Trackunit

Connecting Construction. Building the Ecosystem.

Annual Report 2022

Trackunit has navigated a stormy macro-environment in 2022 to set the platform for significant growth

Trackunit ApS

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2 May 2023

Chairman of the AGM
Thomas Christiansen

Our Purpose

Together, we ① eliminate downtime ② to build ③ the most useful ④ industry for the world ⑤

① **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.

② **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.

③ **We are builders** and doers by heart and committed to turn every relevant idea into a catalyst for change.

④ **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.

⑤ **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.

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The Big Picture

Approximately 50% of the urban environment needed by 2050 is not yet built.[1] IoT has the power to transform the construction industry as we scale to meet future demands.

[1] World Economic Forum.

Our Story

Trackunit is the global leader in brand-agnostic, SaaS-based IoT solutions connecting off-highway vehicles and equipment in construction with a data-driven approach predicated on delivering actionable insights across a connected and secure ecosystem. Adaptable and scalable, Trackunit is the cornerstone of a connected industry seeking to eliminate downtime and propel construction towards a better, 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 Blue-tooth Mesh Network introduced to market
- Organic entry into APJ market
- Trackunit acquired by Hg Capital
- Trackunit acquires Industrial IoT division of ZTR

2022
- Circa 1 billion DKK net revenue
- Signs deal for acquisition of German ConTech startup Flexcavo
- Launches 5G, second-generation Spot connecting high-value, non-powered assets to ecosystem
- Stages first-ever Trackunit NEXT event
- Trackunit Kin wins Rental Awards Editor's Choice 2022

1.25m+ subscriptions

375+ employees

Connecting Construction

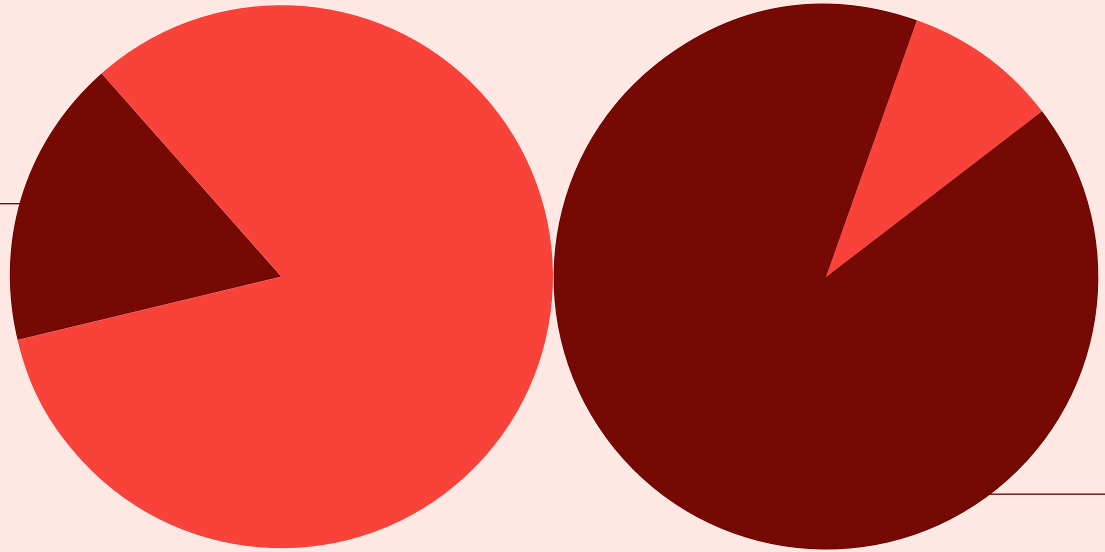
We connect our customers. With a presence in more than 100 countries, our customer success teams are there whenever they need our support in local time. That's underpinned by our secure global platform which delivers insights that are actionable around the world in real-time. It means that, as the home of global connectivity, we cover all bases in our constant and relentless focus on the industry-wide battle to eliminate downtime.

Global hubs	OEMs present in Iris	Countries in the global ecosystem	Monthly active users
15	789	120+	19,000

Building for Scale

We've built a platform for long-term growth predicated on profitable recurring revenue. We are R&D driven and believe innovation is the key to unlocking new opportunities to alleviate long-standing customer pain points. With net revenue near doubling in 2022, we're committed to solving the problems of today and creating the solutions for tomorrow.

18%
EBITDA as % of revenue



91%
Share of recurring revenue (as % of total revenue)

2022		Compound Annual Growth Rate (CAGR) 2018–2022
988m	Annual recurring revenue (ARR) in DKK	37%
1.244m	Number of subscriptions	48%
991m	Net revenue in DKK	37%
178m	EBITDA in DKK	37%

Five-year Overview DKK

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

- Equity ratio is calculated as the equity divided by total assets.
- Return on equity is calculated as the profit or loss for the year before tax divided by the average equity.

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.

- Recurring revenue % of total revenue is calculated as the revenue recognized over time in percentage of the total revenue. Recurring revenue % of total revenue is impacted by "Other revenue" which comprise of IoT accessories and installation services which tend to fluctuate between years. Therefore "Recurring revenue % of total revenue" is increasing or decreasing slightly year over year."
- Annualized 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 18 November 2021 and consolidated from this date.

Figures for 2018-2019 have not been adjusted to the IFRS adoption made from 1 January 2020.

