Trackunit®

Annual Report 2021

How Trackunit is connecting the ecosystem to eliminate downtime

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27 June 2022

Chairman of the AGM
Thomas Christiansen

Getting connected. Being useful.

Our approach is human, collaborative and based on openness and co-creation. We are driven by a design thinking approach, being empathetic, iterative and always striving for an ecosystem-wide impact.

Downtime is the core of all problems in the construction industry. We address it through five key areas, looking at downtime through the lens of machines, humans, companies, our industry as a whole and society at large. Eliminating Downtime is the contribution made to create an impact beyond the industry because it exists in the world, for the world.

Together, we eliminate downtime to build the most useful industry for the world

We are builders and doers by heart and committed to turn every relevant idea into a catalyst for change.

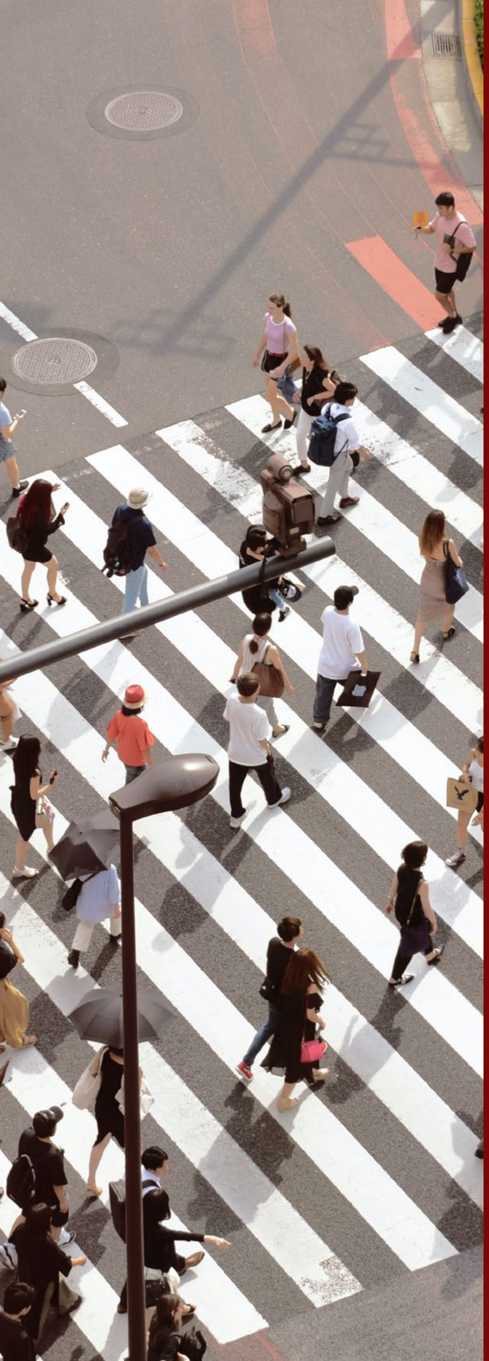
Being useful is the core DNA of our company. We always strive to walk on two legs, driving a highly commercial and impact-focused agenda at the same time.

Construction is a very big player in the world, and we have at least the same aspirations so that the industry can consciously create an impact for the world. By doing so, we deliberately balance an inwards focus with an outwards outlook because long-term relevance for any ambitious company will also be measured in the contribution outside of the industry.

Management Report

Consolidated Financial Statements

Parent Company Financial Statements



01 — The Big Picture

The UN predicts that two-thirds of the world's population will live in cities by 2050.[1]

When you consider the schools, the homes, the hospitals, the roads and other essential infrastructure associated with this expansion, you can begin to see how central a well-functioning construction industry is for our collective wellbeing in the future.

1 Source: UN

Our Growth

Trackunit is the global leader in brand-agnostic, SaaS-based IoT solutions for off-highway vehicles and equipment in construction with a data-led approach predicated on connectivity.

Adaptable and scalable, Trackunit is at the heart of a data-fueled ecosystem that can propel construction towards a more sustainable, more efficient future.

1998
M-Tec A/S established

2003
Trackunit brand established

2008 — 2014
Trackunit subsidiaries established across Western Europe

2015
Trackunit acquired by investment group of Goldman Sachs and GRO Capital

2016
Organic entry into the North American market

Trackunit acquires Dreyer+Timm

2017
Trackunit Iris platform launched to market

2018
Trackunit acquires Satrak

Introduction of mobile applications (Trackunit On & Trackunit Go)

2019
Eliminate Downtime movement launched

2021
Soeren Brogaard appointed as CEO

Trackunit Kin and Bluetooth Mesh Network introduced to market

Organic entry into APJ market

Trackunit acquired by Hg Capital

Trackunit acquires Industrial IoT division of ZTR

1m+
Connected assets

350+
Number of employees

Connecting the Dots

Downtime in construction is a global issue. To drive impact, we must be prepared to serve our customers' needs where and when they need us the most.

Our global platform delivers actionable insights to customers around the world. We operate in more than 100 countries with a global team supporting customer success in local time zones and with over 1 million connected assets to date, provide a home for global connectivity.

12
Global hubs

100+
Countries in the global ecosystem

17,000
Monthly active users

7,000
Number of customers

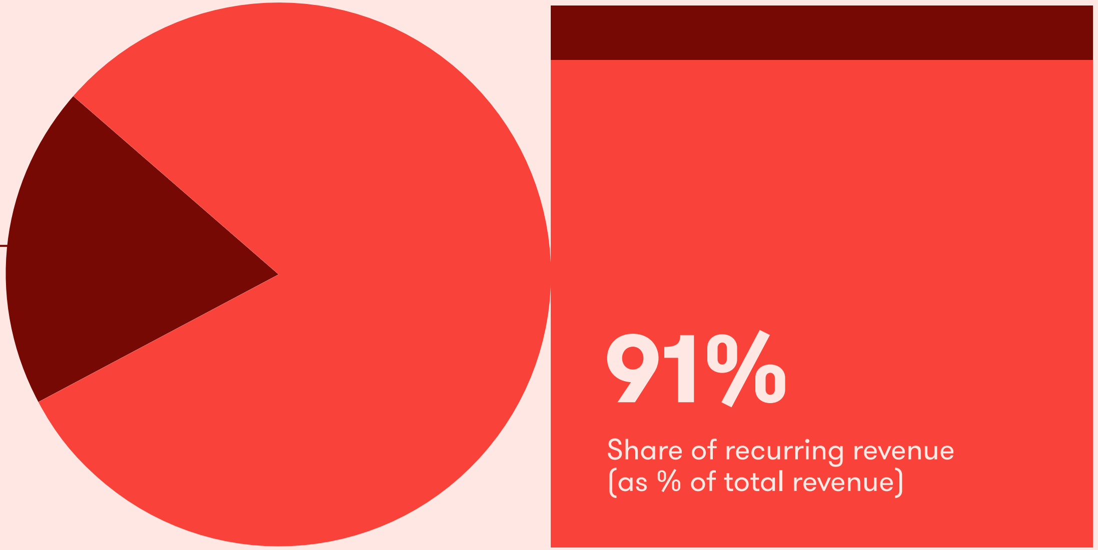
Building. Connecting. Growing.

To serve our industry's long-term needs, we are growing our business the right way based on a stable foundation of profitable recurring revenue growth. Ongoing R&D investment allows us to drive innovation and unlock new opportunities to address long-standing customer pain points.

As thought leaders in our industry, we remain committed to the problems of today and the needs of tomorrow.

EBITDA as % of revenue

21%



2021		Compound Annual Growth Rate (CAGR) 2017-2021
824 m	Annual recurring revenue (ARR) in DKK	42%
1.1 m	Number of subscriptions	52%
506 m	Net revenue in DKK	28%
104 m	EBITDA in DKK	60%

Five-year Overview

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.

2017 — 2021 growth

~5.3× Subscriptions

~6.6× EBITDA

~3.3× Employee number

T.DKK	2021	2020	2019	2018	2017
Recurring revenue % of total revenue (non IFRS measure[1])	90.7%	92.8%	90.2%	92.1%	89.1%
Annual recurring revenue (non IFRS measure[1])	823,720	382,750	349,535	278,265	202,724
No of subscriptions – End of year (non IFRS measure[1])	1,082,208	453,502	383,060	261,721	202,522
Net revenue	506,016	393,692	352,429	256,415	188,367
Earnings before special items, depreciation, amortisation and impairment (EBITDA)	104,228	106,012	36,318	27,584	15,731
Earnings from financial items, net	(5,303)	(8,537)	(2,631)	(3,977)	(2,039)
Profit for the period	(7,062)	41,189	(46,830)	(9,986)	(5,020)
Investments in PPE	1,480	4,862	1,930	3,235	4,139
Total assets	2,414,311	523,026	486,367	397,241	296,025
Equity	1,060,252	45,194	23,538	12,312	4,974
Average number of employees	348	183	191	137	104
Ratios					
Return on equity (%)	1.0	156.0	(235.2)	(38.8)	(90.6)
Equity ratio (%)	43.9%	8.6%	4.8%	3.1%	1.7%

1 Non IFRS measures are unaudited

Notes
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.

The additional key figures (non IFRS measures) have been prepared on a consolidated basis. The additional key figures are calculated in accordance with customs within the industry.

Annual recurring revenue is calculated as the recurring revenue in the last month of the reporting period times 12.

Trackunit Telematics Ltd (Satrak UK Ltd) was acquired 4 June 2018 and consolidated from this date.

The acquisition of the Industrial IOT division from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc. (ZTR IIOT) was completed on 18th of November 2021 and consolidated from this date. Had ZTR IIOT been consolidated from 1 January 2021, the proforma net revenue for 2021 would have been T.DKK 791.508 as per note 18.

Figures for 2017-2019 have not been adjusted to the IFRS adoption made from 1 January 2020.

Connecting Business to Purpose

At Trackunit, we believe that business is about more than the bottom line. We don't just want to be successful. We also want to be useful.

Welcome to the 2021 Trackunit Annual Report. Compared to prior years we have improved the company and strategy sections as well as visuals of the Annual Report to establish a clear link to our strategy.

We decided to take this step because we think it is indicative of the growing maturity of the company. Trackunit started out from humble beginnings in 1998 but, since then, we have evolved into a global Internet-of-Things player for the off-highway vehicle area becoming a truly integrated part of our customers' businesses as part of an evolving ecosystem binding construction together.

That is mirrored in the record numbers we posted in 2021. Net revenue rose to DKK 506 million (USD 73 million) for a near threefold increase on 2017 and EBITDA was at DKK 104 million for a sevenfold rise.

But it is not just the numbers that marked 2021 as a milestone year. Global software investors Hg took a controlling stake in Trackunit in June, and in November we welcomed the industrial IoT division of Canada's ZTR into the Trackunit team. We also formed key strategic relationships with Hilti & IPAF while making significant inroads into the Asia-Pacific-Japan market.

Leveraging our Bluetooth mesh network, we now offer Kin, a Bluetooth IoT device that connects the essential, smaller and non-powered machinery to the ecosystem and enables far greater control in the efficient use of equipment. We were also delighted to post excellent Customer Health Scores, a measure of satisfaction we see as a key indicator of performance and customer demand for Trackunit's services as we connected to more than one million assets.

Those scores are also a reflection of the investment we make in our people and their hard work. We make every effort to foster an environment where they are given the autonomy to work creatively, effectively and intelligently, taking ownership of their areas, with a customer-led focus that is recognized through the industry. Our people matter and we are able to do what we do, only by creating the right conditions for their talent and commitment to thrive.

All these developments have enabled Trackunit to take position at the heart of the ecosystem as the leading provider of IoT solutions facilitating relationships and connections. We believe it is that very connectivity that puts construction in a better place to confront key challenges ahead that, if tackled correctly, will position it to move forward to a better future.

It is one of the reasons why we have been so eager to push the Eliminate Downtime agenda. Eliminating downtime has become an integral part of the DNA at Trackunit and that is why in 2021, we made data sharing an essential building block of the movement serving both the construction industry and, by extension, society as a whole.

While we are rightly proud of our industry as a global force for progress as the builder of our schools, roads, hospitals and other critical infrastructure that help keep eight billion people housed, warm and connected, downtime is undoubtedly its biggest challenge.

And as our understanding grows of climate change, it is evident that eliminating downtime aligns fundamentally with sustainability concerns. We see ourselves as an integrated part of the solution in the industry, where reduction, rather than just reporting, of CO_2 emissions becomes the aim.

That is a future we are invested in. And one we think everyone of our valued 7,000 customers can also buy into.

Soeren Brogaard, CEO

$6.3 trillion per year will need to be invested globally before 2030 to keep pace with urban development.[1]

Orchestrating the resources needed to cater for this demand will be key to sustainable urban development. 2021, was a year in which we reached the milestone of more than 1 million connected assets, moving us and the construction industry one step closer to our goal of eliminating downtime.

1 Source: OECD

Trackunit is the leading SaaS-based IoT solution and machine insights provider to the global off-highway vehicle and equipment industry with a focus on construction.

Overview

Trackunit collects and analyzes machine data in real-time to deliver actionable, proactive and predictive information across our ecosystem, empowering customers with data-driven intelligence when they need it the most.

From operator safety and machine health to business optimization, our industry leading IoT solutions and asset management platform benefits the everyday operations of our customers. We serve customers worldwide from our offices in Denmark, Canada, USA, Singapore, Sweden, Norway, France, Holland, Germany, UK, Australia, and Japan.

Our core Iris platform consolidates data from our proprietary IoT devices as well as third-party systems, making it easy to access, analyze and act on data insights. Access to our Cloud and IoT platform is provided via tiered customer subscriptions and add-on applications, regulating the scope, depth, and access to data-driven insights.

A purpose-driven organization with highly engaged employees, we promise to lead the technology engagement to help eliminate downtime in Construction. This mission is not only to help the industry to recover from budget and schedule overruns, but also to re-establish the reputation of the industry for innovation and leadership.

The Bigger Picture

Our purpose is to eliminate downtime because we believe it will enable construction to reclaim its place as a force for good in the world.

The construction industry is one of the great forces for global progress. It is easy to forget just how vital the sector is, but when you consider the schools, the homes, the hospitals, the roads and other essential infrastructure, the answer is evident. Construction matters and doing construction well is of critical importance to our wellbeing.

But, in a race against time to keep pace with the voracious demands of global urban development, it has not been as good as it can be. In fact, the reputation of the industry has taken a hit in recent decades as it contributes 38% of all global CO_2 emissions and is widely recognized for its low levels of digitalization.

That is not something to be proud of. That is something we are addressing head on.

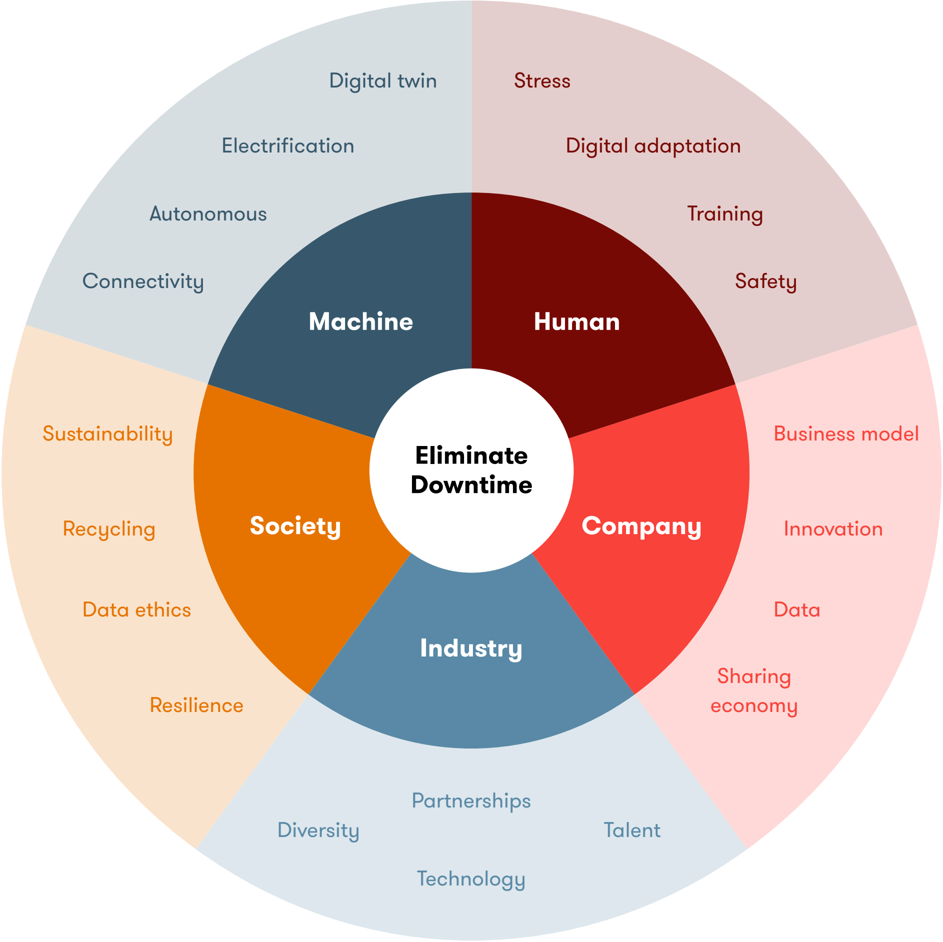
The movement to Eliminate Downtime aims to tackle the inefficiencies that dog construction. A more productive, connected industry will help make downtime a thing of the past and ensure machinery is used in a more rational, effective way.

