

# Semvac A/S

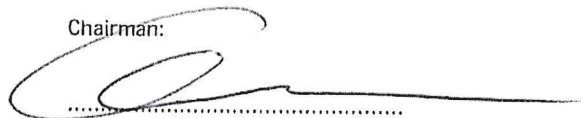
Svendborgvej 226, 5260 Odense S

CVR no. 76 48 99 12

## Annual report 2019

Approved at the Company's annual general meeting on 31 August 2020

Chairman:



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Pino Cordini



Building a better  
working world



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**Statement by the Board of Directors and the Executive Board**

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Semvac A/S for the financial year 1 January - 31 December 2019.

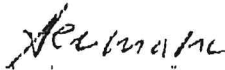
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Odense, 31 August 2020  
Executive Board:

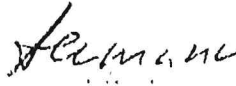


Annett Kristina Neumann  
Managing Director

Board of Directors:




Pino Cordini  
Chairman



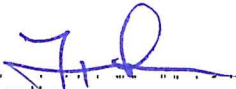
Annett Kristina Neumann



Jérôme Paul Spencer



Annette Lund  
employee representative



Jørn Hansen  
employee representative

## Independent auditor's report

To the shareholders of Semvac A/S

### Opinion

We have audited the financial statements of Semvac A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2019 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

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

### *Independence*

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 rules and requirements.

### 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 as to 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 the 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.

### Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

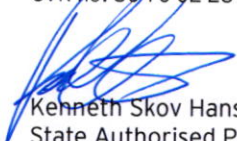
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 31 August 2020  
EY Godkendt Revisionspartnerselskab  
CVR no. 30700228



Kenneth Skov Hansen  
State Authorised Public Accountant  
mne32748



## Management's review

### Company details

Name	Semvac A/S
Address, Postal code, City	Svendborgvej 226, 5260 Odense S
CVR no.	76 48 99 12
Established	3 December 1984
Registered office	Odense
Financial year	1 January - 31 December
Telephone	+45 65 68 33 00
Board of Directors	Pino Cordini, Chairman Annett Kristina Neumann Jérôme Paul Spencer Annette Lund, employee representative Jørn Hansen, employee representative
Executive Board	Annett Kristina Neumann, Managing Director
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark
Bankers	Jyske Bank A/S

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Gross profit	20,940	14,665	28,909	26,977	26,687
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-20,297	-20,762	3,763	2,240	2,786
Net financials	-1,522	-917	-916	-581	-1,183
Profit/loss for the year	-32,687	-25,511	1,111	227	177
<b>Total assets</b>					
Equity	96,630	88,715	73,956	54,204	55,272
	-3,394	29,293	40,018	8,632	8,279
<b>Cash flows</b>					
Cash flows from operating activities	-32,250	-15,457	-18,444	-2,041	4,418
Net cash flows from investing activities	14	-1,561	-269	-569	-221
Cash flows from financing activities	30,910	16,847	25,631	2,757	-4,131
Total cash flows	-1,326	-171	6,918	147	66
<b>Financial ratios</b>					
Return on assets	-33.5%	-32.4%	3.7%	1.6%	2.4%
Equity ratio	-3.5%	33.0%	54.1%	15.9%	15.0%
Return on equity	-252.4%	-73.6%	4.6%	2.7%	2.2%
<b>Average number of employees</b>					
	73	66	54	56	60

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Semvac A/S merged with the group company Semvac Spare Parts A/S effective 1 January 2018.

Thus the above figures for 2019 and 2018 include the former Semvac Spare Parts A/S. Figures for 2015-2017 include Semvac A/S only.

## Management's review

### Business review

The company delivers complete sanitary solutions for the global railway industry. The company handles all project phases, from consultancy and discussions in the initial phases through product development, manufacture, supply and after sales service.

