healthy, balanced and fair working culture, reviewing the environmental strategy, and on measures to share the Group's values with employees, suppliers and others. These key objectives were always pursued, even during the challenging COVID-19 pandemic. The Group continues to follow the vision for the future that involves the innovative progress of the construction business until the year 2025 which we genuinely believe will have a positive impact on the health of individuals and the pollution of the environment in the long term. Our vision includes the commitment to our employees and is based on the foundation of a culture we are proud of.

Significant changes in operations and financial matters

There are no significant changes in operations and financial matters that have affected recognition and measurement of the Groups results and status.

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

2021 looks to be a year filled with continued uncertainties due to Covid-19. As challenging as 2020 has been, it has further strengthened management's belief in the company's core offering, products, and culture. Trackunit offers a service that is business critical and provides the customers with a competitive advantage in the market they operate.

Management is optimistic going into 2021 and by delivering on the corporate strategy it is the expectation to further increase earnings (EBITDA) by 25% to 35% due to a higher increase in revenue than in costs.

Significant assumptions and uncertainties

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

Risk factors

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

Development activities

The development activities primarily include development of next generation Trackunit products, which includes continued development of features to the software platform (Trackunit Manager), which includes reporting, streaming API (real time data) and an improved administration module. Also in development is the next generation of battery powered hardware, the KIN+ which offers enhanced network compatibility.

Significant events after the balance sheet date

There are no significant events after the balance sheet date.

Corporate Social Responsibility

In consideration of Trackunit core ethic principles, an open and informal corporate culture and a continuous assessment of risks related to corporate social responsibility, management has decided not to outline and disclose written policies on corporate social responsibility.

Though Trackunit does not operate with formal policies within corporate social responsibility, we take pride in our care and consideration for the wellbeing of our people, society around us and our environment and it is built into the way we think and act. This is also embedded into our mission statement, to eliminate downtime within the construction industry, where work environment, and the external environment will benefit from a more efficient operation, ranging from improvements to health and safety, fewer delays in the construction process implying less energy consumption, and longer machine lifetime expectancy implying less consumption of raw material for machine manufacturing.

Trackunit continues to assess any potential risks, which would require to be addressed by formal policies for corporate social responsibility.

The primary operations of Trackunit are conducted in Denmark where headquarter is located and most employees of the group are employed in Denmark. Manufacturing of Trackunit RAW hardware is placed in Denmark (refer to description of the business model), which means that most risks within areas of environment, employees, human-rights, and anti-corruption are supported by the laws of Denmark and the supervision from the Danish authorities. The principles and ethics of our corporate culture in Denmark extends to our colleagues in other countries.

Business model

Trackunit offer customers a software platform (IRIS) for fleet management, which connects with 3rd party hardware. Trackunit also offer customers a full-service solution including Trackunit hardware (RAW) as well as offering the IRIS platform.

Software and hardware product research and development activities are based in Aalborg. RAW hardware is manufactured in Denmark by a 3rd party electronic manufacturing partner.

Sales teams are placed in Aalborg and in the subsidiary companies in the US, UK, France, Germany, Netherlands, Sweden, and Norway. Sales teams in subsidiary companies are responsible for building and maintaining customer relations in the respective country of operation and adjacent markets whereas the sales team and sales management in Denmark are responsible for Denmark, global accounts, and rest of world.

Hardware products are generally shipped directly from Denmark to the customer; being an operating equipment manufacturer, rental company, or contractor. Hardware units can be mounted onto new machines by the customer directly on the assembly line or retrofitted to an existing machine. Retrofit installations are managed by the customer or by Trackunit.

Promotion of the underrepresented gender

Trackunit believes gender diversity contributes to a more positive work environment and strengthens the overall company performance. Trackunit aims to increase the share of female leadership in management positions and has therefore set specific targets which we expect to reach within 2025.

Certain departments of Trackunit operates in what can be described as a male profession, namely within the engineering departments within software and hardware development. These departments are a significant part of the overall number of FTE's in Trackunit and therefore contributes to a 70/30 majority of men within Trackunit, which is also reflected in the targets set by management.

Management level	Definition	Actual	Target
Board of directors	Board members	14%	~30 %
Senior management	Executive officers and senior vice presidents	29%	~30 %
Other management	Vice presidents, Directors, Managers, Leads	15%	~30 %

The board of directors has been expanded from 5 to 7 during 2020, which also meant raising the number of women in the board of directors from 0 to 1, and during 2020 two female employees have either taken on a manager position or raised to a new higher level of management.

It is Trackunit policy to invite female candidates into job interviews for positions in the typical male professions to actively seek a more diverse workforce.

Trackunit encourages female employees to pursue a career in management and supports women who voices an aspiration of a management position by offering mentoring arrangements. The mentoring arrangements are often with other women of Trackunit that currently holds a higher management position. Part of the work culture and leadership DNA in Trackunit is about openness, viewing failure as a learning opportunity and providing the highest level of flexibility in the workplace, which further supports a culture and work environment that do not discourage women from pursuing a management career.