Better use of machinery very obviously makes business sense, but it can also massively impact sustainability in the world around us and begin the painful process of loosening the grip downtime has established on the industry.

It goes beyond electrification. It is about using data to resolve issues in real-time and make smart use of on-site fleets, machinery, and people to deliver the best, most efficient outcomes possible.

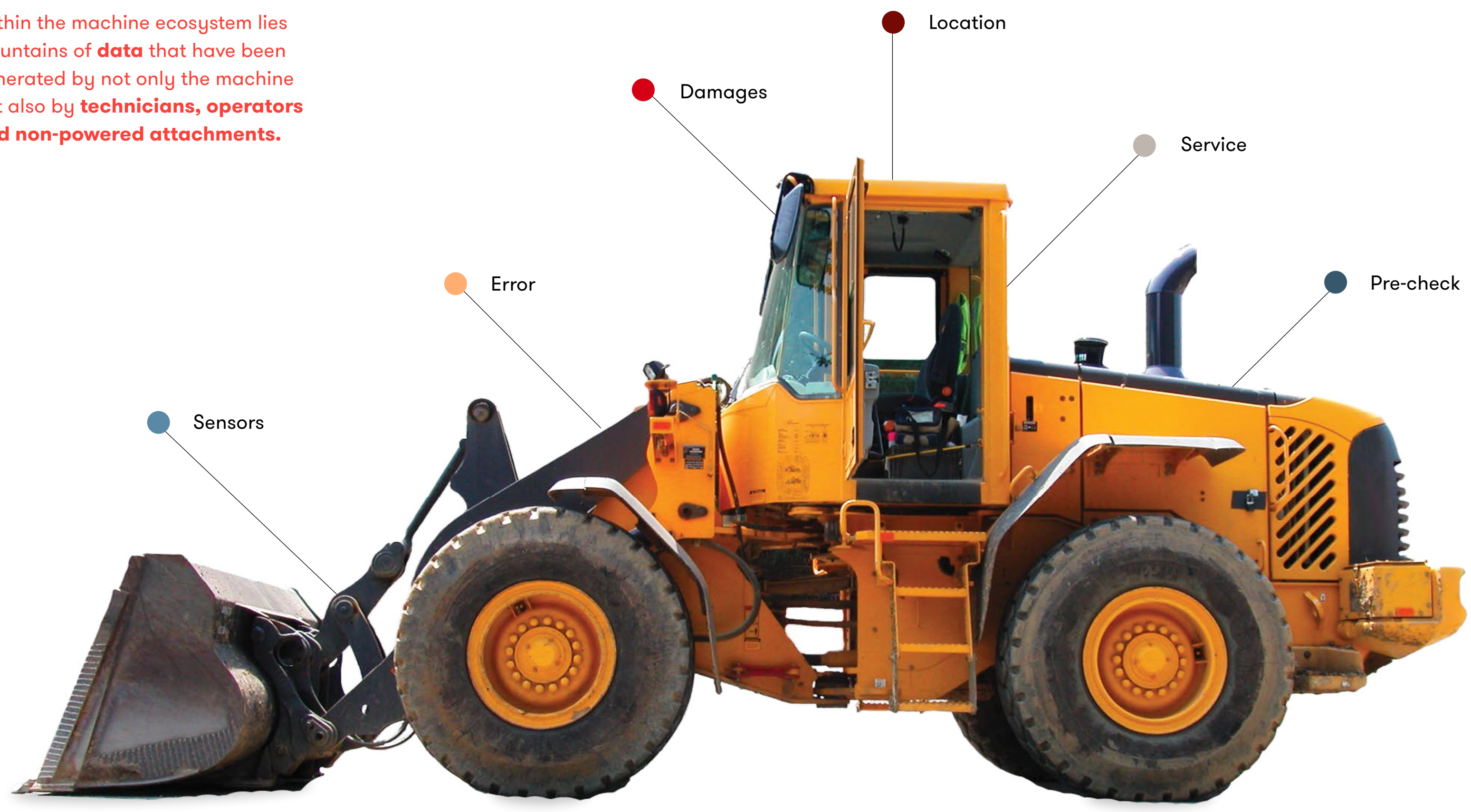
It is how we will go beyond being successful to being useful. Becoming a positive catalyst for change. And helping the sector make that change too. It is a cause to fight for.

The Eliminate Downtime model is the essential DNA of Trackunit enabling an ecosystem that is intent on addressing inefficiency in construction, connecting stakeholders and addressing society's challenges together.



Cultivating a World of Data

Within the machine ecosystem lies mountains of **data** that have been generated by not only the machine but also by **technicians, operators and non-powered attachments.**



Machinery is the conduit to an extraordinary amount of data. Harnessing it is the key.

Machines generate data. Technicians and operators generate data. Non-powered attachments also churn out numbers in the thousands. Put that together, and you have a data ecosystem that is on an extraordinary scale.

That's where data insights emerge. And that's where Trackunit enters the equation.

We make sense of seemingly disparate data and in so doing, solve very human problems. And when companies incorporate these data insights throughout operations, it creates new opportunities to tackle long-standing problems and, if applied with thought and precision, better decision-making through the value chain.

At the macro level, it can be transformative. Businesses can rethink their business models, build products based on insights and discover unique solutions to keep moving forward.

We use Iris as the platform to enable everything we do at Trackunit with off-the-shelf services that work instantly to connect entire fleets and help build the services that tailor the data to the customer.

And at the micro level, it's a potential real cost saver and a prime source for eliminating downtime.

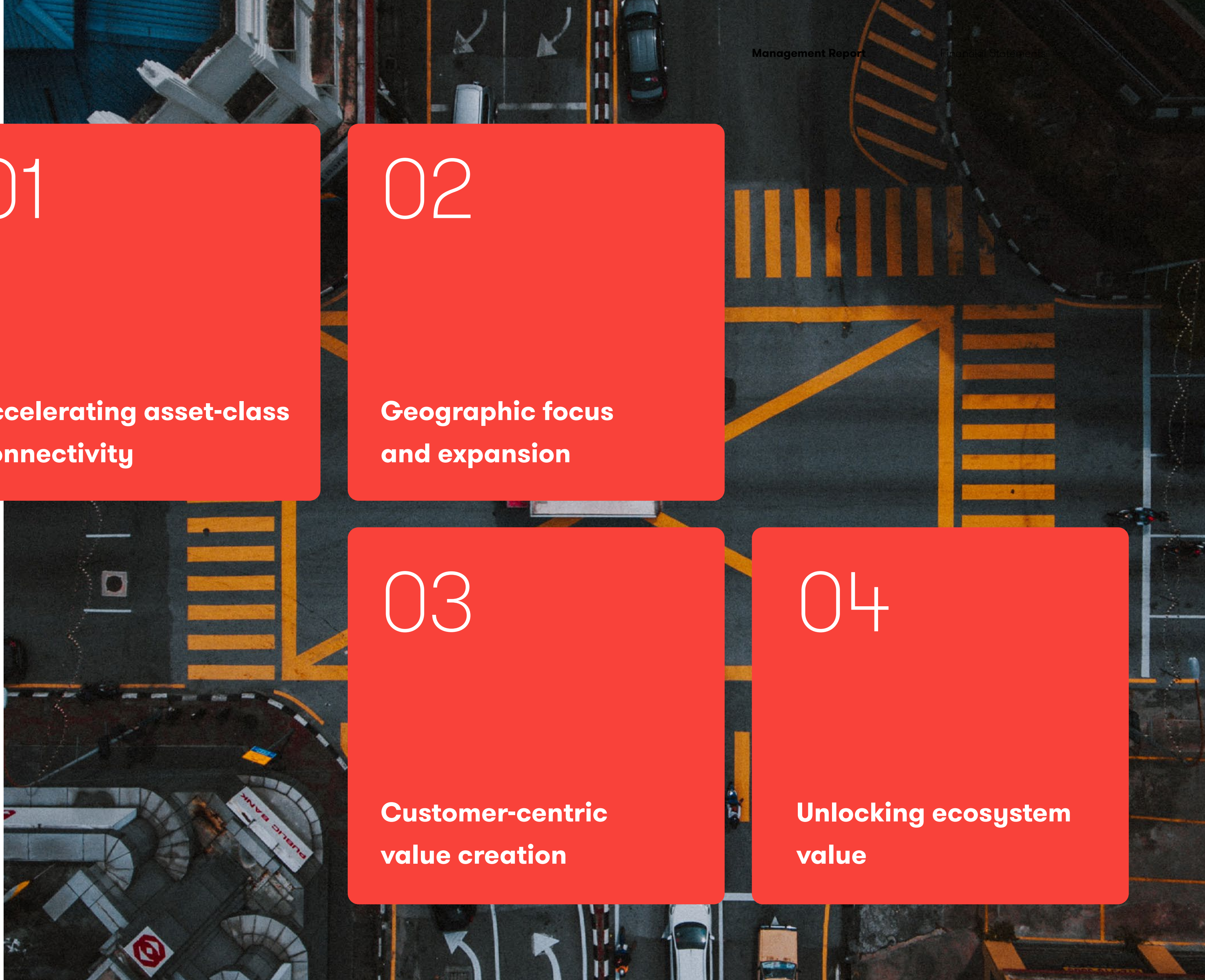
We run on data and are committed to putting it to work for everyone. It's one of the reasons why Trackunit is a champion of open data sharing. It opens all kind of horizons.

Four strategic **focus areas**

Our Strategy

Pursuing a purpose requires planning. Our strategic focus areas are designed to make it happen.

We want to eliminate downtime. While this is a long-term journey, we want to engender a sense of urgency so that the industry is galvanized into action. Momentum is key to better connections, and we want that ball to roll.



01
Accelerating asset-class connectivity

02
Geographic focus and expansion

03
Customer-centric value creation

04
Unlocking ecosystem value

Our core is grounded in the deep understanding of off-highway vehicles and other industrial assets, both enabling and leveraging data-driven insights to fuel change and impact for our ecosystem. From data origination to value creation and delivery, our strategy is centered on four core focus areas:

01

Accelerating asset-class connectivity

It all begins with data. Customer value creation is enabled by the upstream origination of clean structured data and the ability to both expand data collection across asset classes and enrich that data to unlock new insights and value.

In 2021, we launched an initiative to digitize the bottom of the equipment pyramid leveraging our Bluetooth mesh network, seeking to scale connectivity to all asset classes and aggregate the enriched data into our leading ecosystem platform.

Furthermore, we have built the ability to connect to third party IoT devices via industry standard ISO feeds, ensuring that no matter where the point of connectivity occurs, its data has a home at Trackunit.

02

Geographic focus and expansion

Significant runway remains to drive growth and change within our core European and North American markets. As we continue to connect the disconnected and consolidate markets onto a single clean platform, our ability to drive impact will only grow. Our recent acquisition of ZTR's industrial IoT division has accelerated our North American presence and propelled the Trackunit Iris platform to the forefront of value creation for our North American customers.

Keeping one eye on the future, we have established offices in Singapore, Australia, and Japan to deliberately build our Asia-Pacific-Japan presence and establish a foundation for the next wave of connectivity growth. Representing a huge market with enormous future potential, our APJ commitment has served to solidify our global mission to Eliminate Downtime.

03

Customer-centric value creation

By placing our platform at the center of the OHV ecosystem, our deep connection with OEMs, Rental companies and Contractors allows us to both create ecosystem value organically and facilitate value creation between stakeholders.

Serving as the stewards of our ecosystem, we continue to place our customers at the front and center of our innovation efforts, identifying opportunities to deliver unrivalled insights and value, and creating new mechanisms for our customers to engage with each other via our platform.

04

Unlocking ecosystem value

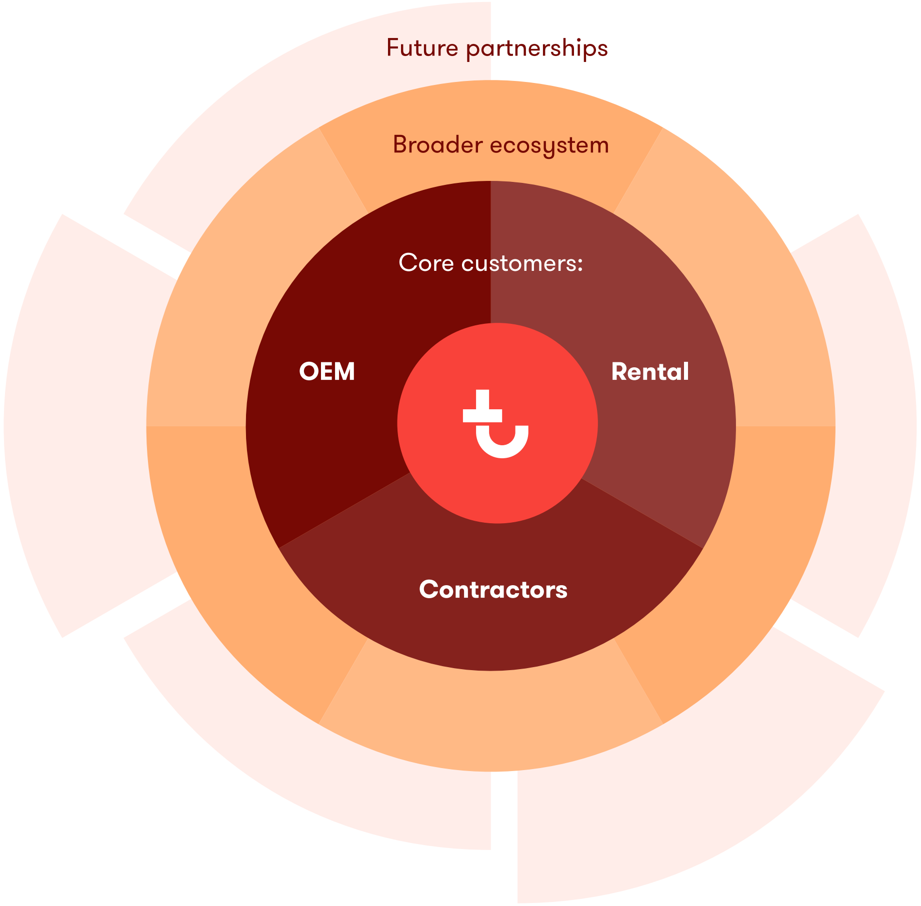
We are preparing for the future by investing in the future, creating an open and extendable platform to serve as the foundation for ecosystem value creation.

We face tough challenges but, by unleashing the full power of the ecosystem, we will unlock new vectors for growth.

We will facilitate and empower all players to create layered value building on our global platform with access to an industry-leading data lake and software development kit tools tailored to customer core needs.

The mission to Eliminate Downtime and create lasting change is too big to go alone, and we are stronger together.