### Financial review

The income statement for 2019 shows a loss of DKK 32,686,717 against a loss of DKK 25,511,405 last year, and the balance sheet at 31 December 2019 shows equity of DKK -3,393,698. In the annual report for 2018, Management expected a positive result for 2019 in the range of DKK 1-5 million.

The main reason for the deviation is related to lower turnover than expected, one-time adjustments to inventory and construction contracts, consultant fees as well as more effort/costs than expected for certain projects.

Management considers the Company's financial performance in the year unsatisfactory.

The company has received an irrevocably and unconditionally letter of financial support from the parent company until 21 July 2021.

### Impact on the external environment

The management believes that the production (mostly assembling) does not affect the external environment.

### Research and development activities

The company has maintained a focus on developing new products and components.

### Events after the balance sheet date

After the balance sheet date the company has identified a loss on construction contracts in the amount of DKK 9 million, as a consequence of change in materials and increased prices. Reference is made to note 2 for further information.

### Outlook

The company does not expect significant improvement in profit and expects including with the identified loss on construction contracts a loss for the year in the range of DKK 15-20 million for 2020.

Until now the activity has not been negatively affected by COVID-19 but uncertainty exist for future impact hereof.

The company has lost its share capital and expects to reestablish the equity through a debt conversion of payables to group entities.

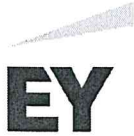




## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	Gross profit	20,940,004	14,665,015
3	Staff costs	-41,137,782	-35,426,705
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,739,496	-1,562,884
	Impairment of current assets	-9,127,602	-4,004,701
	Other operating expenses	-99,347	0
	Profit/loss before net financials	-31,164,223	-26,329,275
	Financial income	526	840
4	Financial expenses	-1,523,020	-917,970
	Profit/loss before tax	-32,686,717	-27,246,405
5	Tax for the year	0	1,735,000
	Profit/loss for the year	-32,686,717	-25,511,405



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	2,806,436	3,646,577
	Acquired intangible assets	4,500,000	4,800,000
	Goodwill	0	0
		<u>7,306,436</u>	<u>8,446,577</u>
7	Property, plant and equipment		
	Plant and machinery	1,385,507	1,638,903
	Fixtures and fittings, other plant and equipment	82,789	541,629
		<u>1,468,296</u>	<u>2,180,532</u>
	Total fixed assets	<u>8,774,732</u>	<u>10,627,109</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	14,682,977	18,452,972
	Finished goods and goods for resale	21,799,461	15,905,000
		<u>36,482,438</u>	<u>34,357,972</u>
	Receivables		
	Trade receivables	27,223,002	16,230,377
	Construction contracts	5,665,221	7,675,291
	Receivables from group enterprises	7,881,873	6,304,936
	Corporation tax receivable	0	138,000
	Other receivables	2,338,933	3,766,907
8	Prepayments	780,894	806,211
		<u>43,889,923</u>	<u>34,921,722</u>
	Cash	7,482,754	8,808,104
	Total non-fixed assets	<u>87,855,115</u>	<u>78,087,798</u>
	TOTAL ASSETS	<u>96,629,847</u>	<u>88,714,907</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	17,000,001	17,000,001
	Reserve for development costs	89,274	102,022
	Retained earnings	-20,482,973	12,190,996
	Total equity	<u>-3,393,698</u>	<u>29,293,019</u>
	Provisions		
	Other provisions	597,150	438,000
11	Total provisions	<u>597,150</u>	<u>438,000</u>
	Liabilities other than provisions		
10	Non-current liabilities other than provisions		
	Lease liabilities	0	341,547
	Payables to group entities	53,031,563	22,402,136
	Other payables	681,221	0
		<u>53,712,784</u>	<u>22,743,683</u>
	Current liabilities other than provisions		
10	Short-term part of long-term liabilities other than provisions	0	58,815
	Prepayments received from customers	1,007,496	1,892,498
	Trade payables	23,386,210	20,431,540
	Payables to group enterprises	13,051,054	6,237,842
	Other payables	8,268,851	7,619,510
		<u>45,713,611</u>	<u>36,240,205</u>
	Total liabilities other than provisions	<u>99,426,395</u>	<u>58,983,888</u>
	TOTAL EQUITY AND LIABILITIES	<u>96,629,847</u>	<u>88,714,907</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 12 Contractual obligations and contingencies, etc.
- 13 Contingent assets
- 14 Related parties
- 15 Appropriation of profit/loss



Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Reserve for development costs	Retained earnings	Total
		17,000,000	114,770	22,903,295	40,018,065
		1	0	14,786,358	14,786,359
15		0	-12,748	-25,498,657	-25,511,405
		17,000,001	102,022	12,190,996	29,293,019
15		0	-12,748	-32,673,969	-32,686,717
		17,000,001	89,274	-20,482,973	-3,393,698



## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK	2019	2018
	Profit/loss for the year	-32,686,717	-25,511,405
16	Adjustments	3,520,786	1,133,547
	Cash generated from operations (operating activities)	-29,165,931	-24,377,858
17	Changes in working capital	-1,699,471	11,324,230
	Cash generated from operations (operating activities)	-30,865,402	-13,053,628
	Interest received, etc.	526	840
	Interest paid, etc.	-1,523,020	-917,970
	Income taxes received	137,738	-1,486,409
	Cash flows from operating activities	-32,250,158	-15,457,167
	Additions of property, plant and equipment	-310,669	-1,560,872
	Disposals of property, plant and equipment	324,203	0
	Cash flows to investing activities	13,534	-1,560,872
	Proceeds of long-term liabilities	681,221	0
	Proceeds of long-term debt, group enterprises	30,629,427	16,847,276
	Repayments, finance leases	-400,362	0
	Cash flows from financing activities	30,910,286	16,847,276
	Net cash flow	-1,326,338	-170,763
	Cash and cash equivalents at 1 January	8,808,104	7,145,729
	Addition through merger	0	1,833,138
	Foreign exchange adjustments	988	0
18	Cash and cash equivalents at 31 December	7,482,754	8,808,104

The cash flow statement cannot be directly derived from the other components of the financial statements.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Semvac A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods, including sanitary solutions and spare parts, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3-10 years
Acquired intangible assets	20 years
Goodwill	5 years
Plant and machinery	3-10 years
Fixtures and fittings, other plant and equipment	3-5 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Development costs comprise expenses, salaries and amortisation directly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3-5 years and cannot exceed 10 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 20 years.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use.

The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost price.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

##### Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

#### Equity

##### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

#### Provisions

Provisions comprise anticipated expenses relating to warranty commitments and loss on construction contracts. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

#### 2 Events after the balance sheet date



## Financial statements 1 January - 31 December

### Notes to the financial statements

After the balance sheet date the company has identified a loss on construction contracts in the amount of DKK 9 million. The loss is a consequence of change in materials and increased cost prices of the products.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2019	2018
3 Staff costs		
Wages/salaries	37,156,797	32,215,099
Pensions	2,902,190	2,482,170
Other social security costs	1,078,795	729,436
	<u>41,137,782</u>	<u>35,426,705</u>
Average number of full-time employees	<u>73</u>	<u>66</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
4 Financial expenses		
Interest expenses, group entities	758,446	315,698
Other financial expenses	764,574	602,272
	<u>1,523,020</u>	<u>917,970</u>
5 Tax for the year		
Deferred tax adjustments in the year	0	-1,735,000
	<u>0</u>	<u>-1,735,000</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK	Completed development projects	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2019	10,731,329	6,000,000	530,000	17,261,329
Cost at 31 December 2019	10,731,329	6,000,000	530,000	17,261,329
Impairment losses and amortisation at 1 January 2019	7,084,752	1,200,000	530,000	8,814,752
Amortisation for the year	840,141	300,000	0	1,140,141
Impairment losses and amortisation at 31 December 2019	7,924,893	1,500,000	530,000	9,954,893
Carrying amount at 31 December 2019	2,806,436	4,500,000	0	7,306,436
Amortised over	3-10 years	20 years	5 years	

Acquired intangible assets include sales rights to spare parts business under the name "Semvac". Sales rights are amortized over 20 years, as Semvac is obliged to supply spare parts for a minimum of 25 years on train sets.