000' DKK	**2022**	2021	2020	2019	2018
Recurring revenue % of total revenue (non IFRS measure)[1]	91.3%	90.7%	92.8%	90.2%	92.1%
Annualized recurring revenue (non IFRS measure)[1]	988,225	823,720	382,750	349,535	278,265
No of subscriptions - End of year (non IFRS measure)[1]	1,243,999	1,082,208	453,502	383,060	261,721
Net revenue	990,963	506,016	382,552	381,523	280,226
Adjusted Earnings before special items, depreciation, amortisation and impairment (Adj. EBITDA)[2]	214,691	116,339	101,956	69,224	50,140
Earnings before special items, depreciation, amortisation and impairment (EBITDA)	177,739	105,182	101,956	69,224	50,140
Earnings from financial items, net	(10,297)	(8,901)	(15,767)	(7,053)	(10,245)
Profit for the period	(13,537)	(29,404)	12,850	(17,054)	(9,383)
Investments in PPE	7,000	3,239	4,862	1,930	3,235
Total assets	2,953,703	2,792,802	897,683	830,794	815,905
Equity	1,379,428	1,367,018	439,373	428,263	443,768
Average number of employees	379	350	185	193	139
Ratios					
Return on equity (%)	(1.8)	(2.3)	3.9	(4.2)	(2.2)
Equity ratio (%)	46.7%	48.9%	48.9%	51.5%	54.4%

1 Non IFRS measure are unaudited.
2 Adjusted EBITDA = EBITDA before share based payment (note 4) and impact from global supply shortage of computer chips and other electronic components (note 6) - Unaudited. In addition to special items excluded from the calculation of adjusted EBITDA further adjustments exist and should be taken into consideration for calculating a normalized, forward-looking EBITDA excluding non-recurring items.

Five-year Overview USD

The key figures are translated from DKK to USD as follows:

- Assets, liabilities, and equity are translated at the closing rate at the date of the balance sheet.
- Income and expenses are translated at average exchange rate for the year; except for annualized recurring revenue which is translated at average exchange rate for the last month of the year.

~4.8×
Subscriptions
2018–2022

~3.5×
EBITDA
2018–2022

~2.7×
Employee number
2018–2022

000' USD	**2022**	2021	2020	2019	2018
Recurring revenue % of total revenue (non IFRS measure)[1]	91.3%	90.7%	92.8%	90.2%	92.1%
Annualized recurring revenue (non IFRS measure)[1]	140,687	125,213	62,594	51,987	42,420
No of subscriptions - End of year (non IFRS measure)[1]	1,243,999	1,082,208	453,502	383,060	261,721
Net revenue	139,975	80,481	58,482	57,195	44,377
Adjusted Earnings before special items, depreciation, amortisation and impairment (Adj. EBITDA)[2]	30,325	18,503	15,586	10,378	7,940
Earnings before special items, depreciation, amortisation and impairment (EBITDA)	25,106	16,729	15,586	10,378	7,940
Earnings from financial items, net	(1,454)	(1,416)	(2,410)	(1,057)	(1,622)
Profit for the period	(1,912)	(4,677)	1,964	(2,557)	(1,486)
Investments in PPE	1,008	493	802	290	496
Total assets	425,140	425,357	148,039	124,917	125,151
Equity	198,547	208,203	72,458	64,393	68,069
Average number of employees	379	350	185	193	139
Ratios					
Return on equity (%)	(1.8)	(2.3)	3.9	(4.2)	(2.2)
Equity ratio (%)	46.7%	48.9%	48.9%	51.5%	54.4%

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Stormy Waters. Spectacular Growth.

Soeren Brogaard, CEO

Despite a tough macro environment, we not only kept the ship steady through 2022, we nearly doubled revenues and took significant steps for future growth.

We've had quite the year. While at first glance 2022 might not have delivered the drama that marked out its predecessor, there is every chance that as we look back on the last 12 months, we will come to see it as every bit as pivotal as 2021.

Indeed, as we welcome you to the Trackunit Annual Report 2022, we've successfully repositioned the business for the next stage in the Trackunit story, signing off the year by almost doubling overall revenue through a combination of organic and inorganic growth. That's put us on the brink of breaking past DKK 1 billion against, let's not forget, a challenging global environment backdropped by war, crises in energy and inflation, and the last dregs of the COVID-19 pandemic.

Despite that weak macro-environment, we signed on the acquisition of German ConTech startup Flexcavo just before the year ended successfully addressing a key strategic area that expands even further our offering to the contractor and mixed fleet sector.

It wasn't our only successful strategic venture. At the Downtime Festival in Italy in June, we invited the industry in as we unveiled our product portal in line with our relentless focus on transparency and innovation giving our customers instant access to our portfolio, what's in the pipeline and where the roadmap is heading.

And it's a pipeline that we can be proud of. We introduced the second-generation Spot to the market at the end of August propelling the Trackunit name through the international media in response to an innovation that has dramatically changed the landscape for the tracking and usage of non-powered equipment.

It was also a year when we put sustainability firmly in the spotlight. That included a dedicated event in Florida in November, and regular content and briefings highlighting why we believe now is the time to act, neatly dovetailing with the industry-wide drive to eliminate downtime and restore construction's reputation as a force for good. To that end, we've also made various improvements in our CO_2 emissions reporting functionality that is tangible and potentially game-changing.