Developing the Ecosystem



We operate at the center of our ecosystem, connecting equipment, people, and stakeholders with a SaaS-based IoT solution that delivers deep machine, fleet, and market level insights to ecosystem players.

Due to the criticality of insights, our business model has proven cyclically resilient as we deliver key operational insights used to (1) drive efficiency gains at times of high equipment demand and (2) identify cost-saving opportunities to protect customer margins when equipment demand is lower.

Core customer value is delivered via different subscription tiers regulating the access to data and insights. Additionally, our core offering is complemented by a number of add-on solutions to enhance the entire solution portfolio.

Our subscription-only model drives a very high share of recurring revenue at 91% in 2021[1]) with deep integrations in customer enterprise IT solutions via APIs.

In 2021, our direct sales channel accounted for the majority of revenue development, while we continue to expand and develop our indirect channels and partner ecosystem. Particular focus remains on growing our OEM partners who factory-fit our IoT solutions to deliver connectivity and value to our joint customers straight from the factory. Our ability to foster ecosystem value via strategic partnerships was bolstered even further by the new collaboration with Hilti launched in 2021, and continued expansion of our relationship with IPAF.

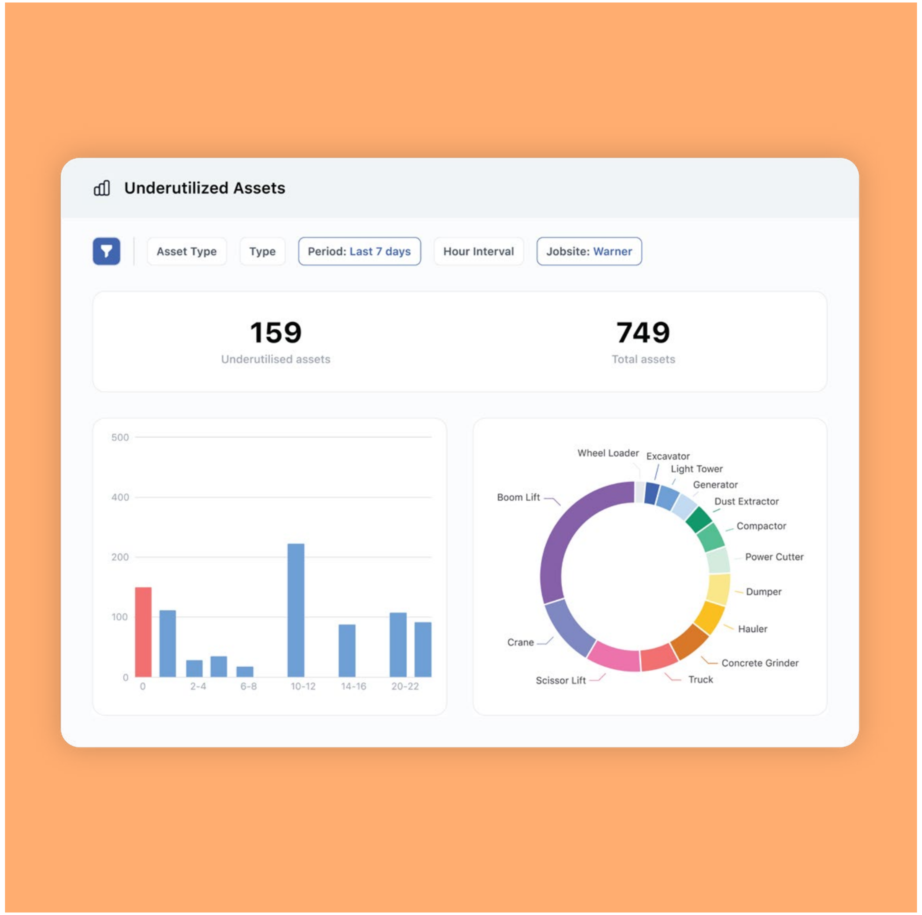
We also introduced our 'Work with Trackunit' platform in 2021, a partnership programme designed to develop and deliver useful solutions for the industry with investment in IoT capabilities to the fore. Premised on the conviction that partnerships make the most successful digital ecosystems, we believe this can become a critical dynamic in eliminating downtime.

Research and development activities are based in Aalborg, Denmark and in London, Ontario in Canada. IoT devices, including proprietary firmware, are designed and developed by Trackunit and manufactured in Denmark and China by third party electronic manufacturing partners.

Sales teams are placed in Denmark and in the subsidiary companies in the USA, Canada, UK, France, Germany, Netherlands, Sweden, Norway, Singapore, Australia, and Japan. 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.

1 Recurring revenue % of total revenue (non-IFRS measure)

IoT Solutions



Continuous innovation is at the core of our evolving IoT solutions, proactively driving impact in our market.

Customers rely on our core IoT solutions to serve everything from fundamental fleet monitoring to advanced preventative maintenance and Health & Safety use cases. This design flexibility and scope of offering allows customers to adopt our solutions regardless of their level of digital maturity and reinforces our position as a key partner across all stages of their digitalization journey.

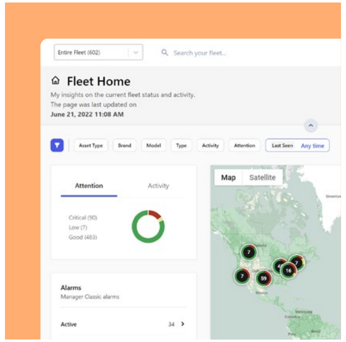
Continuous advancement in ecosystem digitalization has enabled Trackunit to offer even more sophisticated products to the market with all our software underpinned by flexible connectivity. For OEMs, contractors, and rental customers, it means a flexible suite of solutions that can allow their business to develop in new and exciting ways and help them play their role in eliminating downtime.

Here are some of the things we do best.

Core **IoT** solutions:

Trackunit Iris

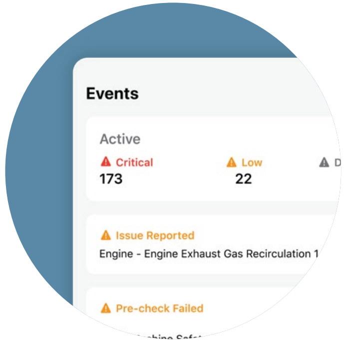
The cornerstone of our value creation, Iris is built for the future. Designed to be safe, secure, and scalable, Iris allows connectivity to occur anywhere. With over 1M+ connected assets and 1B+ data points added daily, Iris' ability to aggregate mixed-fleet data on a single platform, provides a single source of truth to foster new businesses and accelerate connectivity.



Trackunit Manager

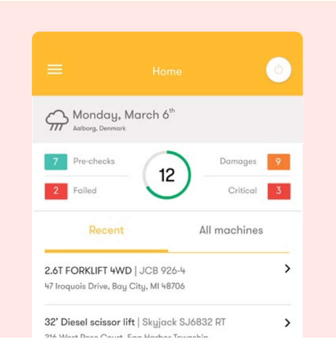
Trackunit Manager is the purpose-built fleet manager solution for construction, connecting, collecting, and presenting real-time mixed fleet data to customers on a single interface. It is total overview. Total control. And complete focus.

Acting on the big picture, Trackunit manager allows customers to solve daily pain points by (1) monitoring machines at all times and preventing unauthorized access, (2) Receiving intelligent notifications about location, maintenance, and damages, (3) Remotely diagnosing machines by using live data, and (4) pinpointing and addressing irregularities in fleet-wide performance.



Trackunit Go

Trackunit Go allows seamless communication between the operator, service technician and site administrator, delivered via a mobile interface regardless of location. Because the data is at their fingertips, Go enables on-the-spot reporting, remote diagnostics, and on-site fleet management capabilities.



Trackunit On

Trackunit On is the mobile application that connects people to machines, creating an on-site interface allowing operators to conduct checklists and inspections, report, and log machine issues, and improve job-site safety.

All that via a smartphone. For users, it is a complete fleet management tool at their disposal.

Trackunit Raw

Market bestseller Trackunit Raw is a compact cellular IoT device, which delivers stable, secure, and reliable connectivity. Coverage is global and as an industry-trusted performer, it is the ideal piece of IoT kit for future-proofing fleets and growing businesses.

Robust, versatile, and secure, Raw is fit for all kinds of weather and made to seamlessly connect all types of equipment to the Iris platform. Built-in Bluetooth technology also creates a local mesh network, serving as a gateway for non-cellular IoT devices such as Kin and third-party Bluetooth tags.

Trackunit Kin

Trackunit Kin is a Bluetooth 5.2 IoT device that leverages our Bluetooth mesh network to connect. It is simple yet powerful, with activation requiring less than a minute and vastly deepening ecosystem reach by expanding connectivity to all asset classes.

Connecting to either the Trackunit Go app or a Trackunit Raw gateway, Kin-enabled equipment can be located up to a 400-meter range enabling operators to guard against theft and eliminate downtime through the real time localization of smaller tools and equipment.

Agile. Curious. Dedicated.

We are only as good as our people. That is why they are central to driving change in our industry.

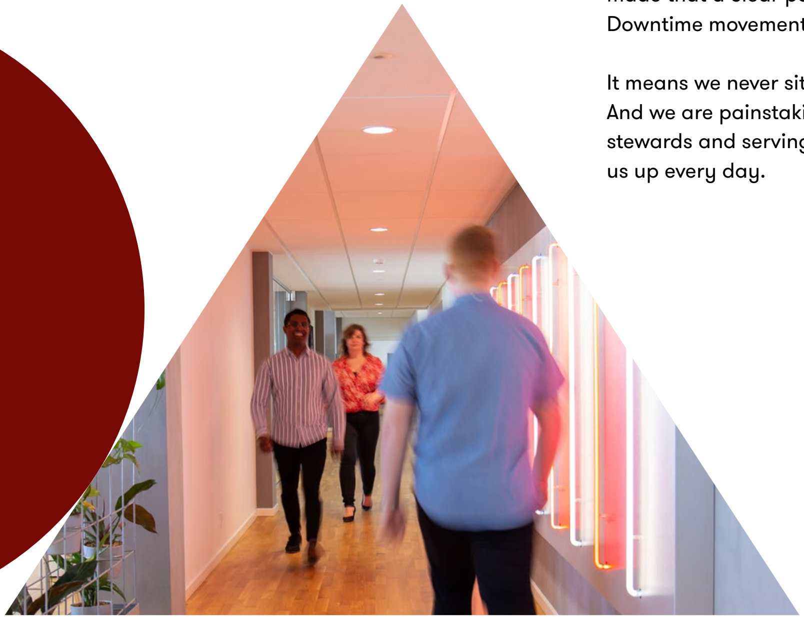
Our people are empowered with the resources to deliver smart, clever, and even ingenious solutions. We encourage autonomy, responsibility, and freedom because we believe this incubates an environment that is specifically tailored for the creation of solutions to address the so-called impossible questions that prevail in construction.

We believe in being transparent. Collaborative. And in the transformative power of our team. We look at the bigger picture to make sure that everything we do, every solution we develop and every transaction we make fits to a dynamic that makes construction a better, more useful industry.

In essence, we test. We fail. We learn. And we thrive.

We are also thoroughly invested in ecosystem engagement. While we lead where we can and are proud to take an active thought-leadership role, we believe an industry-wide response is the only way to address the great issues of the day and we have made that a clear part of the strategy of the Eliminate Downtime movement.

It means we never sit still. We do not rush through. And we are painstaking in our role as ecosystem stewards and serving our customers. It is what gets us up every day.



"We encourage **autonomy, responsibility, and freedom** because we believe this incubates an environment that is specifically tailored for the creation of solutions."

"We want to be useful. Not just successful. Useful. It is a philosophy that underpins everything we do."

The Trackunit Way

At Trackunit, we have developed a way of doing business that can positively impact our ecosystem. It is about believing nothing is impossible.

We want to be useful. Not just successful. Useful. It is a philosophy that underpins everything we do.

It means we are interested in the big questions. In making the impossible, possible. Finding solutions that matter to the world. That make it a better, more sustainable place.

While we may be one cog within a vast, complex sector, we believe we can maximize our role and, with numbers and collaboration at the center of our approach, connect construction to reclaim its position as a force for making life better.

That is why we are focused on eliminating downtime. It is a goal that may have looked out of reach a decade ago, but via telematics and broader digitalization efforts, is in sight.

The industry knows more now than ever before, and the exponential impact of technology is catalyzing the process. At Trackunit, we are building the platform that enables construction to work smarter and, through the ecosystem, become ever more connected.

It means we can reinvigorate the Eliminate Downtime movement with wave after wave of fresh innovation and make adoption the smart, business-savvy thing to do.

That is why there has never been a more judicious time to address downtime. We have the tools to eliminate it and those tools are in action today as we speak.

Through collaboration, we can facilitate that process. And that is why our efforts are fully focused on incubating the ecosystem and an industry-wide approach to everything we do. The impossible is happening. Let's make it happen faster.

Global construction output is predicted to grow by $4.5 trillion between 2020 and 2030 to reach $15.2 trillion.[1]

To keep pace with increasing demand there is a fundamental need for more efficient processes and systems. With our most comprehensive and advanced product and services portfolio to date, Trackunit is ideally placed to help the construction industry avoid budget and schedule overruns and to re-establish the reputation of the industry for innovation and leadership.

1 Source: Oxford Economics

Getting Better. Getting Greener.

On an individual level, there have been dramatic improvements in ESG performance. But a cohesive industry effort would be better.

Climate change is the biggest challenge facing the planet. But, while we may have a consensus on the need for action, a coordinated effort is an urgent requirement.

At Trackunit, we take sustainability seriously. We have made it a central pillar for everything we do and are wholly invested in a future that can foster an environment in which we continue to grow and develop in a way that works with nature.

Getting organized, getting mobilized and getting ready as an organization is the first step. But we do not want to stop there.

We believe that we can use data to help harness the energy and dynamism of the construction industry to be a catalyst for positive change. The industry accounts for 38% of global CO_2 emissions and while it has become better at documenting its CO_2 emissions, at taking steps to cut down on emissions and shifting towards electrification, the sector can do better.

With telematics, we can connect in such a way that every piece of equipment, every fleet and every worker is an integral part of the ecosystem utilizing the power of AI to eliminate downtime and make sure the industry can up its ESG game.

Our industry is not there yet. And sitting tight, hoping for better or praying for a miracle sadly will not cut it. So we are taking action and working with the industry and where possible, with regulators, to get ahead of the curve. There is a lot of work ahead and at Trackunit, we are going to do everything in our power, to effect the changes we need.

It's industry-wide. It's about cohesion. Data. And the next steps. Let's march forward.

"We believe that **we can use data to help harness the energy and dynamism** of the construction industry to be a catalyst for positive change."

Coming Together

Talks are the beginning in any process. But the industry will be judged on what it does.

Construction is a complex industry. There are many moving parts that do not necessarily work in harmony. But we are trying to bridge those gaps. It is because the urgency of the climate crisis demands that. And talks are the beginning of that process.

We have already been a facilitator for Round Table talks where sustainability is a living, breathing part of the conversation. With major OEMs on board, it is by definition a top-down process, but it is to be hoped that, with data driving the narrative, the talks can help establish basic principles and a framework for moving forward.

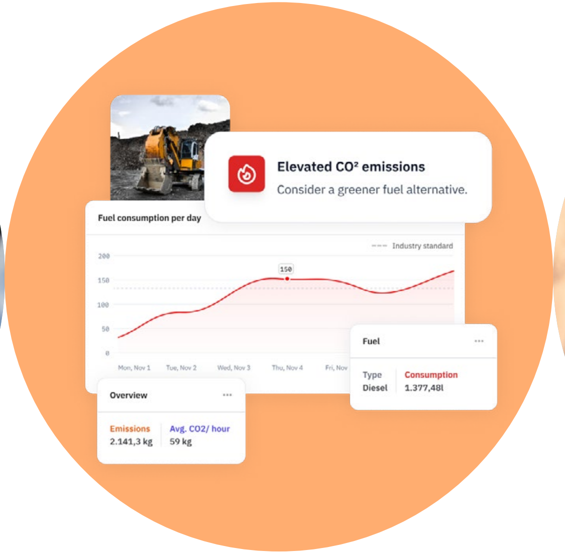
We welcome this industry initiative because we believe that without momentum, we get nowhere. It means tough talking. Fierce debate. And, on occasion, ruffled feathers. But it serves a purpose. It is the effort we need to get a base-level of consensus among players that, let us never forget, are natural competitors.