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 2020 and of the results of the Groups operations and cash flows for the financial year 1 January 2020 - 31 December 2020 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 2020 and of the results of the Parent Company's operations for the financial year 1 January 2020 - 31 December 2020 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 2020 - 31 December 2020, 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 March 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

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946D137DECDF4B6
Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

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Henrik Berring Rasmussen
State Authorised Public Accountant
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Consolidated statement of profit and loss

	Notes	2020 T.DKK	2019 T.DKK
Revenue from contracts with customers	3	382.552	381.823
Cost of sales of goods		(73.192)	(102.071)
Cost of providing services		(34.533)	(39.109)
Gross Profit		**274.827**	**240.643**
External costs	7	(41.543)	(45.280)
Other operating expenses	4	(285)	(196)
Employee costs	5,6	(131.043)	(125.943)
Earnings before depreciation, amortisation and impairment (EBITDA), and before special items		**101.956**	**69.224**
Special non-recurring items	8	(19.151)	(22.377)
Depreciation, amortisation costs and impairment loss of property, plant and equipment and intangible assets	12,13	(49.935)	(58.144)
Earnings before interest and tax (EBIT)		**32.869**	**(11.296)**
Finance income	9	33	3.028
Finance costs	10, 13	(15.800)	(10.081)
Earnings before tax (EBT)		**17.102**	**(18.349)**
Income tax expense	11	(4.252)	1.295
Profit/(loss) for the period		**12.850**	**(17.054)**

Profit is attributable to:			
Owners of M-tec Holding Danmark ApS		**12.850**	**(17.054)**

Consolidated statement of comprehensive income

	Notes	2020 T.DKK	2019 T.DKK
Profit/(loss) for the period		12.850	(17.054)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences regarding subsidiaries in another currency		(1.321)	577
Change in value of cash flow hedges			
- Gains/loss on cash flow hedges		(859)	0
Income tax relating to these items		189	0
Other comprehensive income for the period, net of tax		**(1.991)**	**577**
Total comprehensive income for the period		**10.859**	**(16.477)**

Consolidated balance sheet

31 December

Assets

Non-current assets	**Notes**	**2020 T.DKK**	**2019 T.DKK**
Intangible assets	12	642.850	677.502
Property, plant and equipment	13	5.447	3.607
Right-of-use assets	13	22.405	15.796
Deferred tax assets	14	1.189	1.473
Deposits		1.583	1.588
Total non-current assets		**673.475**	**699.965**
Current assets			
Inventories	15	3.992	4.028
Trade receivables	16,17	62.106	77.726
Receivables from group enterprises		45.000	0
Other financial assets at amortised cost	17	7.135	9.228
Other current assets	17	5.701	3.383
Cash and cash equivalents	17	100.275	36.463
Total current assets		**224.208**	**130.828**
Total assets		**897.683**	**830.794**

Consolidated balance sheet

31 December

Equity and liabilities

	Notes	2020 T.DKK	2019 T.DKK
Share capital	20	532	532
Other reserves		2.588	5.015
Retained earnings		436.253	422.716
Total equity		**439.373**	**428.263**
Credit institutions	17,19	155.972	167.545
Lease liabilities	13	17.165	9.741
Other long term debt		6.388	2.394
Deferred tax liabilities	14	55.764	62.725
Contract liabilities	3	56.004	54.443
Total non-current liabilities		**291.293**	**296.848**
Credit institutions	17,19	11.437	10.237
Borrowings	17	2.675	4.878
Lease liabilities	13	5.320	6.822
Trade and other payables	17	86.497	45.627
Current income tax liabilities	11	8.636	5.421
Contract liabilities	3	51.594	32.697
Derivative financial instruments	17, 18	859	0
Total current liabilities		**167.017**	**105.682**
Total liabilities		**458.310**	**402.530**
Total equity and liabilities		**897.683**	**830.794**

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Consolidated statement of changes in equity

T.DKK	Share capital	Other reserves - Foreign currency translation	Other reserves - Other undistributable reserves	Other reserves - Reserve from loan and security	Other reserves - Reserve for hedges	Retained earnings	Total equity
Balance at 01.01.2020	**532**	**(2.357)**	**4.700**	**2.235**	**0**	**423.153**	**428.263**
Profit for the period	0	0	0	0	0	12.850	12.850
Other comprehensive income	0	(1.321)	0	0	(670)	0	(1.991)
Total comprehensive income for the period	0	(1.321)	0	0	(670)	12.850	10.859
Transactions with owners in their capacity as owners							
Share-based payment, warrants	0	0		0	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0	250	250
Other equity movements	0	0	0	0	0	0	0
Balance at 31.12.2020	**532**	**(3.678)**	**4.700**	**2.235**	**(670)**	**436.253**	**439.373**
Balance at 01.01.2019	**532**	**(2.934)**	**4.531**	**2.235**	**0**	**439.403**	**443.768**
Profit for the period	0	0	0	0	0	(17.054)	(17.054)
Other comprehensive income	0	577	0	0	0	0	577
Total comprehensive income for the period	0	577	0	0	0	(17.054)	(16.477)
Transactions with owners in their capacity as owners							
Increase in share capital	0	0	0	0	0	0	0
Share-based payment, warrants	0	0	(102)	0	0	0	(102)
Acquisition of treasury shares	0	0	0	0	0	(3.806)	(3.806)
Sale of treasury shares	0	0	0	0	0	4.881	4.881
Other equity movements	0	0	271	0	0	(271)	0
Balance at 31.12.2019	**532**	**(2.357)**	**4.700**	**2.235**	**0**	**423.153**	**428.263**

Consolidated cash flow statement

January 1 to December 31

	Notes	2020 T.DKK	2019 T.DKK
Earnings before interest and tax (EBIT)		32.869	(11.296)
Depreciations and amortizations		49.935	58.144
Non-cash items		285	196
Change in net working capital	26	36.612	43.351
Cash flows from primary operating activities		**119.702**	**90.395**
Received interests		(53)	(4)
Paid interests		(8.601)	(8.540)
Paid income taxes		(5.898)	(5.450)
Cash flow from operating activities		**105.148**	**76.401**
Purchase of property, plant and equipment		(4.862)	(1.930)
Sale of property, plant and equipment		63	47
Purchase of intangible assets		(10.854)	(9.679)
Sale of intangible assets		0	496
Change in deposits		(16)	(278)
Cash flow from investing activities		**(15.668)**	**(11.344)**
Repayment of borrowings		(2.203)	(19.394)
Payments to credit institutions		(11.760)	(11.180)
Paid loan fees to credit institutions		(1.427)	0
Sale and purchase of warrants/treasury shares		250	973
Lease principal payments		(6.874)	(6.783)
Cash flow from financing activities		**(22.014)**	**(36.384)**
Net cash flow for the year		**67.466**	**28.673**
Cash and cash equivalents, beginning of the period		36.463	10.576
Unrealized exchange rate gains and losses		(3.654)	(2.786)
Cash and cash equivalents, end of the year		**100.275**	**36.463**

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

Cash and cash equivalents	100.275	36.463
	100.275	**36.463**

Index of consolidated notes

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 2020. No standards or interpretations other than those mentioned below 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 the financial year 2020. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

• IAS 1 and IAS 8, The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

• IFRS 3,The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

• IFRS 7, IFRS 9 and IFRS 39, The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform (IBOR). A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not hedge nor have any IBOR benchmarked liabilities.