#### 7 Property, plant and equipment

DKK	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2019	6,493,636	2,469,497	8,963,133
Additions	310,669	0	310,669
Disposals	0	-423,550	-423,550
Cost at 31 December 2019	6,804,305	2,045,947	8,850,252
Impairment losses and depreciation at 1 January 2019	4,854,733	1,927,868	6,782,601
Impairment losses	242,373	0	242,373
Depreciation	321,692	35,290	356,982
Impairment losses and depreciation at 31 December 2019	5,418,798	1,963,158	7,381,956
Carrying amount at 31 December 2019	1,385,507	82,789	1,468,296
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	0
Depreciated over	3-10 years	3-5 years	

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, DKK 459 thousand etc.

#### 9 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2019	2018	2017	2016	2015
Opening balance	17,000,001	17,000,000	17,000,000	17,000,000	17,000,000
Capital increase	0	1	0	0	0
	<u>17,000,001</u>	<u>17,000,001</u>	<u>17,000,000</u>	<u>17,000,000</u>	<u>17,000,000</u>

#### 10 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	53,031,563	0	53,031,563	53,031,563
Other payables	681,221	0	681,221	0
	<u>53,712,784</u>	<u>0</u>	<u>53,712,784</u>	<u>53,031,563</u>

#### 11 Provisions

Other provisions comprise provisions for warranty commitments, totalling DKK 597 thousand. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

DKK	2019	2018
Guarantee commitments	2,248,291	2,424,120
	<u>2,248,291</u>	<u>2,424,120</u>

##### Other financial obligations

Rent liabilities totalling DKK 1,235 thousand in interminable rent agreements with remaining contract terms of 2 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 726 thousand with remaining contract terms of 1-3 years.

#### 13 Contingent assets

The company has tax loss carry-forward totalling DKK 53,747 thousand. The nominal tax value thereof is 22%, totalling DKK 11,824 thousand. DKK 544 thousand of the amount has been offset under deferred tax, whereas DKK 11,280 thousand has not been recognised in the balance sheet due to the uncertainty for utilisation.

#### 14 Related parties

Semvac A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Westinghouse Air Brake Technologies Corporation	1001 Air Brake Avenue Wilmerding, PA 15148 USA	Majority shareholder

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Westinghouse Air Brake Technologies Corporation	1001 Air Brake Avenue Wilmerding, PA 15148 USA	<a href="https://ir.wabteccorp.com/investor-relations/annual-reports">https://ir.wabteccorp.com/investor-relations/annual-reports</a>

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2019	2018
15 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Reserve for development costs	-12,748	-12,748
Retained earnings/accumulated loss	-32,673,969	-25,498,657
	<u>-32,686,717</u>	<u>-25,511,405</u>
16 Adjustments		
Amortisation/depreciation and impairment losses	1,839,142	1,562,884
Provisions	159,150	388,000
Financial income	-526	-840
Financial expenses	1,523,020	917,970
Deferred tax	0	-1,735,000
Other adjustments	0	533
	<u>3,520,786</u>	<u>1,133,547</u>
17 Changes in working capital		
Change in inventories	-2,124,466	-9,087,204
Change in receivables	-9,106,201	13,416,654
Change in trade and other payables	9,531,196	6,994,780
	<u>-1,699,471</u>	<u>11,324,230</u>
18 Cash and cash equivalents at year-end		
Cash according to the balance sheet	7,482,754	8,808,104
	<u>7,482,754</u>	<u>8,808,104</u>