The Round-Table talks are just one way Trackunit is facilitating this. We also have hackathons in the schedule, have just held an Eliminate Downtime festival where sustainability was very much part of the agenda, and will stage other events as we build the platform for real momentum.

We have also added a sustainability reporting package to our software offering making it easier for clients to document their CO_2 reporting and set the base for improvement, refinement and real-time changes in how they use their fleets. There will be more in the pipeline too as we pursue better, more effective solutions.

We cannot promise we can change everything, but we can be relentless in pursuing the vision. We are at base camp and there is a long way to go. But when the industry connects, then construction can emerge as a barometer for other industries to track, to emulate and perhaps even measure against. That is a virtual circle we can all get on board with.

Round Table talks where sustainability is a living, breathing part of the conversation



Sustainability reporting package in our software offering

Scheduled **hackathon** events

Finding the Game Changer

Creating something tangible is the next big step for construction. Could an industry standard metric be the answer?

We are talking. That's great. But talks need to lead to something. To deliver tangibles. Maybe something that might even change the game.

Building a framework for discussion is of course an achievement in itself and the industry can take heart in the debate that has already taken place and which is firmly embedded in the diary moving forward.

But at Trackunit, we're ambitious for more and we believe a power usage effectiveness metric could be the springboard that thrusts construction forward in the sustainability game.

A Power Usage Effectiveness (PUE) metric is a measure of the energy efficiency of data centers and they have gained increasing traction since they were introduced as a barometer in 2006. The closer the PUE is to a 1.0, the more energy efficient a data center is.

For a data-driven sector like IoT solutions, connecting the different and disparate dots of the construction industry, such a standard, industry-recognized measure represents the next big step.

It will enable us to move from a reactive process of documenting our CO_2 emissions to making real-time adjustments in fleet-usage, on-site. That will drastically alter the idle/productivity ratio and make for a far more efficient use of energy according to day-to-day requirements.

It will, in effect, let us redefine and shape the future. That is not hyperbole. It is a potential reality.

We are not pretending getting there will be easy. Quite the opposite. But the industry is working on it. And we are working on it. There is no other choice.

A Place for All

"The more diverse we are, the better we will be."

We believe in diversity because we think it is the right thing to do. We are particularly focused on bridging the gender gap as it helps make our business better.

As a global team, we place high value on equality and inclusion for all employees regardless of gender, ethnicity, orientation and nationality. While we are aware of natural biases, we have strong stances on diversity, equality and inclusion to mitigate against it.

Driving true diversity of thought and fostering an environment where all can thrive remains a core value and principle of our ethos and underpins every recruitment decision we make.

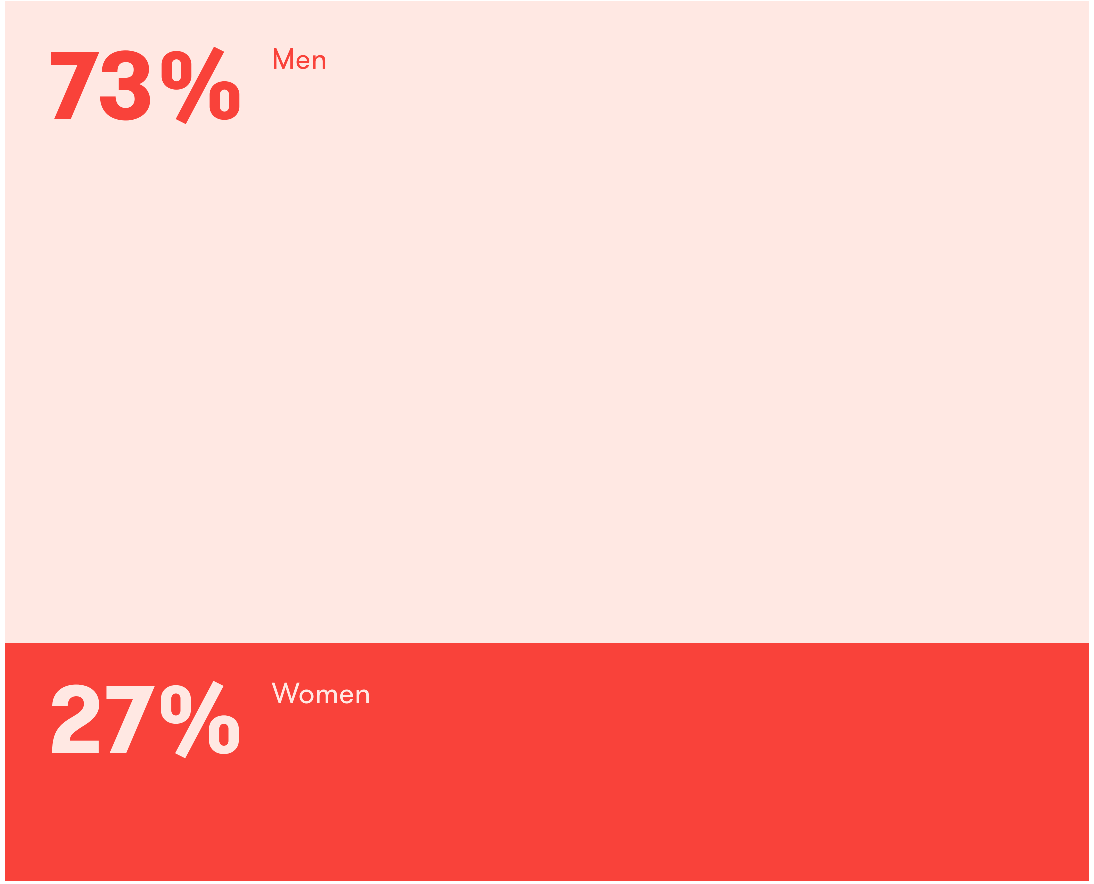
Trackunit believes gender diversity creates a better work environment and strengthens performance and we are committed to increasing the representation of women in all management positions with specific targets set for 2025.

There are limits to our ambition given many Trackunit roles like engineering tend to attract more men. That skews our gender balance at an approximate 73/27 split, but we want that split to be reflected in our management as a minimum target. Women currently account for 16% of management roles, down from 19% in 2021 following one management-level appointment this year.

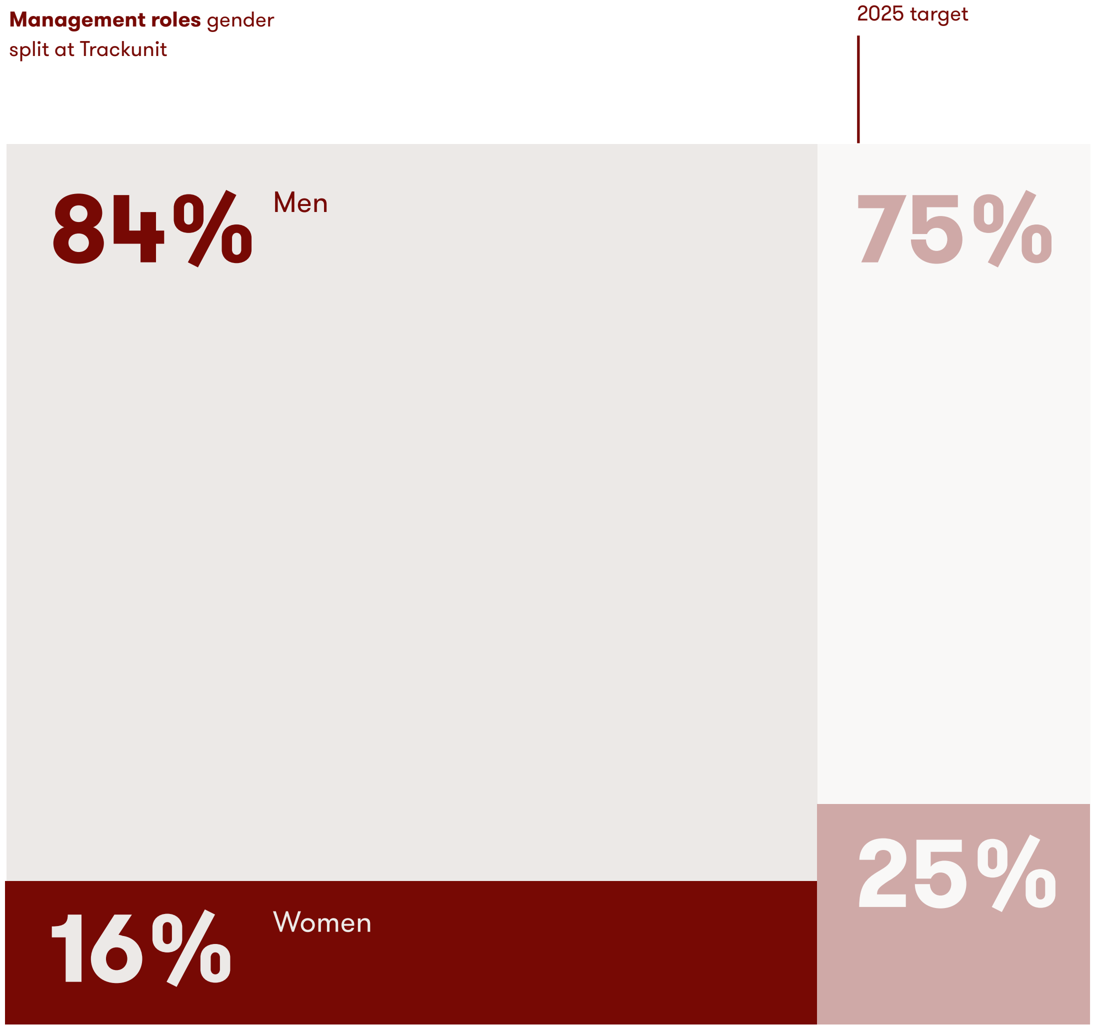
To make that possible, key leaders sponsor at least one next-generation woman offering mentoring, time and knowledge and we also have a Trackunit Women in Leadership community with in-built support structures. When we recruit, we actively encourage applications from women in classically male-dominated roles in our ongoing efforts to address the gender balance.

We are not there yet. But every indicator of what makes a business successful in the modern world strongly suggests this is the way to go. The more diverse we are, the better we will be.

Overall gender split at Trackunit



Management roles gender split at Trackunit



Aligned. Ready. Committed.

We are fully aligned and committed to UN Sustainable Development Goals and have made significant progress through 2021 on various initiatives.

We have highlighted 2021 as a momentous year already and Trackunit also took significant steps with its commitment to sustainability goals as outlined by the UN Global Compact.

While we have faced the considerable challenge of COVID-19, our commitment has been unwavering and the goals we have outlined to 2025 continue to provide a framework for everything we do towards mitigating against environmental pollution in the future.

Building the culture

We have taken clear steps to ensure the health of our workforce and build a culture that is fit for purpose and supports our key UN-aligned goals.

The Trackunit culture is underpinned by a strong belief system with clear, evidence-based, buy-in from employees and therefore does not have formal CSR policies in place. Nevertheless, we take pride in the care and consideration for the wellbeing of our people, society and the environment using the Danish corporate culture as a starting point for all our global colleagues supported by Danish law and under the jurisdiction of Danish authorities.

Trackunit also supports and respects internationally proclaimed human rights and makes sure that we are not complicit in violations of such rights underpinned by the belief that we are all born free and equal in dignity and rights regardless of nationality, race, religion, class, or political opinions.

It also promotes social interaction between people and cultures and has recruitment guidelines in place that deliberately aim for a mix of culture and gender in our organization.

Fair working environment

Trackunit supports and respects the protection of internationally proclaimed labor rights, ensuring there is no violation of such rights. That includes a commitment to a proper work-life balance with flexible work hours that align with family requirements and an aim to keep staff mentally and physically fit.

We offer mindfulness and meditation courses and foster an environment where workers can continue their education. We use monthly employee surveys as a vital tool to stay on message with staff sentiment, engage our employees in one-to-one conversations at least once a year, and act accordingly on recommendations that come our way.

Proactively promoting sustainability

Trackunit supports a proactive approach to environmental challenges and undertakes initiatives to promote greater environmental responsibility.

This is embedded into our purpose statement to eliminate downtime within the construction industry incubating efficiencies that will filter through work and external environments. That ranges 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 materials for machine manufacturing.

Anti-corruption

Trackunit supports the work against corruption in all its forms, including extortion and bribery and will neither participate in nor accept in any form of fraud or corruption. We also have a whistleblower program in place if someone needs to come forward with evidence of corruption.

We define bribery as an act on offering or receiving money, goods, or other forms of recompense from a business associate in exchange for an alteration of their behavior to the benefit or interest of the giver that the recipient would otherwise not alter. We are determined to prevent, detect, and deter any form thereof.

Data ethics

We generate enormous amounts of data and our customers rightly expect us to handle their data in a correct and appropriate manner in line with international regulations. Data ethics is an integral part of the way Trackunit engages with customers, suppliers, employees, and our other partners.

Trackunit is dedicated to providing our employees and customers with the right level of privacy and safeguards necessary for processing data in general. Therefore, Trackunit has implemented industry standard technical and organizational measures relating to the usage and processing of data. Trackunit only processes data when the appropriate measures are taken, and on a legitimate basis to ensure the common interest of all involved parties.

All decision-making in Trackunit is done on a non-discriminatory and unbiased basis. There is no circumstance in which the violation of a person's fundamental rights is tolerated in Trackunit.

The market size for IoT in construction is projected to reach $16.8 billion by 2024.[1]

This growth is primarily triggered by the need to avoid delays through better productivity and safety. At Trackunit, we are leading innovation and driving impact in this market, providing OEMs, contractors, and rental customers with a flexible suite of solutions that allows their business to develop in new and exciting ways.

1 Source: Markets and Markets

Financial Review

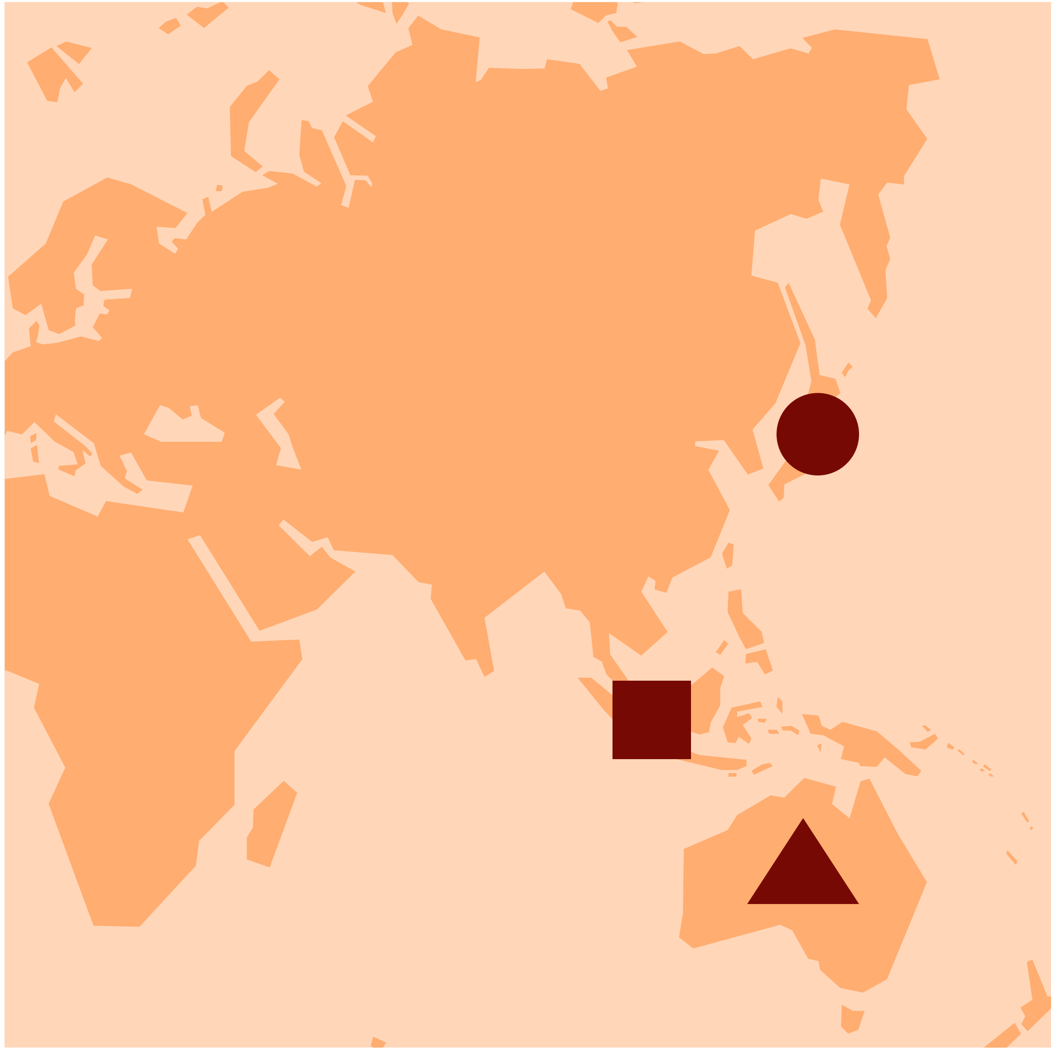
"At the end of 2021, the Group had **more than 1 million connected assets** to its platform."