• IFRS 16, On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

New standards, amendments and interpretations adopted but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

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

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.

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

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

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognized in other comprehensive income.

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

Revenue recognition
The group provides telematics solutions, which includes sales of hardware (tracking devices). Revenue is recognized in the income statement when the performance obligation is met at a specific point in time. That being delivery of a hardware unit either to a OEM's assembly line, to a machine dealer or when a unit is retrofitted to an existing machine. After that point in time the consideration is unconditional and only passage of time required before the payment is due. Related installation service income is recognized in the income statement as the services are rendered. The group also generates sales through software licenses to the group's SaaS platform, through which the customers accesses machine data, and consulting services where the group co-creates customized software solutions for customers. The performance obligation is met over time, therefore revenue for the software licenses revenue and consulting services is recognized over the contract period. Revenue is measured at the agreed price of the consideration received excluding VAT and less discounts granted in connection with the sales. Payments become due within 2 months of invoicing. No payment terms exceeds 12 months, and no customer contract contains an interest element, therefore the group does not adjust any transaction prices for the time value of money. Deferred revenue is provisioned as a debt to customers in contract liabilities.

Cost of sales of goods
Costs comprise of costs paid to generate the revenue for the year. This includes the purchase price of raw materials, consumables and goods for resale.

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

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

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

Other operating expense
Costs comprise of losses from disposal of tangible assets.

Special non-recurring items
Special non-recurring items consist of costs and income of a one-off nature in relation to the Group's primary activities. Special items relates to M&A activities, restructuring costs, costs regarding integration and significant non-recurring items including termination benefits related to retirement of members of the executive management.

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

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

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

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

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

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

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

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

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

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

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

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

Trademarks and customer lists
Separately acquired trademarks and customer lists or acquired at the acquisition of subsidiaries are shown at historical cost and fair value, respectively. Trademarks and customer lists have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks (15 years) and customer lists (10-12 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 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 plant and machinery and other equipment, which are measured at cost less accumulated depreciation, and any impairment losses. The cost comprises the aquisition cost and other directly attributable expenses of preparing the asset for its intended use.

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 is impaired to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The impairment loss is recognised in the income statement when the impairment is identified.

Leases as lessee

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 group leases various vehicles, offices and other equipment. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date the leased asset is available for use by the group. In general, all lease contracts are recognized 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 (< DKK 35.000).

Cars
Lease contracts could be separated between a leasing contract and a service arrangement. The group has decided not to separate lease and non-lease components and instead recognize each car as one contract.

Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Leasing period and fixed payments appears in the lease contract which means only interest rate has to be determined. Here the groups incremental borrowing rate to obtain an asset of similar value is used (3%).

Variable lease payments as extra miles beyond the lease contract, damages, bridge tolls etc. is not measured as a lease liability and a lease asset in the balance sheet. Instead these costs are recognized in the profit and loss when they occur.

Offices
Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Fixed payments appear in the lease contract. The leasing period for all offices is set the same date as the HQ office expires even though different terms of condition may occur. The groups incremental borrowing rate to obtain an asset of similar value of 3% have been applied.

Other equipment
Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Leasing period and fixed payments appears in the lease contract which means only interest rate has to be determined. Here the groups incremental borrowing rate to obtain an asset of similar value is used (3%).

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of raw materials and consumables comprises purchase price and other direct costs. 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 administation and factory management. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

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

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

Amortised cost
The group classifies its financial assets as at amortised cost only if both of the following criteria are met:
• the assets is held within a business model whose objective is to collect the contractual cash flows, and
• the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

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

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

Other reserves include:

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

Other undistributable reserve - movement in share warrants
Reserve from loan and securities - reserve for unpaid share capital
Reserve for hedging - movements in other comprehensive income from fair value adjustments of cash flow hedging

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

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

Derivative financial instruments and hedging activities

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

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

Cash flow hedge

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

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

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

Share-based payment

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

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

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

Statement of cash flow

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

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

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

Cash and cash equivalents

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

Consolidated Key Figures

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

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 preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described and highlighted separately with the associated accounting policy note within the related qualitative and quantitative note, as described below.

Impairment of trade receivables

The Group is monitoring trade receivables closely and is calculating provisions for bad debt in accordance with IFRS 9. When determining the general provision the Group makes an estimate based on experience from previous years and knowledge of the individual or group of customers.

Leases

When determining the present value of lease assets and lease liabilities the Group make estimations regarding amortization period based on expected usefull lives and internal interest.

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.

