
M-Tec Danmark ApS

Amaliegade 49, 1. sal, DK-1256 København K

Annual Report for 1 January - 31 December 2020

CVR No 36 95 74 17

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/5 2021

Thomas Christiansen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of M-Tec Danmark ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aalborg, 17 May 2021

Executive Board

Søren Brogaard
CEO

Peter Vekslund
CFO

Board of Directors

Frank Cohen
Chairman

Lars Dybkjær

Gunnar Evensen

Michael Specht Bruun

Steen Michelsen Lomholt-
Thomsen

Jørgen Raguse

Anja Bach Eriksson Kofoed

Independent Auditor's Report

To the Shareholder of M-Tec Danmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of M-Tec Danmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

København, 17 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Company Information

The Company

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

CVR No: 36 95 74 17
Financial period: 1 January - 31 December
Incorporated: 8 July 2015
Financial year: 5th financial year
Municipality of reg. office: København

Board of Directors

Frank Cohen, Chairman
Lars Dybkjær
Gunnar Evensen
Michael Specht Bruun
Steen Michelsen Lomholt-Thomsen
Jørgen Raguse
Anja Bach Eriksson Kofoed

Executive Board

Søren Brogaard
Peter Vekslund

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The purpose for M-Tec Danmark ApS is to hold shares in Trackunit ApS and perform administration services.

Development in the year

The income statement of the Company for 2020 shows a loss of DKK 4,901,583, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 441,341,353.

The implications of COVID-19 where many governments across the world decided to "close down their countries" have a great impact on the global economy. Management is monitoring the development closely. Activities and financial results in 2020 were impacted by the COVID-19 but nevertheless the financial result for 2020 is considered satisfactory.

Subsequent events

After the balance sheet date M-tec Danmark ApS' parent company, M-tec Holding Danmark ApS, has been acquired by HG Capital.

Except for the above mentioned, no materially events affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December 2020

	Note	2020 DKK	2019 DKK
Gross profit/loss		8,254,015	8,252,651
Staff expenses	1	-6,049,669	-5,400,847
Other operating expenses	2	-2,008,608	-1,857,585
Profit/loss before financial income and expenses		195,738	994,219
Financial income	3	0	24,650
Financial expenses	4	-6,479,804	-5,656,421
Profit/loss before tax		-6,284,066	-4,637,552
Tax on profit/loss for the year	5	1,382,483	957,228
Net profit/loss for the year		-4,901,583	-3,680,324

Distribution of profit

Proposed distribution of profit

Retained earnings	-4,901,583	-3,680,324
	-4,901,583	-3,680,324

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Investments in subsidiaries	6	583,504,109	583,504,109
Fixed asset investments		583,504,109	583,504,109
Fixed assets		583,504,109	583,504,109
Other receivables		0	407
Deferred tax asset		848,361	645,822
Corporation tax receivable from group enterprises		1,179,944	856,322
Prepayments		187,500	0
Receivables		2,215,805	1,502,551
Cash at bank and in hand		3,743,547	0
Currents assets		5,959,352	1,502,551
Assets		589,463,461	585,006,660

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		100,001	100,001
Retained earnings		441,241,352	446,142,935
Equity		441,341,353	446,242,936
Credit institutions		90,000,000	99,518,750
Long-term debt	7	90,000,000	99,518,750
Credit institutions	7	10,000,000	10,549,972
Trade payables		834	34,223
Payables to group enterprises		44,235,553	25,746,876
Other payables		3,885,721	2,913,903
Short-term debt		58,122,108	39,244,974
Debt		148,122,108	138,763,724
Liabilities and equity		589,463,461	585,006,660
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	100,001	446,142,935	446,242,936
Net profit/loss for the year	0	-4,901,583	-4,901,583
Equity at 31 December	100,001	441,241,352	441,341,353

Notes to the Financial Statements

	2020	2019
	DKK	DKK
1 Staff expenses		
Wages and salaries	5,545,612	5,107,251
Pensions	223,900	276,600
Other social security expenses	278,557	15,296
Other staff expenses	1,600	1,700
	<u>6,049,669</u>	<u>5,400,847</u>
Average number of employees	<u>2</u>	<u>3</u>
2 Other operating expenses		
M&A activities	456,564	407,585
Redundancy	1,552,044	1,450,000
	<u>2,008,608</u>	<u>1,857,585</u>
3 Financial income		
Other financial income	0	24,650
	<u>0</u>	<u>24,650</u>
4 Financial expenses		
Interest paid to group enterprises	1,349,667	829,041
Other financial expenses	5,130,137	4,827,380
	<u>6,479,804</u>	<u>5,656,421</u>
5 Tax on profit/loss for the year		
Current tax for the year	-1,179,944	-856,322
Deferred tax for the year	-202,539	-100,906
	<u>-1,382,483</u>	<u>-957,228</u>

Notes to the Financial Statements

	2020 DKK	2019 DKK
6 Investments in subsidiaries		
Cost at 1 January	583,504,109	583,504,109
Carrying amount at 31 December	583,504,109	583,504,109

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Credit institutions

Between 1 and 5 years	90,000,000	99,518,750
Long-term part	90,000,000	99,518,750
Other short-term debt to credit institutions	10,000,000	10,549,972
	100,000,000	110,068,722

The Company is measured on financial covenants against the Facility agreement with Nordea Bank.

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

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

Notes to the Financial Statements

9 Subsequent events

After the balance sheet date M-tec Danmark ApS' parent company, M-tec Holding Danmark ApS, has been acquired by HG Capital.

Except for the above mentioned, no materially events affecting the assessment of the Annual Report have occurred after the balance sheet date.

10 Related parties

Basis

Controlling interest

M-Tec Holding Danmark ApS

Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name

Place of registered office

M-Tec Holding Danmark ApS

Amaliegade 49, 1. sal., 1256 København K

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of M-Tec Danmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of M-Tec Holding Danmark ApS, the Company has not prepared consolidated financial statements.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

11 Accounting Policies (continued)

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

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue consist of management services.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise administration expences, office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Staff expenses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Tax on profit/loss for the year

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

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

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

11 Accounting Policies (continued)

Current tax receivables and liabilities

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

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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