Developments in activities and financial affairs 2021

On June 4, 2021, the Trackunit Group was acquired by Hg, a leading global software investor. The acquisition was made through M-Tec Holding Danmark ApS. The addition of Hg as the new investor provides specialized software-as-a-service (SaaS) expertise at a time of increasing technology mobilization within the construction industry and Trackunit is now positioned to intensify its global expansion.

On November 18, 2021, Trackunit and the Industrial IoT division of ZTR came together to better serve the growing demands of the construction industry. With 125 employees and more than 450,000 connectivity-enabled assets under contract, ZTR integrates with 150+ industrial Original Equipment Manufacturers, and many top rental houses worldwide.

At the end of 2021, the Group had more than 1 million connected assets to its platform.



The income statement of the Group represents six weeks of ownership of ZTR.

Furthermore, in the spring of 2021, Trackunit increased its Asia Pacific and Japan (APJ) presence with the opening of new offices in Singapore, Japan, and Australia. The new offices build upon Trackunit's existing presence to better serve current and new customers throughout the region.

Also 2021 was a year of adding further features into the SaaS platform, with large development projects into the Trackunit Manager as part of the journey towards becoming the platform of the industry.

As part of this journey, Trackunit launched Trackunit Kin in 2021 to enable seamless connectivity and tracking of all non-powered construction site assets. Trackunit Kin leverages and extends Trackunit's globally available mesh network, with Bluetooth connectivity and enables the industry to connect a wider range of lower value and/or non-powered assets.

"In the spring of 2021, Trackunit increased its Asia Pacific and Japan (APJ) presence with the opening of **new offices in Singapore, Japan, and Australia.**"

During the year we welcomed 161 new employees including 125 from ZTR and the group now employs more than 350 people globally. New hires were primarily within the areas of sales and engineering as well as the people from ZTR.

The income statement shows a positive EBITDA of DKK 104m but a negative net profit of DKK 7m. The profit is materially influenced by costs related to the acquisitions above.

The results for the year are further impacted by amortization of intangible assets and financial expenses related to the above acquisitions.

The financial result for 2021 is considered satisfactory.

Significant changes in operations and financial matters

In connection with the first-time implementation of IFRS, the recognition of revenue of IoT devices is now aligned with subscriptions as they are seen as a single performance obligation and therefore recognized on a straight-line basis over the contract period (3 year minimum). The connected devices are likewise recognized on a straight-line basis over a period of 3 years. The change in revenue recognition has affected the result of the year 2021 negatively with DKK 16m and last year positively with DKK 4m.

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

Unusual conditions that affect recognition and measurement

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

Outlook

Management is positive going into 2022 and by delivering on the corporate strategy revenue for 2022 is expected in the range of 800-1,000m DKK and EBITDA in the range 125-200m DKK.

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 not hedged while overall cashflow in different currencies are to some degree aligned.

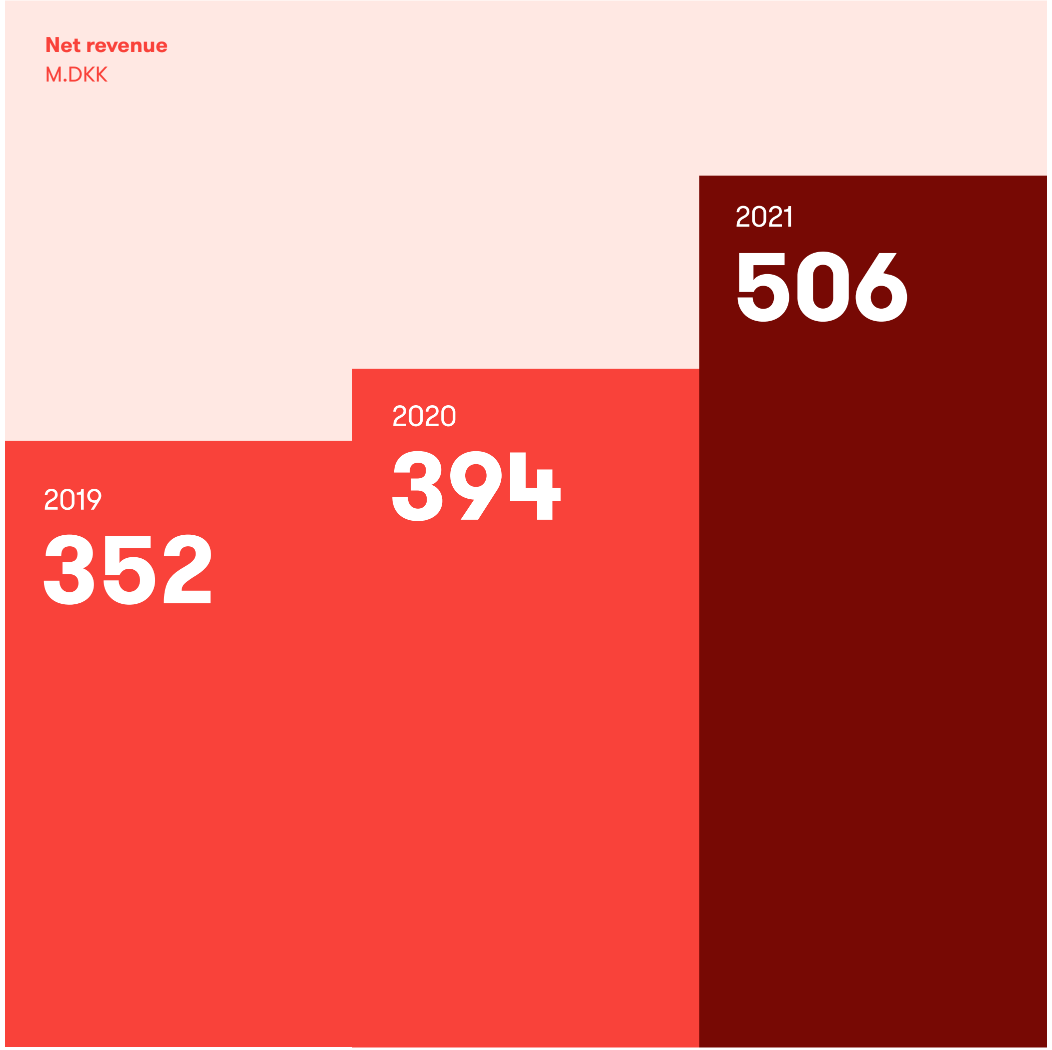
Development activities

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

Significant events after the balance sheet date

There are no significant events after the balance sheet date.

The Group does not have customers or affiliates in either Ukraine or Russia and therefore, we are not directly affected by the war in Ukraine.



Consolidated Financial Statements

Consolidated Statement of Profit and Loss 1 January – 31 December

T.DKK	Notes	2021	2020
Revenue from contracts with customers	2	506,016	393,692
Cost of providing services		(168,223)	(113,468)
Gross Profit		**337,793**	**280,224**
External costs	4	(52,852)	(48,934)
Other operating expenses		2	(285)
Employee costs	3	(180,715)	(124,993)
Earnings before depreciation, amortization and impairment (EBITDA), and before special items		**104,228**	**106,012**
Special non-recurring items	5	(51,777)	(17,599)
Depreciation, amortization costs and impairment loss of property, plant and equipment and intangible assets	9, 10, 11	(41,504)	(26,254)
Earnings before interest and tax (EBIT)		**10,947**	**62,158**
Finance income	6	155	33
Finance costs	6, 11	(5,457)	(8,570)
Earnings before tax (EBT)		**5,644**	**53,621**
Income tax expense	7	(12,707)	(12,432)
Profit/(Loss) for the period	**8**	**(7,062)**	**41,189**

Consolidated Statement of Comprehensive Income 1 January – 31 December

T.DKK	Notes	2021	2020
Profit/(loss) for the period		(7,062)	41,189
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences regarding subsidiaries in another currency		(16,687)	(1,321)
Change in value of cash flow hedges			
– Gains/loss on cash flow hedges		859	(859)
Income tax relating to these items		(189)	189
Other comprehensive income for the period, net of tax		**(16,017)**	**(1,991)**
Total comprehensive income for the period		**(23,079)**	**39,198**

Consolidated Balance Sheet – 31 December
Assets

T.DKK	Notes	2021	2020
Non-current assets			
Intangible assets	9	1,668,550	175,570
Property, plant and equipment	10	7,593	5,448
Right-of-use assets	11	24,760	22,405
Deferred tax assets	7	20,643	15,895
Connected devices	14	210,701	49,320
Deposits		1,757	1,583
Total non-current assets		**1,934,005**	**270,221**
Current assets			
Inventories	12	37,789	3,992
Trade receivables	13, 14	141,418	62,106
Receivables from group enterprises	14	80,703	43,838
Connected devices	14	107,842	35,418
Other financial assets at amortized cost	14	3,542	5,773
Other current assets	14	14,602	5,513
Cash and cash equivalents	14	94,409	96,166
Total current assets		**480,305**	**252,805**
Total assets		**2,414,311**	**523,026**

Consolidated Balance Sheet – 31 December
Equity and Liabilities

T.DKK	Notes	2021	2020
Share capital	15	500	500
Share premium		1,140,938	102,800
Other reserves		(17,539)	(1,522)
Retained earnings		(63,647)	(56,585)
Total equity		**1,060,252**	**45,194**
Credit institutions	14, 18	-	65,972
Lease liabilities	11, 14	18,264	17,165
Other long-term debt		-	6,388
Deferred tax liabilities	7	162,561	17,313
Deferred revenue	2	272,454	127,428
Total non-current liabilities		**453,279**	**234,265**
Credit institutions	14, 19	0	1,437
Borrowings	19	-	2,675
Lease liabilities	11, 14	6,803	5,320
Trade and other payables	14	107,899	37,330
Payables to group enterprises	14	334,113	35,028
Current income tax liabilities	7	20,320	11,928
Deferred revenue	2	431,645	148,991
Derivative financial instruments	19	0	859
Total current liabilities		**900,780**	**243,567**
Total liabilities		**1,354,059**	**477,833**
Total equity and liabilities		**2,414,311**	**523,026**

Consolidated Statement of Changes in Equity January 1 – December 31

T.DKK	Share capital	Share premium	Other reserves – Foreign currency translation	Other reserves – Reserve for hedges	Retained earnings	**Total equity**
Balance at 1 January 2021	**500**	**102,800**	**(852)**	**(670)**	**(56,585)**	**45,194**
Profit for the period	0	0	0	0	(7,062)	(7,062)
Other comprehensive income	0	0	(16,687)	670	0	(16,017)
Total comprehensive income for the period	**0**	**0**	**(16,687)**	**670**	**(7,062)**	**(23,079)**
Transactions with owners in their capacity as owners						
Increase in share capital	0	1,038,138	0	0	0	1,038,138
Balance at 31 December 2021	**500**	**1,140,938**	**(17,539)**	**0**	**(63,647)**	**1,060,252**

Notes

T.DKK	Share capital	Share premium	Other reserves – Foreign currency translation	Other reserves – Reserve for hedges	Retained earnings	**Total equity**
Balance at 1 January 2020	**500**	**102,800**	**469**	**0**	**(25,214)**	**78,555**
Accumulated effect of change due to adopting of IFRS	-	-	-	-	(72,559)	(72,559)
Balance at 1 January 2020	**500**	**102,800**	**469**	**0**	**(97,773)**	**5,996**
Profit for the period	-	-	-	-	41,189	41,189
Other comprehensive income for the period	-	-	(1,321)	(670)	-	(1,991)
Total comprehensive income for the period	**0**	**0**	**(1,321)**	**(670)**	**41,189**	**39,198**
Balance at 31 December 2020	**500**	**102,800**	**(852)**	**(670)**	**(56,585)**	**45,194**

Consolidated Cash Flow Statement
1 January – 31 December

T.DKK	Notes	2021	2020
Earnings before interest and tax (EBIT)		10,947	62,158
Depreciations and amortizations		41,504	26,254
Non-cash items		(2)	206
Change in net working capital	21	336,470	12,568
Cash flows from primary operating activities		**388,919**	**101,187**
Received interests		125	(53)
Paid interests		(3,684)	(4,625)
Paid income taxes		(12,071)	(6,246)
Cash flow from operating activities		**373,288**	**90,262**
Purchase of property, plant and equipment		(1,481)	(4,862)
Sale of property, plant and equipment		2	63
Purchase of intangible assets		(16,735)	(10,854)
Change in deposits		21	(16)
Business acquisitions (net of cash acquired)		(1,297,405)	0
Cash flow from investing activities		**(1,315,597)**	**(15,668)**

T.DKK	Notes	2021	2020
Cash flow from investing activities		**(1,315,597)**	**(15,668)**
Repayment of borrowings		(2,675)	(828)
Repayments to credit institutions		(68,569)	(1,760)
Paid loan fees to credit institutions		0	(1,427)
Capital increase		1,038,140	0
Dividends paid		(21,000)	0
Lease principal payments		(6,392)	(6,874)
Cash flow from financing activities		**939,505**	**(10,889)**
Net cash flow for the year		**(2,804)**	**63,704**
Cash and cash equivalents, beginning of the period		96,166	36,414
Unrealized exchange rate gains and losses		1,047	(3,953)
Cash and cash equivalents, end of the year		**94,409**	**96,166**
The cash flow statement cannot be derived from the published financial information only.			
Cash and cash equivalents		94,409	96,166
		94,409	**96,166**

Index of Consolidated Notes

1. 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.

Revenue recognition

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

We determine revenue recognition through the following steps:

1. identification of the contract, or contracts, with a customer;
2. identification of the performance obligations in the contract;
3. determination of the transaction price;
4. allocation of the transaction price to the performance obligations in the contract; and
5. recognition of revenue when, or as, we satisfy a performance obligation.

We offer subscriptions to access our Cloud and IoT platforms. Customers subscribe to one or more Applications which includes data that is primarily provided by various proprietary connected device access points, including connectivity sensors. Our Cloud and IoT platforms and the related connected device access points are highly interdependent and interrelated and represent a combined performance obligation.

The combined performance obligation is satisfied over time, as we continually provide access to and fulfill our obligation to the customer over the subscription term. Accordingly, the fixed consideration related to the combined performance obligation is recognized on a straight-line basis over the contract term, beginning on the date that access to the Cloud and IoT platforms or specified application and connected device is provided.

Connected Devices

We capitalize connected devices associated with subscription contracts. These costs are directly related to the customer. These contract fulfillment costs are amortized over a period of benefit of three years. We determined the period of benefit by taking into consideration the expected life of the connected device, the connected device's warranty period, past experience with customers, the duration of our relationships with our customers and other available information.

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 relations are impaired requires an estimation of the value in use of the cash generating units to which goodwill and customer relations 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 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 impairment tests of goodwill and customer relations are disclosed in note 9.