Impairment of goodwill and customer relations

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

Notes

3. Revenue from contracts with customers

2020	Hardware and deployment		License		Total
	EMEA	US	EMEA	US	T.DKK
Timing of revenue recognition					
At a point in time	78.284	53.739	0	0	**132.023**
Over time	284	269	193.164	56.812	**250.529**
	78.568	**54.008**	**193.164**	**56.812**	**382.552**

2019	Hardware and deployment		License		Total
	EMEA	US	EMEA	US	T.DKK
Timing of revenue recognition					
At a point in time	104.105	62.538	0	0	**166.643**
Over time	4.031	1.365	173.586	36.198	**215.180**
	108.136	**63.903**	**173.586**	**36.198**	**381.823**

Liabilities related to contracts with customers

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

	2020 T.DKK	2019 T.DKK
Non-current contract liabilities - Prepaid license	56.004	54.443
Current contract liabilities - Prepaid license	51.594	32.697
	107.598	**87.141**

Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year

	2020 T.DKK	2019 T.DKK
Contract liabilities beginning of period	87.141	49.520
Revenue recognized that was included in the contract liability at the beginning of the period	(32.697)	(38.329)
Contract invoiced in the period	53.154	75.950
Contract liabilities end of period	**107.598**	**87.141**

4. Other operating expenses

	2020 T.DKK	2019 T.DKK
Loss on disposal of fixed assets	285	196
	285	**196**

5. Staff costs

	2020 T.DKK	2019 T.DKK
Wages and salaries	109.549	105.951
Termination benefits	1.825	649
Social security costs	7.477	8.104
Pension costs, defined contribution plans	6.913	6.425
Other employee costs	5.278	4.813
	131.043	**125.943**
Average number of full time employees	185	193

Key Management Compensation
Key Management includes Board of Directors, Executive management as well as executive management in key affiliates. The compensation paid or payables to key management for employee services is shown below:

Salaries and other short-term employee benefits	5.235	5.218
Termination benefits	1.552	1.452
Post-employment benefits	480	182
	7.268	**6.852**
Compensation to the Board of Directors and Executive Management		
Compensation to the Board of Directors	824	724
Compensation to the Executive Management	6.444	6.129
	7.268	**6.852**

Salaries to management in 2020 and 2019 includes severance payments to former members of executive management.

6. Share based payments

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

The warrant program comprise a total of 6,990,501 (2019: 6.990.501) warrants at 31 December 2020. Each warrant gives the holder right to share capital of DKK 0.01 nominal value in M-Tec Holding Danmark ApS. The outstanding warrants amount to 13.1% (2019: 13.1%) of the share capital if they are all exercised.

There are no warrant transactions in 2020 (in 2019 priced at 6.5% of the share price DKK 13.7) The warrants (series I, II and III) enable 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 making the total outstanding amount of warrants 20,971,503 (2019: 20,971,503). Warrants are bought by employees at a price corresponding to the market value of the warrants. Consequently the value of the warrants program is zero.

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 2021. They can only be settled in new shares in M-Tec Holding Danmark ApS.

Specification of outstanding warrants	**2020**	**2019**
Outstanding 1 January	6.990.501	7.021.524
Granted	0	686.484
Forfeited	0	-717.507
Outstanding 31 December	6.990.501	6.990.501

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

7. Audit fees

	2020 **T.DKK**	**2019** **T.DKK**
Statutory audit	800	266
Audit-related services	0	243
Tax advisory services	225	24
Other services	186	1.798
	1.211	**2.331**

8. Special non-recurring items

	2020 T.DKK	2019 T.DKK
Redundancy	8.655	2.572
Legal	248	0
Consultancy	8.491	120
Transitions	0	657
M&A	535	16.954
Settlement	1.222	2.073
Special non-recurring items	**19.151**	**22.377**

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

9. Financial income

	2020 T.DKK	2019 T.DKK
Interest income, banks	3	8
Exchange rate adjustments	0	1.580
Other interest income	29	1.440
	33	**3.028**

10. Financial expenses

	2020 T.DKK	2019 T.DKK
Interest expenses, mortgage debt and borrowings	7.054	6.716
Interest and finance charges for lease liabilities	405	734
Loan fee amortizations	2.986	1.523
Exchange rate adjustments	4.369	0
Other financial expenses, including bank fees	987	1.107
	15.800	**10.081**

11. Income tax

	2020 T.DKK	2019 T.DKK
Current tax on profits for the year	10.972	5.927
Current tax on profits for prior years	(354)	125
Total current tax	**10.619**	**6.052**
Origination and reversal of temporary differences	(6.367)	(7.347)
Total deferred tax	**(6.367)**	**(7.347)**
Income tax expenses for the period	**4.252**	**(1.295)**
Profit before tax	17.102	(18.349)
Computed 22%	(3.762)	4.037
Tax effects of:		
Effect of income/expenses that is exempt from taxation	(690)	(3.356)
Effect of not recognised tax assets	330	169
Effect of different tax rates of subsidiaries operating in other jurisdictions	(93)	437
Effect of opening balance adjustment to deferred tax	(53)	0
Other	17	8
Income tax expenses for the period	**(4.252)**	**1.295**
The tax charge relating to components of other comprehensive income is as follows:		
Cash flow hedges	189	0
Other comprehensive income	**189**	**0**

12. Intangible assets

	Goodwill	Trade-marks	Customer lists	Software	Completed develop-ment projects	Develop-ment pro-jects in progress	Total
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
2020:							
Cost:							
At 1 January	384.323	39.600	353.457	6.610	27.907	6.013	817.910
Exchange differences	(2.698)	0	(2.444)	0	0	0	(5.142)
Additions during the year	0	0	0	163	2.414	8.276	10.854
Reclassifications	0	0	0	0	6.113	(6.013)	100
As at 31 December	**381.625**	**39.600**	**351.013**	**6.773**	**36.434**	**8.276**	**823.721**
Amortisation and impairment:							
At 1 January	0	11.220	111.456	2.226	15.506	0	140.408
Exchange differences	0	0	(474)	0	0	0	(474)
Amortisation charge	0	2.640	29.595	1.330	7.372	0	40.937
As at 31 December	**0**	**13.860**	**140.577**	**3.556**	**22.877**	**0**	**180.871**
Carrying amount 31 December	**381.625**	**25.740**	**210.436**	**3.217**	**13.556**	**8.276**	**642.850**