This excites us because we very much see ourselves as one of the cogs in construction working towards big-picture solutions for the big issues facing construction, society and business. We're aiming to eliminate downtime as an industry, and construction is getting better and better at developing high-quality infrastructure and doing it in a way that works well with regulatory demands on emissions and a societal push for cleaner solutions.

As part of that, Trackunit continues to see data sharing in a secure environment as an essential part of the equation and we are thoroughly invested in creating a connected ecosystem through our extendable platform as this is fundamental to establishing the mutual data flows that enable stronger insights and better learnings.

We also joined important organizations like the Committee for European Construction and Equipment, developed yet more partnerships with OEMs through our Works With Trackunit program, with trust firmly at the center of those relationships, while reinforcing Trackunit's presence in our Asia-Pacific-Japan hub where we see business growing significantly over the coming years.

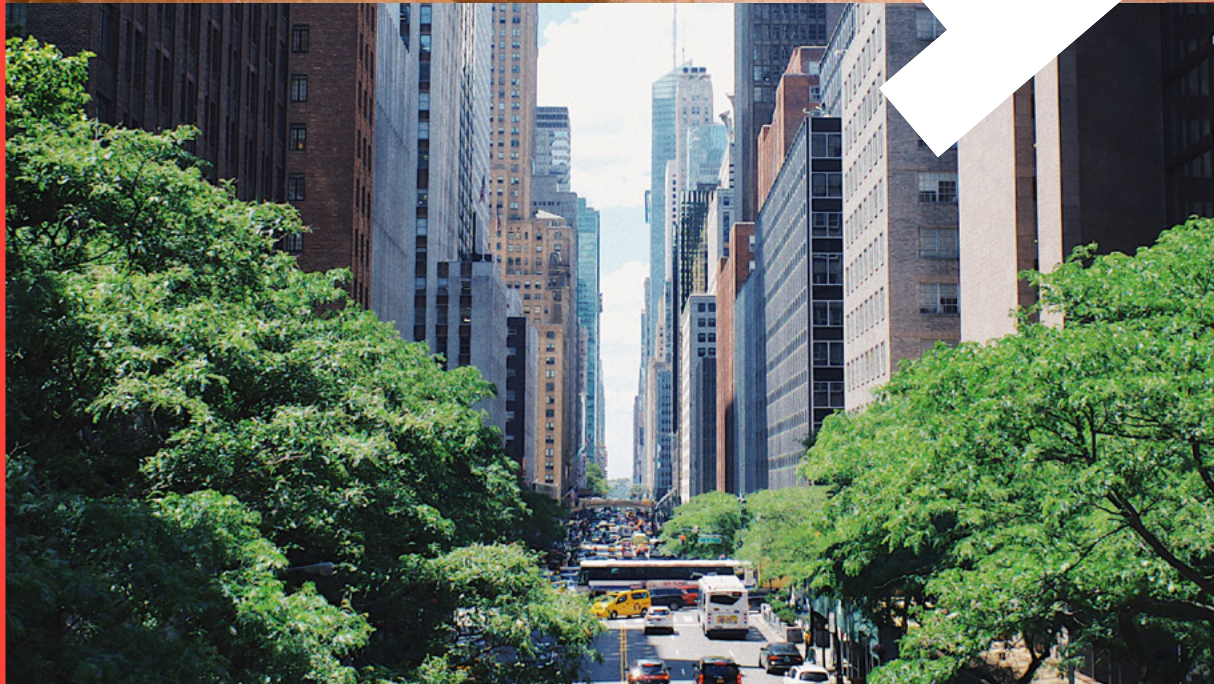
And we also added well over 100 new team members to the roster in 2022 ensuring we have the right people to make things happen at all levels. While words are great, action speaks louder and nothing gives me greater pleasure than to see our people drive change as this will most likely have an impact on the success of the company as we take on board more rounded, better perspectives. As just one example, a bottom-up initiative has helped establish the Trackunit Inclusivity Diversity Equity (TIDE) program which will help support our ESG efforts.

It's why we're moving forward with confidence. And that's why we believe 2022 will go down as one where we successfully steered the ship and our customers to calmer waters ready for the next big take off.

We are Trackunit

The world will need to invest \$9.2 trillion each year until 2050 to achieve net-zero emissions in the built environment.① **New technologies in construction will completely revolutionize how we enable and implement this change.**

① World Bank.



Trackunit enables fleet owners and OEMs in the off-highway sector to make intelligent, relevant decisions that boost efficiency, raise the bottom line and deliver sustainability benefits to the construction industry as a whole.

What we do

We've built a platform for growth enabling us to serve our customers through the delivery of powerful, actionable insights tailored to their needs.

Trackunit converts machine and equipment data in real-time to proactively deliver actionable insights across our ecosystem. It empowers customers with data-driven intelligence to improve critical business drivers such as fleet and machine health & utilization, operator safety and fuel management.

Our industry leading IoT solutions and asset management platform benefit the everyday operations of our customers, supported worldwide from our offices in Denmark, Canada, USA, Singapore, Sweden, Norway, France, Netherlands, 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 game-changing insights.

We are a purpose-driven organization with highly-engaged employees and are on a mission to tackle long-standing challenges with digital innovation 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.

It's the People

The Trackunit Way is a clear set of guiding principles and methodologies that inter-play through the working day of every team member centered on trust, autonomy and responsibility.