Leases

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

Deferred tax

Management's judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Judgement is based on factors such as historical profits and approved budgets.

2. Revenue from Contracts with Customers

§ Accounting policy

Revenue recognition

The Group generates revenue from subscriptions to access its cloud-hosted platform whereby the customer is charged a subscription fee for access for a specified term. Subscription agreements contain multiple service elements for one or more of Trackunit's cloud-based Applications via mobile app(s) or website that enable data collection and provide access to the cellular network, one or more wireless gateways and other devices (collectively, "connected devices" or "IoT devices"), support services delivered over the term of the arrangement and warranty coverage. The Group's arrangements are generally sold as non-cancelable subscriptions and have contract terms typically for three to five years in length. The Group determines revenue recognition through the following steps:

Identification of the contract, or contracts, with a customer

A contract with a customer exists when

- The Group enters into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services,
- the contract has commercial substance, and
- The Group determines that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.

Identification of the performance obligations in the contract

Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or services either on their own or together with other resources that are readily available from third parties or from Trackunit, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods or services, Trackunit applies judgment to determine whether promised goods or services are capable of being distinct in the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation. Trackunit has determined that its integrated solution represents a combined performance obligation as the cloud-based Applications and connected devices, individually, are not distinct within the context of customer contracts because they are highly interdependent and interrelated.

Trackunit has certain accessories sold in connection with its integrated sensor solution, which have been determined to be separate performance obligations. Also, consultancy services and installation of the IoT devices are considered to be separate performance obligations.

Determination of the transaction price

The transaction price is determined based on the consideration to which Trackunit will be entitled in exchange for transferring goods or services to the customer. Such amounts are stated within the customer contracts.

Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price (SSP) basis. The Group determines SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, Trackunit estimates the SSP taking into consideration available information, such as market conditions and internally approved pricing guidelines related to the performance obligations.

Recognition of revenue when or as Trackunit satisfies a performance obligation

Trackunit satisfies substantially all of its performance obligations over time. Specifically, the combined cloud-based application and connected device performance obligation and related support services and warranty coverage represent stand-ready performance obligations provided throughout the term the customer has access to the platform. Revenue recognition commences ratably when control of the services is transferred to the customers, in an amount that reflects the consideration that Trackunit expects to receive in exchange for those services over the contractual term. Other revenue is earned through the sale of replacement devices, as well as related shipping and handling fees and professional services fees for consulting or installation services.

§ Accounting policy

Deferred revenue

Deferred revenue represents amounts billed to customers or payments received from customers for which revenue has not yet been recognized. Deferred revenue consists of prepayments made by customers for future periods. A portion of customer contracts is paid in advance for the full, multi-year term. Additionally, Trackunit enables its customers to prepay all, or part, of their contractual obligations monthly, quarterly, or annually. As a result, the deferred revenue balance does not represent the total contract value of all multi-year, non-cancelable subscription agreements. The current portion of deferred revenue represents the amount that is expected to be recognized within one year of the consolidated balance sheet date.

Cost of revenue

Cost of revenue consists primarily of the amortization of the cost of capitalized connected devices, software hosting-related costs as well as connectivity cost for telecom services.

Costs to obtain and fulfill a contract

For typical sales arrangements, Trackunit capitalizes the cost of connected devices sold to customers upon shipment and the capitalized cost is recorded as connected devices on Trackunit's consolidated balance sheet. Connected devices are amortized over a period of benefit of three years. Trackunit determined the period of benefit by taking into consideration the expected life of the connected device, the connected device's warranty period, past experience with customers, the duration of Trackunit's relationships with its customers, and other available information. Amortization of these costs is included in cost of revenue on the consolidated statements of operations and comprehensive loss.

T.DKK	EMEA	US	APJ	Total 2021
Timing of revenue recognition				
At a point in time	16,114	30,750	109	46,973
Over time	329,285	128,768	990	459,043
Total revenue	**345,399**	**159,518**	**1,099**	**506,016**

T.DKK	EMEA	US	APJ	Total 2020
Timing of revenue recognition				
At a point in time	10,959	17,373	0	28,332
Over time	283,781	81,580	0	365,361
Total revenue	**294,739**	**98,953**	**0**	**393,692**

Liabilities related to contracts with customers

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

T.DKK	2021	2020
Non-current contract liabilities – Deferred revenue	272,454	127,428
Current contract liabilities – Deferred revenue	431,645	148,991
	704,099	**276,419**

Revenue recognized in relation to deferred revenue

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.

T.DKK	2021	2020
Deferred revenue beginning of period	276,419	267,101
Revenue recognized that was included in deferred revenue at the beginning of the period	(148,991)	(144,885)
Acquired deferred revenue	338,355	0
Deferred revenue invoiced in the period	238,316	154,202
Deferred revenue end of period	**704,099**	**276,419**

3. Staff Costs

§ Accounting policy

Salary costs comprise of salaries, social security contributions, pension contributions and other staff-related costs. Staff costs are recognized in the financial year during which the employees performed the related work.

T.DKK	2021	2020
Wages and salaries	163,440	108,141
Termination benefits	197	1,825
Social security costs	8,239	6,546
Pension costs, defined contribution plans	2,510	3,204
Other employee costs	6,329	5,277
Total staff cost	**180,715**	**124,993**
Average number of full-time employees	348	183

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:

T.DKK	2021	2020
Salaries and other short-term employee benefits	14,102	14,245
Termination benefits	0	0
Post-employment benefits	506	552
	14,608	**14,797**
Compensation to the Board of Directors and Executive Management		
Compensation to the Board of Directors	640	267
Compensation to the Executive Management	4,224	3,280
	4,864	**3,547**

4. Audit Fees

T.DKK	2021	2020
Statutory audit	1,355	525
Tax advisory services	466	210
Other services	0	67
Total Audit fees	**1,821**	**803**

5. Special Non-recurring Items

T.DKK	2021	2020
Redundancy	0	7,103
Legal	0	248
Consultancy	0	8,491
M&A	51,777	535
Settlement	0	1,222
Total special non-recurring items	**51,777**	**17,599**

§ Accounting policy

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

Special non-recurring items include cost for M&A of the Industrial IOT division of ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc. M&A cost includes external cost for lawyers, advisors, and auditors.

Due to the global supply shortage of computer chips and other electronic components, the company has incurred increased costs of T.DKK 11,157, which is included under the cost of providing services.

6. Financial Income and Expenses

§ Accounting policy
Financial income and expenses comprise interest income and expense, realized and unrealized exchange gains and losses on transactions in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme. Financial income and expenses are recognized at the amounts relating to the financial year.

T.DKK	2021	2020
Interest income, banks	0	3
Other interest income	155	29
Total financial income	**155**	**33**
Interest expenses, mortgage debt and borrowings	1,996	3,544
Interest and finance charges for lease liabilities	765	405
Loan fee amortizations	1,185	1,679
Exchange rate adjustments	330	2,421
Other financial expenses, including bank fees	1,182	521
Total financial cost	**5,457**	**8,570**

7. Income Tax

§ Accounting policy

Current tax

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

The current income tax charge is calculated based on 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, based on amounts expected to be paid to the tax authorities.

T.DKK	**2021**	2020
Current tax on profits for the year	20,608	12,373
Current tax on profits for prior years	504	(354)
Total current tax	**21,112**	**12,020**
Origination and reversal of temporary differences	(8,405)	413
Total deferred tax	**(8,405)**	**413**
Income tax expenses for the period	**12,707**	**12,432**
Profit before tax	5,644	53,621
Computed 22%	(1,242)	(11,797)
Tax effects of:		
Effect of income/expenses that is exempt from taxation	(13,023)	(753)
Effect of not recognized tax assets	182	330
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,857	(93)
Effect of opening balance adjustment to deferred tax	77	(351)
Effect of tax on profit for prior years	(504)	354
Other	(1,054)	(122)
Tax charge	**(12,707)**	**(12,432)**
Income tax expenses for the period	**(12,707)**	**(12,432)**
The tax charge relating to components of other comprehensive income is as follows:		
Cash flow hedges	(189)	189
Other comprehensive income	**(189)**	**189**

§ Accounting policy

Deferred tax

Deferred income tax is recognized 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 recognized 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 realized, or the deferred income tax liability is settled.

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

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 recognized 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 utilized.

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.

Tax loss carry forwards are recognized 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.

T.DKK	**2021**	2020
Deferred tax assets		
Deferred tax at 1 January	15,895	17,748
Deferred tax recognized in the income statement	4,720	(1,785)
Deferred tax recognized in other comprehensive income	0	0
Currency exchange	28	(68)
Deferred tax at 31 December	**20,643**	**15,895**
Deferred tax relates to:		
Property, plant and equipment	(45)	(23)
Short term assets	0	398
Provisions	20,711	15,554
Other liabilities	(23)	(34)
	20,643	**15,895**

T.DKK	**2021**	2020
Deferred tax liabilities		
Deferred tax at 1 January	17,313	19,064
Addition on acquisition of subsidiary	149,293	0
Deferred tax recognized in the income statement	(3,686)	(1,372)
Deferred tax recognized in other comprehensive income	0	0
Currency exchange	(359)	(379)
Deferred tax at 31 December	**162,561**	**17,313**
Deferred tax relates to:		
Intangible assets	178,950	12,610
Property, plant and equipment	6,492	5,051
Short term assets	(16)	(62)
Provisions	(22,976)	0
Other liabilities	111	(286)
	162,561	**17,313**

Of the deferred tax liability M.DKK 154.8 is expected to be recovered after more than 12 months.

8. Distribution of Profit/Loss

T.DKK	**2021**	2020
Proposed dividend for the year	0	21,000
Retained earnings	(7,062)	20,189
	(7,062)	**41,189**

9. Intangible Assets

§ Accounting policy

Goodwill
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 CGUs, or groups of CGUs, which 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 recognized immediately as an expense and is not subsequently reversed.

Trademarks, customer relations, technology platform and order backlog
Separately acquired trademarks, customer relations, technology platform and order backlog acquired at the acquisition of subsidiaries are shown at historical cost and fair value, respectively. Trademarks, customer relations, technology platform and order backlog have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

- Trademarks 2-15 years
- Customer relations 6-18 years
- Technology platform 3-4 years
- Order backlog 3 years

Software
Externally acquired software is recognized as intangible assets if the costs are expected to generate future economic benefits. Externally acquired software is recorded at historical cost.

Costs associated with maintaining software programmes are recognized as an expense as incurred

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

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

Development projects

Research expenses are recognized as an expense as they are incurred. Development costs are recognized as intangible assets if the costs are expected to generate future economic benefits and the criteria below are meet.

Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the group are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point when the development project is at a stage where its commercial potentials can be utilized in the manner intended by Management.

Amortization is based on the straight-line method over the expected useful lives of 3-5 years.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense in the income statement as incurred. Development costs previously recognized as an expense are not recognized 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 amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 from other assets or groups of assets (cash-generating units). Prior impairment of non-financial assets (other than goodwill) is reviewed for possible reversal at each reporting date.

T.DKK	Goodwill	Trademarks	Customer relations	Software	Software Order Book	Technology Platform	Completed development projects	Development projects in progress	**Total**
2021									
Cost:									
At 1 January	89,123	0	91,513	6,773	0	0	36,434	8,276	232,119
Exchange differences	5,855	(27)	713	0	(163)	(554)	0	0	5,824
Addition acquisition of subsidiary	855,029	6,829	456,766	0	42,040	142,861	0	0	1,503,525
Additions during the year	0	0	0	0	0	0	10,454	6,281	16,735
Reclassifications	0	0	0	0	0	0	6,265	(6,265)	0
As at 31 December	**950,007**	**6,802**	**548,992**	**6,773**	**41,877**	**142,307**	**53,153**	**8,292**	**1,758,202**
Amortisation and impairment:									
At 1 January	0	0	30,115	3,556	0	0	22,878	0	56,549
Exchange differences	0	0	808	0	1	2	0	0	810
Amortisation charge	0	425	15,752	1,347	1,744	4,445	8,581	0	32,293
As at 31 December	**0**	**425**	**46,674**	**4,903**	**1,745**	**4,447**	**31,459**	**0**	**89,652**
Carrying amount 31 December	**950,007**	**6,377**	**502,318**	**1,870**	**40,132**	**137,860**	**21,695**	**8,292**	**1,668,550**

T.DKK	Goodwill	Trademarks	Customer relations	Software	Software Order Book	Technology Platform	Completed development projects	Development projects in progress	**Total**
2020									
Cost:									
At 1 January	91,821	0	93,957	6,610	0	0	27,907	6,013	226,308
Exchange differences	(2,698)	0	(2,444)	0	0	0	0	100	(5,042)
Additions during the year	0	0	0	163	0	0	2,414	8,276	10,853
Reclassifications	0	0	0	0	0	0	6,113	(6,113)	0
As at 31 December	**89,123**	**0**	**91,513**	**6,773**	**0**	**0**	**36,434**	**8,276**	**232,119**
Amortisation and impairment:									
At 1 January	0	0	22,034	2,226	0	0	15,506	0	39,766
Exchange differences	0	0	(474)	0	0	0	0	0	(474)
Amortisation charge	0	0	8,555	1,330	0	0	7,372	0	17,257
As at 31 December	**0**	**0**	**30,115**	**3,556**	**0**	**0**	**22,878**	**0**	**56,549**
Carrying amount 31 December	**89,123**	**0**	**61,399**	**3,217**	**0**	**0**	**13,556**	**8,276**	**175,570**

Research and development cost included in the income statement amounts to 14,346 T.DKK (2020: 6,806 T.DKK).

Impairment test for goodwill

Impairment test was performed at the end of 2021. 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. Consequently, soon after an acquisition, it is no longer possible to allocate goodwill to individual acquisitions. Trackunit as a group is evaluated to be one cash-generating unit (Trackunit). This is also sustained by our business model where all subsidiaries are sales companies with access to the same software portfolio. No special software is made for one subsidiary alone. We act as one company.

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 2022 and business plans for 2023-2025. 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 connectivity 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%, 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 volume of new subscriptions, churn, price mix, license 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%

Determination of fair value is considered a level 3 measurement due to application of a discount compared to the observable multiples.

The performed impairment test did not show any need for impairment. Therefore, impairment will not be required. In relation to sensitivity analysis, a simultaneous 1.5 percentage point increase in WACC and 2 percentage point decrease in the terminal period growth rate does not lead to an impairment charge.

Further the majority of the booked value of goodwill can all be allocated to the acquisition made during the year. As there have been no significant changes in the business model and profit is in line with expectations the booked value therefore indicated the market value at the balance date and no impairment is needed.

Impairment test for customer relations

The customer relations are amortized and tested if there are indications of impairment. Customer relations are amortized over 6-18 years. Customer relations 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 analyzed whether the main prerequisites of the MEEM calculation are still present. Further the majority of the booked value of customer relations can be allocated to the acquisition made during the year. As there have been no significant changes to the customer base since the acquisition impairment will not be required.

10. Property, Plant and Equipment

§ Accounting policy

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 acquisition cost and other directly attributable expenses of preparing the asset for its intended use.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- 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. These are included in profit or loss.

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 recognized in profit and loss when the impairment is identified.

T.DKK	Plant and machinery	Other equipment	**Total**
2021			
Cost:			
At 1 January	4,049	7,572	11,621
Exchange differences	(1)	30	30
Addition on acquisition of subsidiary	526	2,713	3,239
Additions during the year	57	1,423	1,480
Disposals during the year	0	(85)	(85)
As at 31 December	**4,632**	**11,653**	**16,285**
Amortization and impairment:			
At 1 January	1,974	4,199	6,173
Exchange differences	0	14	14
Depreciation for the year	634	1,956	2,590
Depreciation of disposed assets	0	(85)	(85)
As at 31 December	**2,608**	**6,084**	**8,692**
Carrying amount 31 December	**2,024**	**5,569**	**7,593**

T.DKK	Plant and machinery	Other equipment	**Total**
2020			
Cost:			
At 1 January	2,373	7,819	10,192
Exchange differences	(3)	(57)	(60)
Additions during the year	1,964	2,898	4,862
Disposals during the year	(163)	(3,063)	(3,226)
Reclassifications	(122)	(25)	(147)
As at 31 December	**4,049**	**7,572**	**11,621**
Amortization and impairment:			
At 1 January	1,566	5,020	6,586
Exchange differences	(1)	(23)	(24)
Depreciation for the year	554	1,969	2,523
Depreciation of disposed assets	(145)	(2,767)	(2,912)
As at 31 December	**1,974**	**4,199**	**6,173**
Carrying amount 31 December	**2,075**	**3,373**	**5,448**

11. Leases as Lessee

§ Accounting policy

The lessee is required to recognize 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).