	Goodwill	Trade-marks	Customer lists	Software	Completed develop-ment projects	Develop-ment pro-jects in progress	Total
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
2019:							
Cost:							
At 1 January	381.689	47.067	351.818	0	26.724	4.674	811.972
Exchange differences	2.634	5	2.270	0	0	0	4.909
Additions during the year	0	0	0	3.013	0	6.666	9.679
Disposals	0	(7.472)	(631)	(2.102)	(776)	0	(10.981)
Reclassifications	0	0	0	5.699	1.958	(5.326)	2.331
As at 31 December	**384.323**	**39.600**	**353.457**	**6.610**	**27.907**	**6.013**	**817.910**
Amortisation and impairment:							
At 1 January	0	9.699	81.618	0	11.291	0	102.608
Exchange differences	0	2	400	0	0	0	402
Impairment charge	0	5.936	0	0	0	0	5.936
Amortisation charge	0	3.055	29.572	1.979	5.402	0	40.008
Disposals	0	(7.472)	(134)	(2.102)	(777)	0	(10.485)
Reclassifications	0	0	0	2.349	(411)	0	1.938
As at 31 December	**0**	**11.220**	**111.456**	**2.226**	**15.506**	**0**	**140.408**
Carrying amount 31 December	**384.323**	**28.380**	**242.001**	**4.384**	**12.401**	**6.013**	**677.502**

Impairment test for goodwill

Impairment test was performed at the end of 2020. The impairment test was based on the cash-generating-units (CGU's) to which goodwill can be allocated. The basis for determining the recoverable amount is value-in-use for the CGU's. Acquired companies and/or activities are integrated into the Trackunit business as quickly as possible in order to obtain the optimum synergies. As a consequence, soon after an acquisition, it is no longer possible to allocate goodwill to individual acquisitions. M-Tec Holding Danmark ApS is evaluated to be one cash-generating unit (Trackunit).

The impairment test compares the recoverable amount, equivalent to the present value of the expected future cash flows, with the invested capital of the individual CGU. The expected future cash flow is based on budgets for 2021 and business plans for 2022-2025. Budgets and business plans are approved by group management and the board of directors. Primary variables are sales, EBIT and investments.

The construction industry is one of the least digitalized industries and the market for telematics will continue to expand for many years. The growth rate beyond the budget and forecast periods (the terminal period) is therefore considered to be 4% (2019: 4%) which is based on management expectation to the underlying market growth and further supported by historic performance. Revenue and EBIT margin is in line with the overall business plan and forecasted in a detailed model including hardware units sold, price mix, product mix and expectations to the development in gross profit margins. Sales expectations and EBIT margin used in the impairment test is therefore considered reasonable taking the initiatives in the business plan and general market outlook into consideration. Investments are assumed to be level with depreciations and amortizations in the terminal period. The pre-tax discount rate used to calculate the recoverable amount is 9,8% (2019: 9,3%).

Based on the impairment test performed 31 December 2020, the impairment test is indicating significantly increased values. Therefore impairment will not be required. In relation to sensitivity analysis, a simoultanous 1,5 percentage point increase in WACC and 2 percentage point decrease in the terminal period growth rate does not lead to an impairment charge.

Impairment test for customer lists

The customer lists are amortized and tested if there are indications of impairment. Customer lists are amortized over 10-12 years. Customer lists valuation is performed on the time of the acquisition and based on a multi-period excess earnings method (MEEM), considering the customers present at that time. Management has analysed whether the main prerequisites of the MEEM calculation are still present. The analysis indicates increased value to the customer lists and therefore impairment will not be required.

13. Property, plant and equipment

	Plant and machinery T.DKK	Other equipment T.DKK	Total T.DKK
2020:			
Cost:			
At 1 January	2.373	7.819	10.192
Exchange differences	(3)	(57)	(61)
Additions during the year	1.964	2.898	4.862
Disposals during the year	(163)	(3.063)	(3.226)
Reclassifications	(83)	(64)	(147)
As at 31 December	**4.087**	**7.533**	**11.620**
Amortisation and impairment:			
At 1 January	1.566	5.020	6.586
Exchange differences	(1)	(23)	(24)
Addition on acquisition of subsidiary	0	0	0
Depreciation for the year	554	1.969	2.523
Depreciation of disposed assets	(145)	(2.767)	(2.913)
Reclassifications	0	0	0
As at 31 December	**1.974**	**4.199**	**6.172**
Carrying amount 31 December	**2.114**	**3.334**	**5.448**
2019:			
Cost:			
At 1 January	2.516	9.090	11.606
Exchange differences	3	6	8
Addition on acquisition of subsidiary	0	0	0
Additions during the year	176	1.753	1.930
Disposals during the year	(71)	(950)	(1.021)
Transferred to assets held for sale	(251)	(2.080)	(2.331)
As at 31 December	**2.373**	**7.819**	**10.192**
Amortisation and impairment:			
At 1 January	2.146	4.131	6.277
Exchange differences	0	(117)	(117)
Addition on acquisition of subsidiary	0	0	0
Depreciation for the year	637	2.505	3.142
Depreciation of disposed assets	(59)	(719)	(778)
Reclassifications	(1.159)	(779)	(1.938)
As at 31 December	**1.566**	**5.020**	**6.586**
Carrying amount 31 December	**807**	**2.799**	**3.607**

Leases

This note provides information for leases where the group is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020	2019
Right-of-use assets	**T.DKK**	**T.DKK**
Premises	19.793	11.220
Vehicles	2.429	4.013
Others	183	563
	22.405	**15.796**
Lease liabilities		
Current	5.320	6.519
Non-current	17.165	10.045
	22.484	**16.563**

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020	2019
Depreciation charge of right-of-use assets	**T.DKK**	**T.DKK**
Premises	3.935	6.252
Vehicles	2.275	2.705
Others	264	101
	6.474	**9.058**
Interest expense (included in finance cost)	405	503
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	0	0
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	0	0
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	199	532

The total cash outflow for leases in 2020 was T.DKK 7.623 (2019: 8,073 T.DKK).
Additions to right-of-use assets in 2020 were T.DKK 11.434. This is mainly due to a change in estimated amortization period for our premises.