We trust our people. We empower them to take decisions, to set their course and make the smart decisions that define their success and make the cutting-edge contribution to the business.

By putting people first, the Trackunit Way creates a virtuous circle incubating a powerful culture of inclusivity, autonomy and responsibility. That plays out in our innovation-led approach to everything we do based on an incredibly strong engineering resource that makes up circa 40% of the workforce which complements our other talent to create great customer solutions.

Triple focus

Our triple-focus model effectively places the individual within the wider needs of the organizational ecosystem and drives impact by person, by team and by the company as a whole. It brings everyone together on a strategy-driven, bigger-picture approach with rapid learning and feedback loops coming together to ensure eliminating downtime is at the heart of everything we do.

It means we care about what our people do and through our impact conversations, we have created a clear methodology that fosters their development and engagement, allows them to play to their strengths, and incubates collaboration towards our strategic goals.

We see this in practice. As one example, the Trackunit Inclusivity Diversity and Equity initiative created in 2022, is a bottom-up program driven by our people and endorsed by the executive board to make sure Trackunit is putting in place the correct methodologies and policies to truly incubate inclusivity.

Positive action

That's enabling us to move beyond words and take real, positive action towards creating a workforce for all where every contribution is valued and every opinion counts. In Trackunit, there is no such thing as a stupid question.

That solid platform also helps us go to the industry and seek to create engagement, collaboration and inclusivity with our peers too where our thought leadership is well established and respected and where we also give a stage for industry leaders to speak on people issues and help build the bandwagon towards positive change.

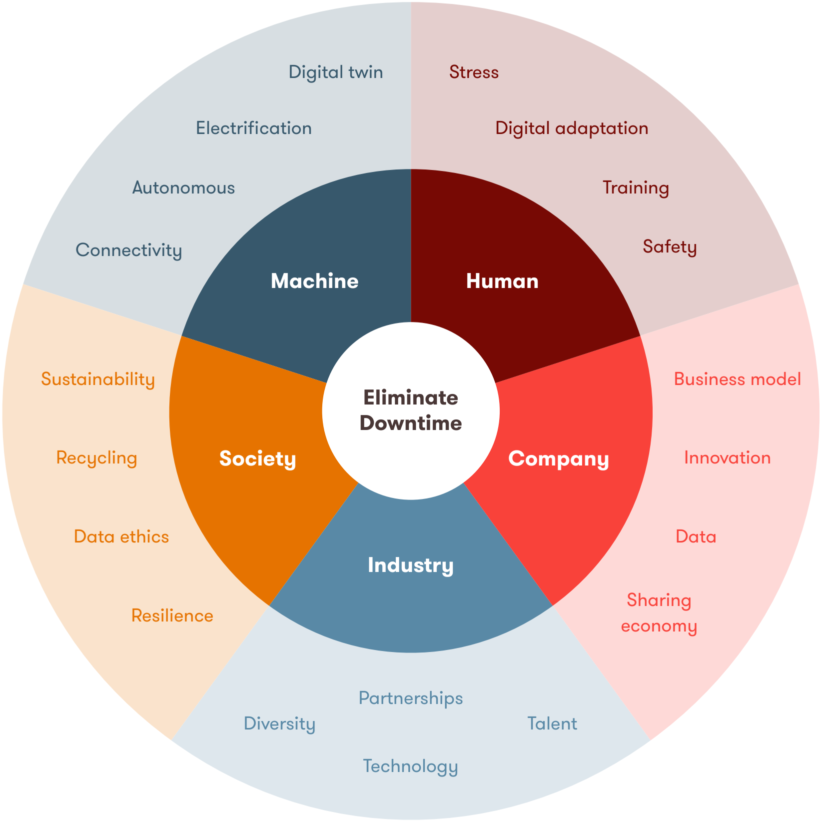
It means we never sit still. And we take our role as thought leaders and ecosystem stewards seriously. It keeps us going. And it gets us up every day. It's the Trackunit Way.

Eliminate Downtime. Strengthen Construction.

We've been steadfast in our aim to eliminate downtime and, with the industry on board, believe we're getting closer to that goal.

We're proud to be part of an industry-wide movement that is increasingly ready and getting ever-better tooled to eliminate downtime in construction. That's because we, with our like-minded peers, believe it is the fundamental issue facing the industry and only its successful resolution will re-establish construction as a force for global progress.

That's a reputation the industry enjoyed for a long time but which has been gradually eroded over the last few decades. Instead of being lauded for the schools, the roads, the hospitals and other vital infrastructure that underpin modern life, budget overruns, pollution-heavy processes and the pressures of building for an ever-rising global population have allowed downtime to grip the sector resulting in low productivity growth and creating the need for a technological spark.



It manifests in many ways. Construction contributes 38% of all global CO_2 emissions. It's sometimes been resistant to digitalization. The sector's safety record, while improving, could be better. And a stark gender imbalance continues to permeate the workforce.

That's why we're convinced that by tackling downtime, the industry can begin to immediately enjoy benefits that will address these fault lines and reposition construction in the eyes of the world. In fact, it's happening already.