When determining the present value of lease assets and lease liabilities the Group makes estimates regarding the amortization period based on expected useful lives and internal interest.

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 must be determined. Leasing period and fixed payments appear in the lease contract which means only the interest rate must 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 must be determined. Fixed payments appear in the lease contract. The leasing period for all offices is set the same date as the headquarter in Aalborg 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 must be determined. Leasing period and fixed payments appear in the lease contract which means only interest rate must be determined. Here the group's incremental borrowing rate to obtain an asset of similar value is used (3%).

This note provides information for leases where the group is a lessee. **The following amounts relating to leases are recognized in the balance sheet:**

T.DKK	2021	2020
Right-of-use assets		
Premises	21,263	19,793
Vehicles	3,405	2,429
Others	93	183
	24,760	**22,405**
Lease liabilities		
Current	6,803	5,320
Non-current	18,264	17,165
	25,067	**22,484**

Amounts recognised in the statement of profit or loss

The following amounts relating to leases are recognized in the statement of profit or loss:

T.DKK	**2021**	2020
Depreciation charge of right-of-use assets		
Premises	4,332	3,935
Vehicles	2,242	2,275
Others	92	264
	6,666	**6,474**
Interest expense (included in finance cost)	765	405
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)	101	199
The total cash outflow for leases	7,279	7,623
Additions to right-of-use assets*	4,190	

* This is mainly due to a new agreements on premies.

12. Inventories

§ Accounting policy

Inventories are stated at the lower of cost and net realizable 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 recognized at manufacturing cost including materials consumed and labor costs plus allowance for production overheads including operating costs, maintenance, and depreciation of production plant. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

T.DKK	**2021**	2020
Raw materials and supplies	9,410	1,092
Finished goods	30,992	4,960
Total inventories	**40,402**	**6,052**
Less: provision for inventory reserves	2,613	2,060
Total net inventories	**37,789**	**3,992**
Inventories recognized as an expense and included in 'Cost of providing services'	127,279	78,935

13. Trade Receivables

§ Accounting policy

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.

T.DKK	Current	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
December 31 2021						
Gross carrying amount	105,721	22,481	9,890	1,989	6,363	146,446
Loss allowance	(784)	(767)	(412)	(356)	(2,708)	(5,027)
Trade receivables	**104,937**	**21,714**	**9,478**	**1,632**	**3,656**	**141,418**
Expected loss rate	1%	3%	4%	18%	43%	3%

T.DKK	Current	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
December 31 2020						
Gross carrying amount	43,151	16,300	3,763	1,083	3,648	67,945
Loss allowance	(1,324)	(485)	(342)	(454)	(3,234)	(5,839)
Trade receivables	**41,827**	**15,815**	**3,421**	**629**	**414**	**62,106**
Expected loss rate	3%	3%	9%	42%	89%	9%

T.DKK	2021	2020
Movement on the Group provision for impairment of trade receivables are as follows:		
Opening balances	**5,839**	**2,558**
Change in provision	38	4,919
Write-offs during the year	(850)	(1,638)
At 31 December	**5,027**	**5,839**

According to IFRS 9 a provision matrix for the group is applied. The provision matrix is based on historical loss rate and management's expectations to future losses. The historical loss rate is calculated based on the 2020 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.

14. Financial Assets and Liabilities

§ Accounting policy

Financial assets

Classification

The group classifies its financial assets in the following measurement category; those to be measured at amortized 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.

Amortized cost

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

- the assets are 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 recognized on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized 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.

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.

Deferred revenue

Deferred revenue are prepayments received from customers, comprising of payments received regarding income in subsequent years.

T.DKK	**2021**	2020
Financial assets at amortised cost:		
Trade receivables	141,418	62,106
Receivables from group enterprises	80,703	43,838
Connected devices	107,842	35,418
Other financial assets at amortised costs	3,542	5,773
Cash and cash equivalents	94,409	96,166
Other current assets	14,602	5,513
Total	**442,516**	**248,813**
Financial liabilities at amortised cost:		
Borrowings/Credit institutions	0	70,084
Lease liabilities	25,067	22,484
Trade and other payables	107,899	37,330
Payables to group enterprises	334,113	35,028
Financial liabilities at fair value:		
Derivative financial instruments:		
Fair value through other comprehensive income	0	859
Total	**467,079**	**165,786**

Fair values are approximately the same as the carrying amounts.

15. Share Capital

§ Accounting policy

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by a group entity are recognized 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

The Group has no hedging instruments at 31 December 2021.

The share capital comprises 500,00 shares of a nominal value of DKK 1 each.

Dividends

The dividends paid in 2021 were 0 DKK (2020: DKK 21m).

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 management and the owners monitor the share and capital structure to ensure that Trackunit ApS' capital resources support the strategic goals.

Consistent with others in the industry, the group monitors capital based on 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 2021, the group's strategy was to maintain the gearing ratio below 10%. The gearing ratio at 31 December 2021 was -6,9% (2020: 4,3%).

16. Related Parties

The group is owned by M-tec Danmark ApS, who owns 100% of the shares.

Galaxy UK Topco Limited is the ultimate owner in the Group. Galaxy UK Topco Limited is mainly owned by Hg Genesis 9 Nominess Limited. The directors of Hg Genesis 9 Nominess Limited deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by Hg Pooled Management Limited has an ownership of more than 20% of the issued share capital of the company.

Trackunit ApS Group is included in the consolidated annual report for Galaxy Holdco ApS and the consolidated annual report for Galaxy UK Topco Limited.

The disclosure of "Key management compensation" is presented in note 3.

The disclosure of shares issued during the period is presented in note 15.

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

17. Commitments and Contingent Liabilities

Subject to customary legal provisions, the Group and subsidiaries act as guarantors of loans for the Group entity Galaxy Bidco ApS.

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 management company for the joint taxation, Galaxy Holdco 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.

18. Business Combinations

§ Accounting policy

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

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

Acquisition in 2021

In November 2021, the group acquired the Industrial IOT division from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc.

As a result of the acquisition, the group has increased its presence in the marketplace regarding machine connectivity. The goodwill recognized is not expected to be deductible for income tax purposes.

Acquisition of the Industrial IOT division from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc.

The acquisition of the Industrial IOT division from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc. was completed with an acquisition date on 18th of November 2021. The total consideration paid amounts to a cash consideration of DKKm 1,297. No equity instruments have been issued and there is no contingent consideration in the business combination.

Fair value of the assets and liabilities acquired is summarized in the following table, which discloses recognized amounts of identifiable assets acquired and liabilities assumed. Goodwill covers the acquisition of know-how and employees, which do not qualify for recognition as a separate asset.

Acquisition of the Industrial IOT division of from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc.

T.DKK	2021
Net assets acquired	
Intangible assets	648,495
Tangible assets	3,253
Other non-current assets	176
Connected Device Cost	216,712
Current assets	91,919
Deferred tax liabilities	(149,293)
Other current liabilities	(30,531)
Deferred income	(338,355)
Net assets	**442,377**
Consideration paid	1,297,405
Goodwill	**855,029**

Acquisition-related costs of T.DKK 51,285 have been charged to special items in the consolidated income statement for the year ended 31 December 2021.

19. Financial Risk Management

The revenue included in the consolidated statement of comprehensive income since 18 November 2021 contributed by the Industrial IOT division of from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc. was T.DKK 40,366.

Had the Industrial IOT division of from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc. been consolidated from 1 January 2021, the consolidated statement of income would include pro-forma revenue of T.DKK 325,858 and profit of T.DKK 12,509.

Of the total profit in the consolidated statement of profit and loss amounting to T.DKK -7,062 the Industrial IOT division of from within ZTR Control Systems, LLC, ZTR Holdings LLC and Trac Rail Inc. contributed with a loss of T.DKK -44,706.

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 minimize 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. 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 recognized 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, CAD, 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 EUR, GBP, and USD.

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.

T.DKK	**2021 Net Profit**	**2021 Equity**	2020 Net Profit	2020 Equity
USD	(813)	(60,152)	(725)	(566)
GBP	102	(893)	9	(1,025)

Interest rate risk

The Group's interest rate risk arises from long-term borrowings related to acquisition facilities. Borrowings issued at variable rates expose the group to cash-flow, interest-rate risk. A group hedging policy, to mitigate the interest risk, is being developed.

Sensitivity analysis – interest rate risk

Based on the termination dates, repayments, and interest rates of the individual 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 the interest-rate level. The analysis includes impact to the profit and loss and total equity. All other variables are held constant. Tax consequences are not included in the analysis.

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.

All senior facilities were settled in connection with the acquisition by Hg. Therefore, the sensitivity analysis in 2021 is zero.

T.DKK	**2021 Income statement**	**2021 Equity**	2020 Income statement	2020 Equity
Cash and debt with floating interest rates	0	0	(710)	(710)
Hedge instruments – interest swaps	0	0	490	490

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 always maintaining sufficient headroom on its undrawn committed borrowing facilities 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 unutilized borrowing facilities of M.DKK 100 that may be available for future operating activities, as well as other incremental loan facilities. Further the long-term debt to credit institutions and other long-term debt is all without repayment until exit (changes in ownership). It is expected that the future profit will generate the needed cash for repayment of loans and other cash flow requirements.

Financial covenants

The company is measured on a quarterly basis on a Leverage covenant against the Facility agreement with the Group's bank. The company has complied with those covenants during 2021.

The table below analyzes 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.

Reconciliation of liabilities arising from financing activities

T.DKK	1 January 2021	Financing Cash Flows	Other movements*	Reclassi-fications	31 December 2021
Long-term borrowings	65,972	(67,157)	1,185	0	(0)
Short-term borrowings	1,437	(1,437)	0	0	0
	67,409	**(68,594)**	**1,185**	**0**	**(0)**

* Other movements include the net effect of change to loan fees.

T.DKK	Less than 1 year	1 to 5 years	More than 5 years	Total
31 December 2021				
Lease liabilities	6,803	18,264	0	25,067
Trade and other payables	107,899	0	0	107,899
	114,702	**18,264**	**0**	**132,967**
31 December 2020				
Credit institutions*	1,437	(1,185)	67,157	67,409
Other long term debt	6,388	0	0	6,388
Lease liabilities	5,320	12,917	4,248	22,484
Borrowings	2,675	0	0	2,675
Trade and other payables	37,330	0	0	37,330
	53,150	**11,732**	**71,405**	**136,287**

* Credit institutions include amortisation of loan fees.

20. Events After the Balance Sheet Date

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

21. Changes in Net Working Capital

T.DKK	2021	2020
Changes in inventories	(18,909)	(180)
Changes in trade receivables and other receivables	(53,168)	178,474
Changes in trade and other payables	408,547	(165,726)
	336,470	**12,568**

22. Group Companies

Name and registered office	Country	Direct Group holding (pct.)
Trackunit Pty Ltd	Australia	100%
Trackunit KK	Japan	100%
Trackunit Asia Pacific Pte Ltd	Singapore	100%
Trackunit AB	Sweden	100%
Trackunit AS	Norway	100%
Trackunit America ApS	Denmark	100%
– Trackunit Inc	USA	100%
– Trackunit Canada Inc	Canada	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 BV	Netherlands	100%

23. Basis of Preparation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied throughout the financial year presented, unless otherwise stated.

General

The Consolidated Financial Statements for Trackunit 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 January 2021. 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.

First-time adoption of IFRS

These consolidated financial statements are the first consolidated financial statements that are presented in accordance with IFRS.

The comparative figures for 2020 in the income statement and the balance sheet items as at 1 January 2020 and 31 December 2020 were restated in accordance with IFRS.

The Group has applied the standards which are mandatory as of 31 December 2021.

Explanation of the adjustments from Danish GAAP to IFRS

Revenue recognition of IOT devices

Recognition of revenue in the income statement of IoT devices have been changed due to the adoption of IFRS. Before the change IoT devices were recognized in the income statement at delivery time and subscriptions were recognized in the income statement over time based on the contract. Recognition of revenue of IOT devices is now aligned with subscriptions as they are seen as a single performance obligation and therefore recognized on a straight-line basis over the contract period (minimum 3 years). The connected devices are likewise recognized on a straight-line basis over a period of 3 years. The change in revenue recognition have affected the result of the year negatively with DKK 16m and last year positively with DKK 4m.

Goodwill amortization

Under Danish GAAP, goodwill is amortised over the expected useful life. Under IFRS, goodwill is not amortised but subject to an annual impairment test.

Exemptions applied

The group has applied the following exemptions from full retrospective application of IFRS:

- Business combinations occurring before the date of transition to IFRS have not been restated. The carrying amount of goodwill as of 1 January 2020 is considered deemed cost of goodwill
- IAS 21 has not been applied for goodwill arising in business combinations occurring before the date of transition. Consequently, goodwill is treated as an assets of the parent company and is not subject to foreign currency translation.
- Cumulative currency translation differences for foreign operations with a functional currency

Group reconciliation

	As at 1 January 2020			For the year ended 31 December 2020	As at 31 December 2020		
T.DKK	Assets	Liabilities	Equity	Profit & Loss	Assets	Liabilities	Equity
According to the Danish Financial Statement Act	567,756	489,202	78,554	32,773	418,349	309,012	109,337
IFRS adjustments							
Revenue recognition of IOT devices	107,402	179,961	(72,559)	4,030	100,292	168,820	(68,529)
Goodwill	-	-	-	4,386	4,386	-	4,386
	107,402	**179,961**	**(72,559)**	**8,416**	**104,677**	**168,820**	**(64,143)**
31 December 2020	**675,159**	**669,163**	**5,996**	**41,189**	**523,026**	**477,833**	**45,194**

different from DKK are deemed to be zero as of 1 January 2020.
- Lease assets have been recognized at the present value of the lease liabilities as of 1 January 2020 by applying an incremental borrowing rate as at that date.

Implementation of new standards, amendments, and interpretations

The group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018–2020, and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New Agenda decision regarding Cloud computing capitalization: On the basis of the IFRIC agenda decision regarding account for cost relating to Software as a Service (SaaS), Trackunit has done a reevaluation of accounting principles and policies to incorporate these clarifications and decisions set out. On the basis of this reevaluation no changes have been made.

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 2021 reporting periods and have not been adopted early 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. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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), which is Trackunit ApS' functional and presentation currency. 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 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 profit and loss, 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:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each statement of profit and loss are translated at average exchange rates; and
- 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.

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.