14. Deferred tax

Deferred tax assets	**2020 T.DKK**	**2019 T.DKK**
Deferred tax at 1 January	1.473	2.520
Deferred tax reccognised in the income statement	(215)	(1.053)
Reclassifications	0	(44)
Currency exchange	(69)	50
Deferred tax at 31 December	**1.189**	**1.473**
Deferred tax relates to:		
Debt	848	646
Property, plant and equipment	(23)	38
Provisions	398	0
Tax loss carry-forwards	0	789
Other liabilities	(34)	0
	1.189	**1.473**

Tax loss carry forwards are recognised to the extent that they are expected to be used in the future. If the result of expected future earnings gives a reasonable probability that the losses will be realised in a foreseeable future, the deferred tax assets has been recognized. An unrecognized amount relate to France T.DKK 179 (2019: T.DKK 599). The tax losses have no expiration date.

Deferred tax liabilities		
Deferred tax at 1 January	(62.725)	(70.785)
Deferred tax reccognised in the income statement	6.582	8.400
Reclassifications	0	44
Currency exchange	379	(384)
Deferred tax at 31 December	**(55.764)**	**(62.725)**
Deferred tax relates to:		
Intangible assets	(51.061)	(63.417)
Property, plant and equipment	(5.051)	520
Short term assets	62	65
Other liabilities	286	107
	(55.764)	**(62.725)**

Of the deferred tax liability M.DKK 37,8 is expected to be recovered after more than 12 months.

15. Inventories

Raw materials and supplies	1.092	1.268
Finished goods	4.960	5.428
Total inventories	**6.052**	**6.696**
Less: provision for inventory reserves	2.060	2.668
Total net inventories	**3.992**	**4.028**

Inventories recognised as an expense and included in 'Cost of sales of goods' amounted to T.DKK 73.192 (2019: T.DKK 102,071)

16. Trade receivables

December 31 2020	Current	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	T.DKK Total
Gross carrying amount	43.151	16.300	3.763	1.083	3.647	67.945
Loss allowance	(1.324)	(485)	(342)	(454)	(3.234)	(5.839)
Trade receivables	**41.827**	**15.816**	**3.421**	**629**	**413**	**62.106**
Expected loss rate	3%	3%	9%	42%	89%	9%

December 31 2019	Current	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	T.DKK Total
Gross carrying amount	50.102	14.438	4.450	3.157	8.137	80.284
Loss allowance	(225)	(29)	(48)	(316)	(1.939)	(2.558)
Trade receivables	**49.877**	**14.409**	**4.402**	**2.841**	**6.198**	**77.726**
Expected loss rate	0%	0%	1%	10%	24%	3%

Movement on the Group provision for impairment of trade receivables are as follows:	2020 T.DKK	2019 T.DKK
Opening balances	2.558	1.578
Change in provision	4.919	2.535
Write-offs during the year	(1.638)	(1.555)
At 31 December	**5.839**	**2.558**

17. Financial assets and liabilities

	2020 T.DKK	2019 T.DKK
Financial assets at amortised cost:		
Trade receivables	62.106	77.726
Receivables from group enterprises	45.000	0
Other financial assets at amortised costs	7.135	9.228
Cash and cash equivalents	100.275	36.463
Other current assets	5.701	3.383
Total	**220.216**	**126.800**
Financial liabilities at amortised cost:		
Borrowings / Credit institutions	192.568	199.223
Trade and other payables	86.497	45.627
Financial liabilities at fair value:		
Derivative financial instruments:		
Fair value through other comprehensive income	859	0
Total	**279.924**	**244.851**

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 **T.DKK**

2020:	**Quoted prices (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Interest rate swaps - cash flow hedge	0	(859)	0	(859)
As at 31 December (t.dkk)	**0**	**(859)**	**0**	**(859)**

2019:	**Quoted prices (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Interest rate swaps - cash flow hedge	0	0	0	0
As at 31 December	**0**	**0**	**0**	**0**

The fair value of interest swap contracts is determined by fluctuations in the Cibor 3m inter bank rate compared to a fixed rate of -0.10 %

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 (recognized on equity), from a floating rate interest to a fixed rate, and forward currency contracts (recognized in profit and loss) to hedge future sales.

Derivative financial instruments **T.DKK**

2020:	**Hedge ratio**	**Notional principal**	**Amount recognised in OCI**	**Fair value**	**Remaining contract period**
Interest rate swaps - cash flow hedge	0.9:1	156.850	(859)	(859)	30 months
As at 31 December		**156.850**	**(859)**	**(859)**	

2019:	**Notional principal**	**Amount recognised in OCI**	**Fair value**	**Remaining contract period**
Interest rate swaps - cash flow hedge	0	0	0	
As at 31 December	**0**	**0**	**0**	

20. Share capital

The share capital comprise 53,220,270 shares of a nominal value of DKK 0.01 each. The share capital is broken down as follow:

2020:	Number of shares	Nominal value (DKK)	Number of shares, paid in full	Paid in full, value (DKK)
A-shares	19.887.613	198.876	19.887.613	198.876
B-shares	30.686.041	306.860	30.686.041	306.860
C-shares	2.646.616	26.466	2.442.471	24.425
	53.220.270	**532.203**	**53.016.125**	**530.161**