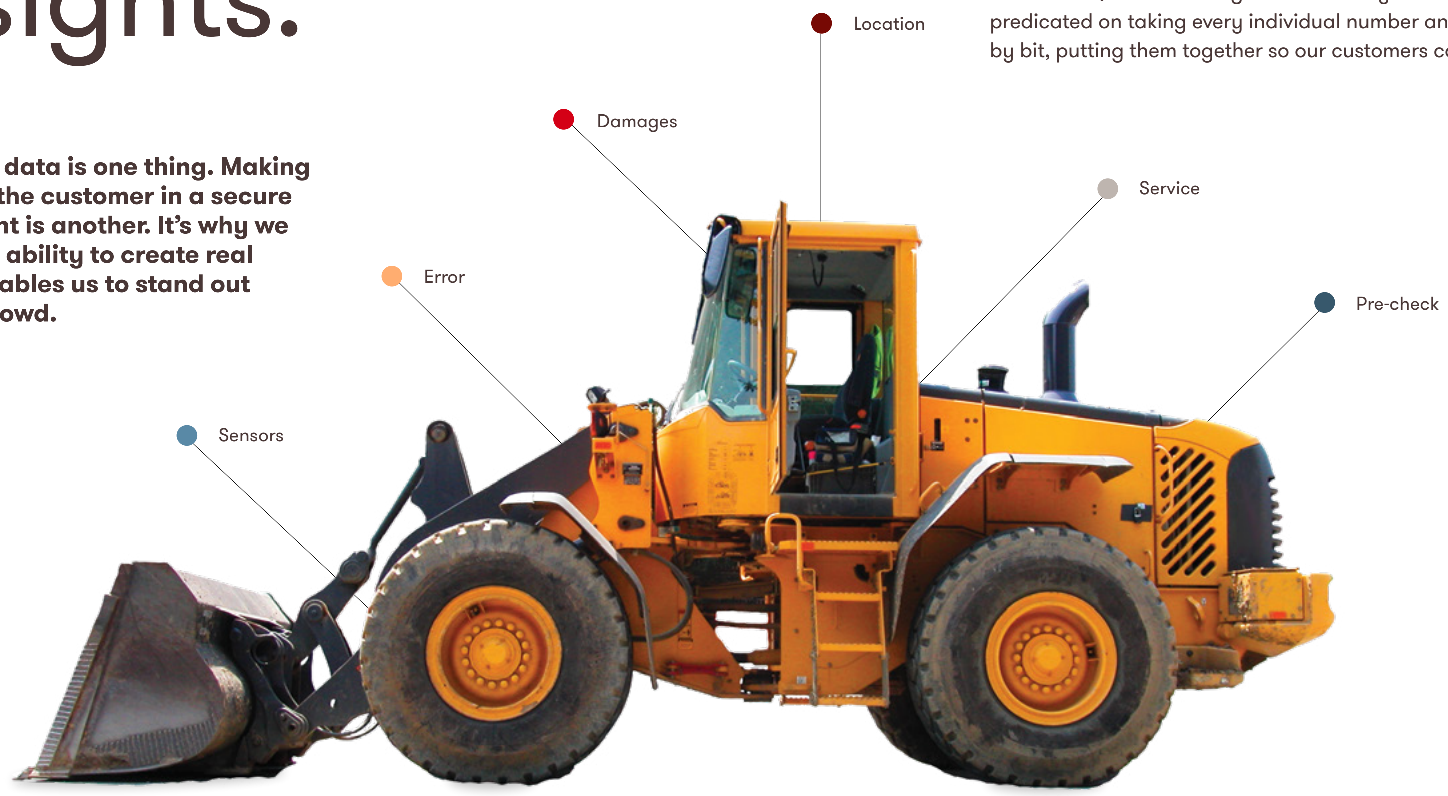
Data insights enable fleet owners to control and reduce their CO_2 emissions. Digitalization creates obvious bottom-line efficiencies. IoT devices enable safety precautions limiting risk-taking behavior and providing secure-access machines. And automated processes replace burdensome manual tasks.

That pushes us to think not just in terms of being successful but in being useful. To becoming a positive catalyst for change. And using the ecosystem to filter those positive benefits throughout the industry. It's the bigger picture. It's one the industry is actively engaged in. And it's one we can all win together.

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.

Precise Data. Actionable Insights.

Having the data is one thing. Making it work for the customer in a secure environment is another. It's why we believe our ability to create real insights enables us to stand out from the crowd.



We live in a world of data that is awe inspiring. It can also be overwhelming.

Without a filter, those numbers mean little. And without meaning, it's just noise. That's why we take that data, process those numbers and make insights that are actionable, relevant and drive impact.

At Trackunit, we're building a secure ecosystem predicated on taking every individual number and, bit by bit, putting them together so our customers can see the bigger picture. It means as our connectivity grows, we are able to provide solutions to very human problems as well as open up opportunities for new business and new ways of thinking.

At the micro level, that enables better fleet management and smarter decisions that affect the bottom line. As an example, we collect fuel data in over 120 different data formats across machines brands. Instead of passing on the problem for the ecosystem to solve, we harmonize all forms of input into a single, standardized insight and metric for use by the ecosystem. This provides a systematic approach to fuel management and can directly impact CO_2 emissions.

At the macro level, it's a game changer. Those thousands of decisions on the ground driven by harmonized insights add up to a potential tidal wave of collaborative, positive developments that can directly impact costs, safety, and the environment in a way that can also help restore the industry's reputation as a force for good.