Trackunit Structure

Name and registered office	Country	Direct Group holding (pct.)
Trackunit ApS	Denmark	100%
Trackunit Pty Ltd.	Australia	100%
Trackunit KK	Japan	100%
Trackunit Asia Pacific Pte Ltd.	Singapore	100%
Trackunit AB	Sweden	100%
Trackunit AS	Norway	100%
– Trackunit America ApS	Denmark	100%
– Trackunit Inc.	USA	100%
Trackunit Canada Inc.	Canada	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%

Parent Company Financial Statements

Parent Statement of Profit and Loss 1 January – 31 December

T.DKK	Notes	2021	2020
Gross profit/(loss)		**197,770**	**144,944**
Staff expenses	1	(114,142)	(78,303)
Profit/loss before depreciations		**83,628**	**66,641**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	2	(20,509)	(18,929)
Other operating expenses	3	(2,513)	(13,483)
Profit/loss before depreciations		**60,606**	**34,229**
Income from investments in subsidiaries		(58,288)	14,081
Finance income	4	8,406	3,909
Finance costs	4	(7,314)	(6,422)
Profit/loss before tax		**3,410**	**45,797**
Income tax expense	5	(14,830)	(9,054)
Profit/(Loss) for the year	13	**(11,420)**	**36,743**

Parent Balance Sheet – 31 December

Assets

T.DKK	Notes	2021	2020
Completed development projects	6	21,696	12,978
Acquired licenses	6	1,870	3,216
Goodwill	6	13,157	17,542
Development projects in progress	6	8,291	8,854
Intangible assets		**45,013**	**42,590**
Land and buildings	7	11,419	14,099
Other fixtures and fittings, tools and equipment	7	4,860	5,297
Leasehold improvements	7	663	969
Property, plant and equipment		**16,942**	**20,365**
Investments in subsidaries	8	1,013,628	35,004
Deposits	9	1,288	1,270
Fixed assets investments		**1,014,915**	**36,274**
Total non-current assets		**1,076,871**	**99,229**
Inventories	10	5,770	1,416
Trade receivables		26,710	23,179
Receivables from group enterprises		263,420	59,228
Connected device costs		43,985	34,477
Other receivables		1,139	3,207
Prepayments	11	10,616	5,181
Receivables		**345,870**	**125,272**
Cash and cash equivalents		**20,491**	**73,718**
Total current assets		**372,131**	**200,406**
Total assets		**1,449,002**	**299,635**

Parent Balance Sheet – 31 December
Equity and Liabilities

T.DKK	Notes	2021	2020
Share capital		500	500
Reserve for net revaluation under the equity method		(47,690)	6,313
Reserve for development costs		22,140	15,779
Reserve for hedging transactions		(0)	(670)
Retained earnings		1,128,467	49,822
Proposed dividend for the year		0	21,000
Total equity	12	**1,103,416**	**92,744**
Provision for deferred tax	14	6,429	4,703
Provision relating to investments in group enterprises	8	0	0
Provision		**6,429**	**4,703**
Credit institutions	15	0	23,815
Lease obligations	15	9,432	11,794
Other payables	15	0	6,388
Deferred income	15, 17	82,887	75,321
Total non-current liabilities		**92,319**	**117,318**

T.DKK	Notes	2021	2020
Credit institutions	15	0	4,108
Lease obligations	15	3,399	3,339
Trade payables		15,982	12,021
Payables to group enterprises		109,307	0
Corporation tax payables to group enterprises		13,284	8,485
Other payables	15	30,723	18,166
Deferred income	15, 17	74,142	38,751
Total current liabilities		**246,837**	**84,870**
Total liabilities		**339,156**	**202,188**
Total equity and liabilities		**1,449,002**	**299,635**

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Parent Statement of Changes in Equity January 1 – December 31

T.DKK	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	**Total equity**
Balance at 1 January 2021	**500**	**6,313**	**15,779**	**(670)**	**49,822**	**21,000**	**92,744**
Capital increase	0	0	0	0	1,038,138	0	1,038,138
Dividend	0	0	0	0	0	(21,000)	(21,000)
Exchange adjustment relating to foreign entities	0	4,285	0	0	0	0	4,285
Development costs for the year	0	0	13,053	0	(13,053)	0	0
Amortization for the year	0	0	(6,693)	0	6,693	0	0
Net profit/loss for the year	0	(58,288)	0	0	46,868	0	(11,420)
Other equity movements	0	0	0	670	0	0	670
Balance at 31 December 2021	**500**	**(47,690)**	**22,140**	**(0)**	**1,128,467**	**0**	**1,103,416**

T.DKK	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	**Total equity**
Balance at 1 January 2020	**500**	**1,898**	**12,926**	**0**	**63,231**	**0**	**78,555**
Accumulated effect of change in accounting policies	0	0	0	0	(20,623)	0	(20,623)
Balance at 1 January 2020	**500**	**1,898**	**12,926**	**0**	**42,608**	**0**	**57,932**
Exchange adjustment relating to foreign entities	0	(1,261)	0	0	0		(1,261)
Fair value adjustment of hedging instruments, beginning of the year	0	0	0	(859)	0		(859)
Tax on adjustment of hedging instruments for the year	0	0	0	189	0		189
Development cost for the year	0	0	8,509	0	(8,509)		0
Amortisation for the year	0	0	(5,656)	0	5,656		0
Net profit/loss for the year	0	5,676	0	0	10,067	21,000	36,743
Balance at 31 December 2020	**500**	**6,313**	**15,779**	**(670)**	**49,822**	**21,000**	**92,744**

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1. Staff Costs

T.DKK	2021	2020
Wages and salaries	100,393	69,176
Pensions	7,259	5,995
Other social security costs	994	704
Other employee costs	5,496	2,428
Total staff cost	**114,142**	**78,303**
Including remuneration to the Executive Board and Board of Directors of:		
Exectutive Board	4,224	3,280
Supervisory Board	640	267
	3,547	**4,864**
Average number of full time employees	139	117

2. Depreciation, Amortization and Impairment of Intangible Assets and Property, Plant and Equipment

T.DKK	2021	2020
Amortization of intangible assets	14,313	11,758
Depreciation of property, plant and equipment	6,196	7,171
	20,509	**18,929**

3. Other Operating Expenses

T.DKK	2021	2020
M&A activities	2,513	535
Consultancy	0	8,348
Redundancy	0	3,844
Settlement	0	744
Other expenses	0	12
	2,513	**13,483**

4. Financial Income and Expenses

T.DKK	2021	2020
Financial income		
Interest income, banks	-	-
Exchange rate adjustments	1,798	0
Interest received from group enterprises	6,590	3,880
Other financial income	18	29
	8,406	**3,909**
Financial cost		
Interest expenses, bank debt	1,310	0
Interest and finance charges for lease liabilities	439	0
Loan fee amortizations	1,185	0
Interest paid from Group enterprises	3,836	1,684
Other financial expenses, including bank fees	545	3,400
Exchange rate adjustments	0	1,338
	7,314	**6,422**

5. Tax on Profit/Loss for the Year

T.DKK	2021	2020
Current tax for the year	13,104	8,674
Deferred tax for the year	1,726	380
	14,830	**9,054**

6. Intangible Assets

T.DKK	Goodwill	Software	Completed development projects	Development projects in progress	Total
2021					
Cost:					
At 1 January	43,856	6,731	35,856	8,854	95,297
Exchange differences	0	0	0	0	0
Addition acquisition of subsidiary	0	0	0	0	0
Additions during the year	0	0	10,454	6,281	16,735
Reclassifications	0	0	6,844	(6,844)	0
As at 31 December	**43,856**	**6,731**	**53,154**	**8,291**	**112,032**
Amortization and impairment:					
At 1 January	26,314	3,515	22,878	0	52,707
Exchange differences	0	0	0	0	0
Addition acquisition of subsidiary	0	0	0	0	0
Amortization charge	4,386	1,346	8,581	0	14,312
As at 31 December	**30,700**	**4,861**	**31,459**	**0**	**67,019**
Carrying amount 31 December	**13,156**	**1,870**	**21,696**	**8,291**	**45,013**

Completed development projects relate to development of products and services that are ready for sale.

7. Property, Plant and Equipment

T.DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
2021			
Cost:			
At 1 January	18,312	11,104	2,799
Additions during the year	165	2,893	128
Disposals during the year	0	(947)	0
As at 31 December	**18,477**	**13,050**	**2,927**
Amortization and impairment:			
At 1 January	4,213	5,807	1,830
Depreciation for the year	2,845	2,917	434
Depreciation of disposed assets	0	(534)	0
As at 31 December	**7,058**	**8,190**	**2,264**
Carrying amount 31 December	**11,420**	**4,860**	**663**
Including assets under finance leases amounting to	11,420	1,256	0

8. Investments in Subsidiaries

T.DKK	2021	2020
Cost at 1 January	2,063	2,063
Exchange adjustment	3,583	0
Additions for the year	1,038,415	0
Cost af 31 December	**1,044,061**	**2,063**
Value adjustments at 1 January	14,719	1,898
Exchange adjustments	702	(1,261)
Dividend received	(8,818)	0
Net profit/loss for the year	(58,288)	14,082
Value adjustments at 31 December	**(51,685)**	**14,719**
Equity investments with negative net asset value amortized over receivables	21,252	18,222
Equity investments with negative net asset vaule transferred to provision	0	0
Carrying amount at 31 December	**1,013,628**	**35,004**

Investment in subsidiaries are specified as follows:

Name and registered office	Country	Direct Group holding (pct.)
Trackunit Pty Ltd	Australia	100%
Trackunit KK	Japan	100%
Trackunit Asia Pacific Pte Ltd	Singapore	100%
Trackunit AB	Sweden	100%
Trackunit AS	Norway	100%
Trackunit America ApS	Denmark	100%
– Trackunit Inc	USA	100%
– Trackunit Canada Inc	Canada	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 BV	Netherlands	100%

9. Other Fixed Investments

T.DKK	2021	2020
Cost at 1 January	1,270	1,235
Additions for the year	18	89
Disposals for the year	0	(54)
Cost af 31 December	**1,288**	**1,270**
Carrying amount at 31 December	**1,288**	**1,270**

10. Inventories

T.DKK	2021	2020
Raw materials and consumables	2,506	537
Work in progress	(0)	77
Finished goods and goods for resale	3,263	802
	5,770	**1,416**

11. Prepayments

Prepayments amounts to T.DKK 10,616 for 2021 (2020: T.DKK 5,181) and consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

12. Share Capital

The share capital consists of 500,000 shares of a nominal value of T.DKK 1. No shares carry any special rights.

13. Distribution of Profit/Loss

T.DKK	2021	2020
Proposed dividend for the year	0	21,000
Transfer to/from reserves in accordance with the Articles of Association	(58,288)	5,676
Retained earnings	46,868	10,067
	(11,420)	**36,743**

14. Provision for Deferred Tax

T.DKK	2021	2020
Provision for deffered tax at 1 January	4,703	4,323
Amounts recognized in the income statement for the year	1,726	380
Provision for deffered tax at 31 December	**6,429**	**4,703**

15. Long-term Debt

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

The debt falls due for payment as specified below:

T.DKK	Less than 1 year	1 to 5 years	More than 5 years	Total
31 December 2021				
Lease obligations	3,399	9,432	0	12,831
Other payables	30,723	0	0	30,723
Deferred income	74,142	82,887	0	157,029
	108,264	**92,319**	**0**	**200,583**
31 December 2020				
Credit institutions	4,108	23,815	0	27,923
Lease obligations	3,339	11,794	0	15,133
Other payables	18,166	6,388	0	24,554
Deferred income	38,751	75,321	0	114,072
	64,364	**117,318**	**0**	**181,682**

16. Derivative Financial Instruments

Derivative financial instruments contracts in the form of interest rate swaps have been concluded. At the balance sheet end date, the fair value of derivative financial instruments amount to:

T.DKK	**2021**	2020
Liabilities	0	859

17. Deferred Revenue

Deferred revenue consists of payments received in respect of income subsequent years. The total deferred revenue amounts to T.DKK 157,029 in 2021 (2020: T.DKK 114,072)

18. Contingent Assets, Liabilities, and Financial Obligations

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

19. Events After the Balance Sheet Date

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the financial statements.

20. Related Parties

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

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

21. Significant Accounting Policies

The Annual Report of Trackunit ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class C.

The Financial Statements for 2021 are presented in T.DKK.

Change in accounting policy

Recognition of revenue in the income statement of IoT devices has been changed.

Before the change IoT devices were recognized in the income statement at delivery time and subscriptions were recognized in the income statement over time based on the contract. Recognition of revenue of IOT devices is now aligned with subscriptions as they are seen as a single performance obligation and therefore recognized on a straight-line basis over the contract period (minimum 3 years). The connected devices are likewise recognized on a straight-line basis over a period of 3 years. The change in revenue recognition has affected the result of the year negatively with DKK 4m and last year negatively with DKK 4m.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Trackunit ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

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

Assets are recognized 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 recognized 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.

Leases as lessor

The lessee is required to recognize 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 company 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 (< USD 5.000).

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 recognizes each car as one contract according to IFRS 16.15.

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 must be determined. Leasing period and fixed payments appears in the lease contract which means only the interest rate has to be determined. Here the groups incremental borrowing rate to obtain an asset of similar value is used. In accordance with the Senior facilities agreement the interest rate for cars is 2.75%

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 must 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. To find the groups incremental borrowing rate to obtain an asset of similar value, the interest rate is set to 3,5% for Offices in accordance with the Senior facilities agreement.

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 must be determined. Leasing period and fixed payments appears in the lease contract which means only the interest rate has to be determined. Here the groups incremental borrowing rate to obtain an asset of similar value is used. In accordance with the Senior facilities agreement the interest rate for cars is 2.75%

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

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 transaction date rates are recognized in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognized directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as “Other receivables” and “Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognized in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognized asset, or a recognized liability are recognized in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognized in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognized in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognized in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognized. The amount is recognized in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognized directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognized in the income statement.

Revenue

Revenue recognition

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

We determine revenue recognition through the following steps:

1. identification of the contract, or contracts, with a customer;
2. identification of the performance obligations in the contract;
3. determination of the transaction price;
4. allocation of the transaction price to the performance obligations in the contract; and
5. recognition of revenue when, or as, we satisfy a performance obligation.

We offer subscriptions to access our Cloud and IoT platforms. Customers subscribe to one or more Applications which includes data that is primarily provided by various proprietary connected device access points, including connectivity sensors. Our Cloud and IoT platforms and the related connected device access points are highly interdependent and interrelated and represent a combined performance obligation.

Deferred revenue

Deferred revenue represents amounts billed to customers or payments received from customers for which revenue has not yet been recognized. Deferred revenue consists of prepayments made by customers for future periods. A portion of customer contracts is paid in advance for the full, multi-year term. Additionally, the Group enables its customers to prepay all, or part, of their contractual obligations monthly, quarterly, or annually. As a result, the deferred revenue balance does not represent the total contract value of all multi-year, non-cancelable subscription agreements. The current portion of deferred revenue represents the amount that is expected to be recognized within one year of the consolidated balance sheet date.

Connected Devices

Trackunit capitalizes connected devices associated with subscription contracts. These costs are directly related to customer. These contract fulfillment costs are amortized over a period of benefit of three years. Trackunit determined the period of benefit by taking into consideration the expected life of the connected device, the connected device’s warranty period, past experience with customers, the duration of our relationships with our customers and other available information.

Other external expenses

Other external expenses comprise expenses for premises, sales, and distribution as well as 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, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortization, depreciation, and impairment losses

Amortization, depreciation, and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant, and equipment.

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, including gains and losses on the sale of intangible assets and property, plant, and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

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 recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

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

Intangible assets

Development projects, patents, and licenses

Costs of development projects comprise salaries, amortization, and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or at a lower recoverable amount. An amount corresponding to the recognized development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognized in financial years beginning on or after 1 January 2016. The reserve is reduced by amortization of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalized development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work. The amortization period is 3-5 years.

Licenses are measured at cost less accumulated amortization and less any accumulated impairment losses or at a lower value in use.

Software licenses are amortized over the period of the agreement, which is 3-5 years.

Goodwill

Goodwill is amortized on a straight-line basis over the estimated useful life of 10 years determined on the basis of Management's experience with the individual business areas.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	4 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years

Depreciation period and residual value are reassessed annually.

Assets with a useful life less than 1 year are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognized at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

Other fixed asset investments
Other fixed asset investments consist of deposit.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence, and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, and direct labour with the addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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

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

Equity – dividend
Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 realized, 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 crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognized 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 recognized in the income statement in financial income and expenses.

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

Mortgage loans are measured at amortized cost, which for cash loans corresponds to the remaining loan. Amortized 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 amortized cost, substantially corresponding to nominal value.

Management Statement

The Executive Boards have today considered and adopted the Annual Report of Trackunit ApS for the financial year 1 January 2021 – 31 December 2021.

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 2021 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 2021 – 31 December 2021.

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 27 June 2022

Executive Board

Søren Brogaard

Peter Vekslund

Independent Auditor's Report

To the Shareholders of Trackunit ApS

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 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 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Trackunit ApS Group for the financial year 1 January – 31 December 2021, which comprise 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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.

- 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 27 June 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorized Public Accountant
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Annual Report 2021

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