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

2019:	Number of shares	Nominal value (DKK)	Number of shares, paid in full	Paid in full, value (DKK)
A-shares	19.887.613	198.876	19.887.613	198.876
B-shares	30.686.041	306.860	30.686.041	306.860
C-shares	2.646.616	26.466	2.442.471	24.425
	53.220.270	**532.203**	**53.016.125**	**530.161**

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

Treasury shares:

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

	Number of shares	Nominal value (DKK)
Treasury shares at 1 January 2019	**177.178**	**1.772**
Acquisition of shares	249.435	2.494
Shares issued to employees	-356.317	-3.563
Treasury shares at 1 January 2020	**70.296**	**703**
Acquisition of shares	0	0
Shares issued to employees	-11.849	-118
Treasury shares at 31 December 2020	**58.447**	**584**

A-shares carry one vote per share. B-shares carry one vote per share. C-shares carry no votes. A-shares elect 3 members for the board of directors. B-shares elect 3 members for the board of directors. The chairman is elected by the board of directors. Co-investor shareholder agreements additionally affects the rights attached to the shares.

Dividends

The dividends paid in 2020 were 0 DKK (2019: 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 2020, the group's strategy was to maintain the gearing ratio within 10% to 25%. The gearing ratio at 31 December 2020 was 13,7% (2019: 25,4%).

During 2020 M-Tec Holding Danmark ApS sold shares to new management investors. Treasury shares are bought back to meet obligations under the Company's incentive schemes and to adapt the capital structure. The reserve is a distributable reserve.

21. Related parties

The group is owned by Broad Street Principal Investments, L.L.C., which owns 57,66% (2019: 57,66%) of the shares. The remaining 42,34% is owned by Gro Holding II ApS, which owns 37,37% (2019: 37,37%) of the shares and Management, which owns 4,97% (2019: 4,97%) of the shares. Neither Broad Street Principal Investments, L.L.C. nor Gro Holding II ApS have control over the group.

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

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

22. Commitments and contingent liabilities

The Danish companies are jointly and severally liable for tax on the Group's jointly taxed income. The jointly taxed amount is stated in the financial statement of the managment company for the joint taxation, M-Tec Holding Danmark ApS. The Group's Danish companies are also jointly and severally liable for withholding taxes, royalty taxes and interest taxes. Any subsequent adjustments to corporation and withholding taxes may result in the company's liability amounting to a larger amount.

Adoption of IFRS 16 with effect from 1 January 2019 means that there are no longer contingent liabilities regarding leasing at 31 December 2019.

Notes

23. Financial risk management

Financial risk factors

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

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

Market risk

Foreign exchange risk

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

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

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

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

Sensitivity analysis - foreign exchange risk

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

	2020		**2019**	
T.DKK	**Net Profit**	**Equity**	**Net Profit**	**Equity**
USD	-725	-566	-282	-115
GBP	9	-1.025	-1.599	-4.893

Interest rate risk
The Groups 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. Group policy is to mitigate the interest risk by hedging 90% of the interest risk exposure.

Sensitivity analysis - interest rate risk
Based on the termination dates, repayments and interest rates of the indiviual loan agreements the impact of a 1% increase in the interest rates is calculated. The following table details the group's sensitivity to a 1 percentage point increase in interest rate level. The analysis includes impact to the profit and loss and total equity. All other variables are held constant.

	2020		2019	
T.DKK	**Income statement**	**Equity**	**Income statement**	**Equity**
Cash and debt with floating interest rates	-1.778	-1.778	-1.949	-1.949
Hedge instruments - interest swaps	1.558	1.558	0	0

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

Credit risks
Credit risk is managed on group basis. Standard terms and conditions apply for the Group and changes are subject to central approval.

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 maximum exposure corresponds to the carrying amount.

Liquidity risk
Cash flow forecasting is performed 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 M.DKK 60 (2019: M.DKK 30) that may be available for future operating activities.

Financial covenants
The company is every quarter measured on the normal four covenants against the Facility agreement with the Groups bank (Cash Flow Cover, Interest Cover, Leverage and Capital Expenditure). The company has complied to those covenants during 2020.

Notes

23. Financial risks management

According to IFRS 9 a provision matrix for the group is applied. The provision matrix is based on historical loss rate and managements expectations to future losses. The historical loss rate is calculated based on the 2019 data. The matrix provision is applied after adjusting for any specific provisions and is based on the Groups expectations to the industry in which it operates.

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.

T.DKK	Less than 12 months	Between 12 months and 2 years	3 to 4 years	>5 years	Total
31 December 2020					
Credit institutions	11.437	(323)	(323)	156.618	167.409
Lease liabilities	5.320	4.710	8.206	4.248	22.484
Borrowings	2.675	0	0	0	2.675
Trade and other payables	86.497	0	0	0	86.497
	105.929	**4.387**	**7.883**	**160.866**	**279.065**
31 December 2019					
Credit institutions	10.237	10.722	156.823	0	177.782
Lease liabilities	6.519	9.514	431	99	16.563
Borrowings	4.878	0	0	0	4.878
Trade and other payables	48.021	0	0	0	48.021
	69.655	**20.236**	**157.254**	**99**	**247.244**

Reconciliation of liabilities arising from financing activities

T.DKK	1 January 2020	Financing Cash Flows	Other movements *	Reclassi-fications	31 December 2020
Long-term borrowings	167.545		(136)	(11.437)	155.972
Short-term borrowings	10.237	(11.760)	1.523	11.437	11.437
	177.782	**(11.760)**	**1.387**	**0**	**167.409**

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

24. Events after the balance sheet date
No subsequent events have occured after the balance sheet date that required adjustment to or disclosure in the consolidated financial statements.