That's a value-chain proposition that, through our secure and extendible platform Iris, creates a virtuous circle of strong, cost-driven and collaborative-based solutions that can ultimately help the industry eliminate downtime and help it get into line with 2050 carbon targets.

It's ambitious because we're ambitious. And ambition is worth investment. Everything we do is predicated on the need to be useful. And that's why we're relentless in our drive for better, richer and more impactful insights that makes business better and makes construction better.

Four strategic **focus areas**

The Strategy

We focus our efforts as part of a broader purpose to deliver value and growth across 4 key areas.

On our journey to eliminate downtime, we aspire to not only drive impact ourselves, but serve as a key cornerstone for others to drive value creation. Providing the fuel for broader ecosystem impact, we are building industry momentum to solve long-standing challenges and bring the future closer to today.

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

Enabling connectivity across all assets

Connected assets are actionable assets. Customer value creation is enabled by the upstream origination of clean structured data and ensuring integrated connectivity across all assets to unlock new insights and value.

In 2021, we launched Kin to unlock new layers of connectivity. In 2022, we took our ambitions to the next level with increased focus on deeper integrations and the capability of our on-site mesh network. Continuing to expand and facilitate a single connected ecosystem across all assets classes represents the next step in connectivity evolution.

Our platform continues to serves as the cornerstone of a safe, connected ecosystem, enabling 100% connectivity via our own network, IoT Devices, partner devices, and OEM ISO feeds.

02

Geographic focus and expansion

Significant runway remains to drive growth and impact within our core European and North American markets. As we continue to connect the disconnected and welcome new customers into the ecosystem, our ability to drive impact and enable others will only grow.

Furthermore, presence in Asia-Pacific-Japan continues to build the foundation for the next wave of connectivity growth. Representing a huge market with enormous future potential, our APJ commitment has served to solidify our contribution to the industry-wide mission to Eliminate Downtime.

03

Customer-centric value creation

The industry is quickly approaching the next stage of evolution in regards to digital maturity. With a common understanding of the importance of data-driven insights, enabling customers to securely convert insights into impact is becoming more and more paramount.

While our ability to expand the breadth and depth of insights generated via our ecosystem platform continues to accelerate, we place customer impact front and center to guide our innovation efforts. Supporting customers on their digital journey allows them to unlock new opportunities to drive impact across their business, the industry and society.

04

Unlocking ecosystem value

We humbly admit that the challenges our industry faces are too large to be solved by one player alone. It requires collaboration and openness to take on the full scope of the tasks that lie ahead.

Investment in the extendibility and ability to build value on top of a common ecosystem platform via our Software Development Kit continues to unlock new vectors for growth and impact.

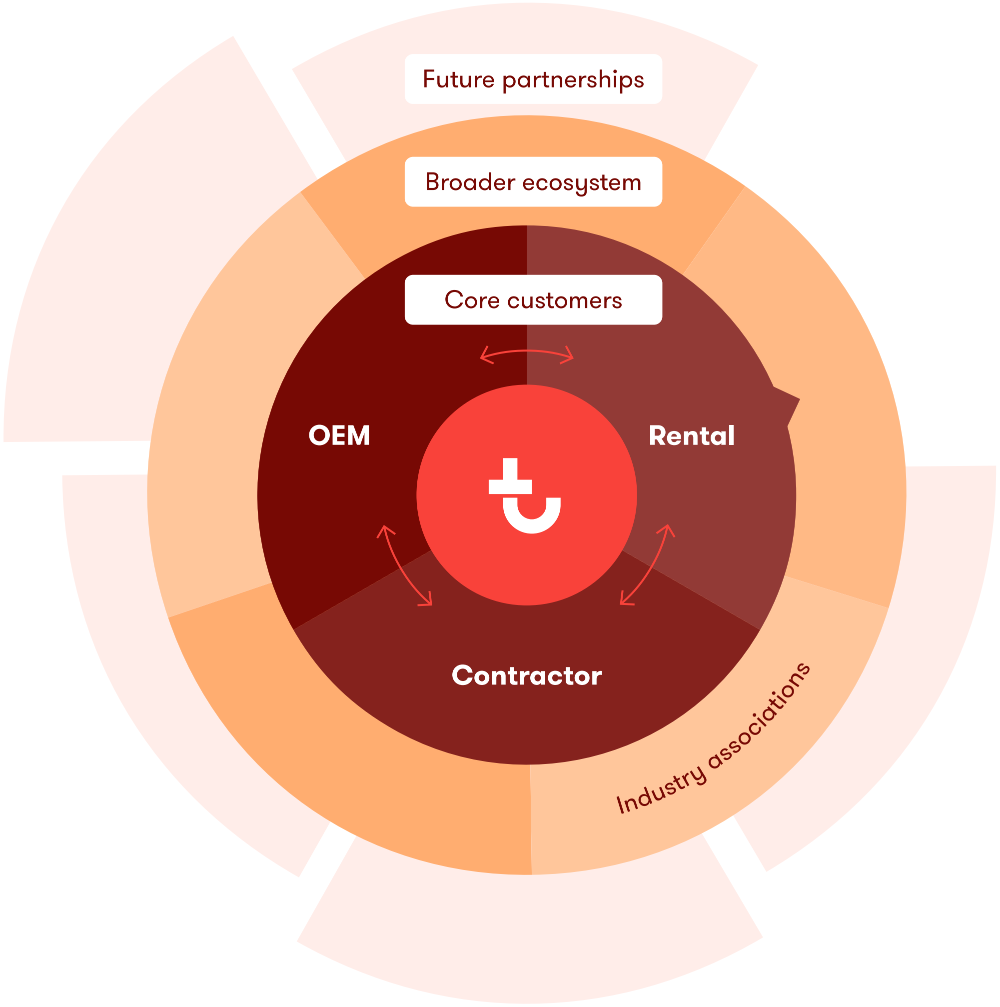
Serving as the stewards of our ecosystem, we seek to accelerate the full power of the ecosystem by enabling others to collaborate, engage and create value via our industry-leading platform. Combined with our deep connection into OEMs, Rental companies, and Contractors, we empower our customers to create and consume ecosystem value to drive a broader impact.