25. Changes in net working capital	**2020 T.DKK**	**2019 T.DKK**
Changes in inventories	36	2.107
Changes in trade receivables	15.620	(10.985)
Changes in other receivables	(45.225)	1.326
Changes in trade and other payables	66.181	50.903
	36.612	**43.351**

26. Group companies

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

M-Tec Holding Danmark ApS

Financial statements of parent company

Statement of profit and loss

	Notes	2020 T.DKK	2019 T.DKK
Gross profit/(loss)		**(406)**	**(269)**
Finance income	2	1.250	1.222
Finance costs	2	(2.000)	(13)
Profit/loss before tax		**(1.157)**	**941**
Income tax expense		221	(208)
Profit/(Loss) for the period	3	**(936)**	**732**

Balance Sheet 31 December

December 31	**Notes**	**2020 T.DKK**	**2019 T.DKK**
Claim for payment of company capital		2.235	2.235
Investments in subsidaries	4	460.785	460.785
Financial assets		**463.020**	**463.020**
Total non-current assets		**463.020**	**463.020**
Receivables from group enterprises		80.425	36.964
Corporation tax receivable from group enterprises		7.295	3.758
Prepayments		0	14
Receivables		**87.720**	**40.736**
Cash and cash equivalents		**366**	**49**
Total current assets		**88.086**	**40.785**
Total assets		**551.106**	**503.805**

	Notes	**2020 T.DKK**	**2019 T.DKK**
Share capital		532	532
Retained earnings		491.017	491.703
Other undistributable reserves		8.221	8.221
Total equity	5	**499.770**	**500.456**
Other payables		45.280	101
Current income tax liabilities		6.056	3.248
Total current liabilities		**51.336**	**3.349**
Total liabilities		**51.336**	**3.349**
Total equity and liabilities		**551.106**	**503.805**
Contingent liabilities	6		

Statement of changes in equity

T.DKK	Share capital	Other undistributable reserves	Reserve from loan and security	Retained earnings	Total equity
Balance at 01.01.2020	**532**	**4.700**	**2.235**	**492.988**	**500.455**
Share-based payment, warrants	0	0	0	0	0
Sale of treasury shares	0	0	0	250	250
Net profit/loss for the year	0	0	0	(936)	(936)
Other equity movements	0	0	0	0	0
Balance at 31.12.2020	**532**	**4.700**	**2.235**	**492.302**	**499.769**

Balance at 01.01.2019	**532**	**4.531**	**2.235**	**491.451**	**498.750**
Share-based payment, warrants	0	(102)	0	0	(102)
Acquisition of treasury shares	0	0	0	(3.806)	(3.806)
Sale of treasury shares	0	0	0	4.881	4.881
Net profit/loss for the year	0	0	0	732	732
Other equity movements	0	271	0	(271)	0
Balance at 31.12.2019	**532**	**4.700**	**2.235**	**492.988**	**500.455**

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 2020 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 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 reserves include:

Other undistributable reserve - movement in share warrants
Reserve from loan and securities - reserve for unpaid share capital

Other financial liabilities

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

Notes

	2020 T.DKK	2019 T.DKK
2. Financial income		
Interest received from group enterprises	1.250	1.222
	1.250	**1.222**
2. Financial expenses		
Other financial expenses	153	13
Exchange rate adjustments	1.846	0
Other financial expenses, including bank fees	1	0
	2.000	**13**
3. Distribution of profit / loss		
Retained earnings	(936)	732
	(936)	**732**

4. Investments in subsidiaries

2020:	
Cost at 1 January	460.785
Additions	0
Cost at 31 December	**460.785**
Carrying amount at 31 December	**460.785**
2019:	
Cost at 1 January	460.785
Cost at 31 December	**460.785**
Carrying amount at 31 December	**460.785**

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

5. Share capital

The share capital comprise 53,220,270 shares of a nominal value of DKK 0.01 each. The share capital is broken down as follow:

2020:	Number of shares	Nominal value (DKK)	shares, paid in full	Paid in full, value (DKK)
A-shares	19.887.613	198.876	19.887.613	198.876
B-shares	30.686.041	306.860	30.686.041	306.860
C-shares	2.646.616	26.466	2.442.471	24.425
	53.220.270	**532.203**	**53.016.125**	**530.161**

Changes in share capital:	Number of shares
Share capital at 1 January	53.220.270
Shares issued	0
Shares outstanding	0
Share capital at 31 December 2020	**53.220.270**

2019:	Number of shares	Nominal value (DKK)	Number of shares, paid in full	Paid in full, value (DKK)
A-shares	19.887.613	198.876	19.887.613	198.876
B-shares	30.686.041	306.860	30.686.041	306.860
C-shares	2.646.616	26.466	2.442.471	24.425
	53.220.270	**532.203**	**53.016.125**	**530.161**

Changes in share capital:	Number of shares
Share capital at 1 January	53.220.270
Shares issued	0
Shares outstanding	0
Share capital at 31 December 2019	**53.220.270**

Treasury shares:

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

	Number of shares	Nominal value (DKK)
Treasury shares at 1 January 2019	**177.178**	**1.772**
Acquisition of shares	249.435	2.494
Shares issued to employees	-356.317	-3.563
Treasury shares at 1 January 2020	**70.296**	**703**
Acquisition of shares	0	0
Shares issued to employees	-11.849	-118
Treasury shares at 31 December 2020	**58.447**	**584**

A-shares carry one vote per share. B-shares carry one vote per share. C-shares carry no votes. A-shares elect 3 members for the board of directors. B-shares elect 3 members for the board of directors. Chairman is elected by the board of directors. Co-investor shareholder agreements additionally affects the rights attached to the shares.

6. Contractual liabilities and contingent liabilities

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

As security for the utilization of the group's credit facilities, M-tec Holding Danmark ApS has entered into a payment guarantee with the Companys bank worth T.DKK 243,610 on behalf of the subsidaries M-Tec Danmark ApS, Trackunit ApS and Trackunit GmbH.

Related parties

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

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