Building a Secure Ecosystem

The ecosystem is at the heart of all our efforts to eliminate downtime. The stronger we build that ecosystem, the more fit for purpose it will be.

We're at the core of an ecosystem that connects equipment, people, processes and stakeholders with a SaaS-based IoT solution delivering data-rich machine, fleet and market insights to the network.

Our business model has an in-built resilience based on the strength of our insight-focused product development that enables it to withstand harsh macro environments. Contractors, OEMs and Rentals trust us because we deliver efficiency gains and protect customer margins in a secure environment despite spiralling energy and logistics costs.



OEM

Drive business impact through:

Informed aftermarket visibility on equipment usage for commercial efforts

Improved profitability on lower priced machines

OTA connection for aftermarket services e.g. tech applications

Improve R&D efforts by providing real-time machine performance data

Rental

Improve operations and efficiencies by:

Depot optimization driving higher fleet availability and revenue

Digital workflows connecting teams across locations

Theft/loss prevention and improved recovery rates

Limit downtime with predictive maintenance efforts

Contractor

Reduce downtime and project costs by:

Identifying under-utilized equipment

Predictive maintenance initiatives

Limiting excessive machine idling driving higher fuel consumption

Preventing theft and equipment loss

Improve safety through digital access control and operator integration

Core customer value is delivered via tailored subscription tiers regulating the access to data and insights with add-on solutions enabling a bespoke approach to suit every customer need.

Our subscription-only model drives a high share of recurring revenue at 91.3% in 2022 with deep integrations in customer enterprise IT solutions via APIs.

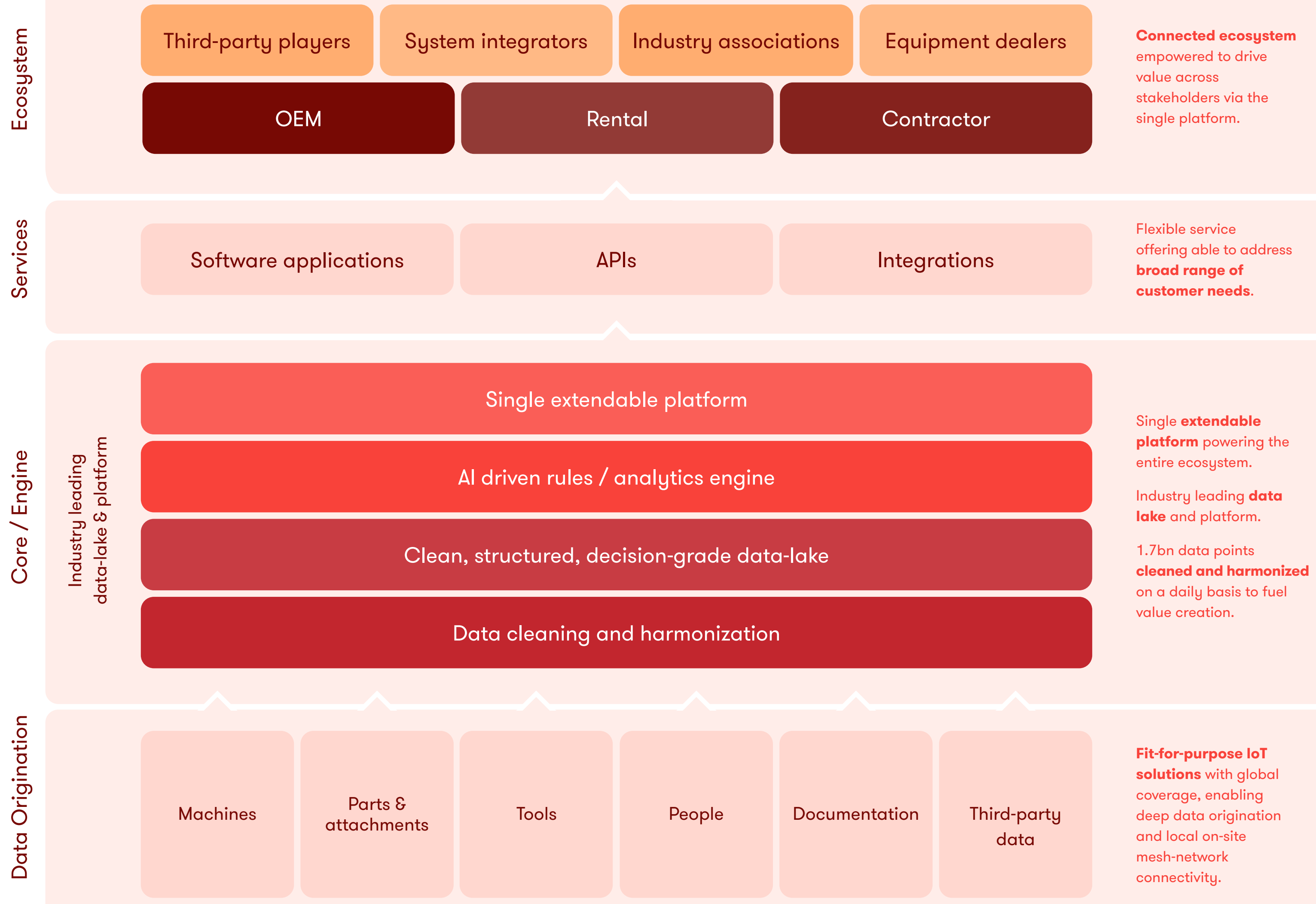
In 2022, our direct sales channel accounted for the majority of revenue development, while we continue to expand and develop our indirect channels and partner ecosystem.

Our Works With ambition seeks to stoke and facilitate ecosystem collaboration. Spanning a broad range of partnership archetypes, the Works With program provides access to both create and consume ecosystem services and value.

We play a supporting role in facilitating this exchange to amplify the broader impact of others by providing common access to a single, secure, platform-based ecosystem engaged across all players. In particular, our focus remains on our OEM partners who factory-fit Trackunit's IoT solutions to deliver connectivity and value to our joint customers straight from the factory.

The 'Works with Trackunit' partnership facilitates both a common connectivity platform, and a channel for partners to accelerate their own digital services.

Premised on the conviction that partnerships make the most successful digital ecosystems, we believe this can become a critical dynamic in eliminating downtime.



Harnessing IoT

Having a purpose is one thing. Making that purpose work is another. That's why we're so committed to innovation and creating a product line that is truly useful to the industry.

We are committed to innovation. Our R&D investment is a significant part of our annual budget and we're only just beginning to explore the enormous potential of IoT as we deliver product with the express purpose of driving impact in our market.

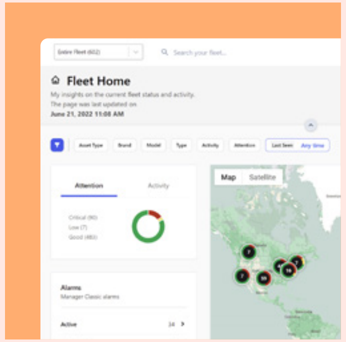
Our core solutions help customers manage their fleets to ensure the correct and efficient use of machinery and non-powered equipment, reduce CO_2 emissions and offer timely, actionable insights on health & safety. With a tailored and flexible approach, customers can adapt solutions to their requirements leveraging the Trackunit platform as part of their digital journey.

Continuous advancement in ecosystem digitalization enables Trackunit to become a key partner on the customer journey building the relationship with the introduction of ever-more sophisticated products at their pace. 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's a taste of some of the things we do.

Trackunit Iris

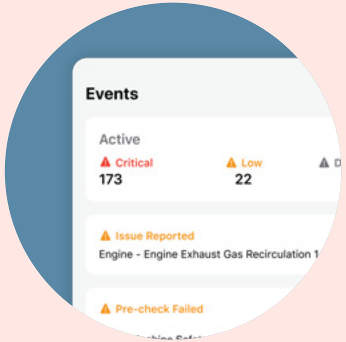
The cornerstone of our value creation, Trackunit Iris is built for the future. Designed to be safe, secure, and scalable, Iris allows connectivity to occur anywhere. With over 1 million connected assets and more than 1 billion data points added daily, Iris' ability to aggregate mixed-fleet data on a 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.

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 Raw

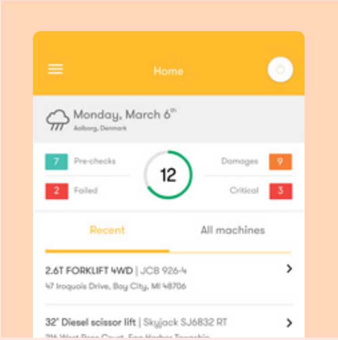
Market bestseller Trackunit Raw is a compact cellular IoT device, which delivers stable, secure, and reliable connectivity. Coverage is global and as an industry-trusted performer, it is the ideal piece of IoT kit for future-proofing fleets and growing businesses.

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 across all asset classes. It is simple yet powerful, with activation requiring less than a minute with a vastly extended ecosystem reach.

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.



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.

Spot

Introduced in Q3, 2022, the second-generation Trackunit Spot is a 5G-ready solution that has transformed the non-powered construction equipment sector. Offering fast setup and instant connectivity, it bridges a gap between Trackunit Raw and Trackunit Kin and has helped complete the circle on the connectivity loop.

ESG

To decarbonize, all stakeholders need to take greater responsibility. Doing so requires getting the right data to the right stakeholders at consequential stages of decision making.[1]

[1] UN – 2022 Global Status Report for Buildings and Construction.

Trackunit has several ESG initiatives in place and will aim to constantly review, consolidate and improve its policies, year-by-year.

Customers, employees, investors and society at large rely on Trackunit to balance the interests of all stakeholders. We give equal weight to all aspects of ESG and aim to be rigorous in our implementation of all our ESG-related policies.

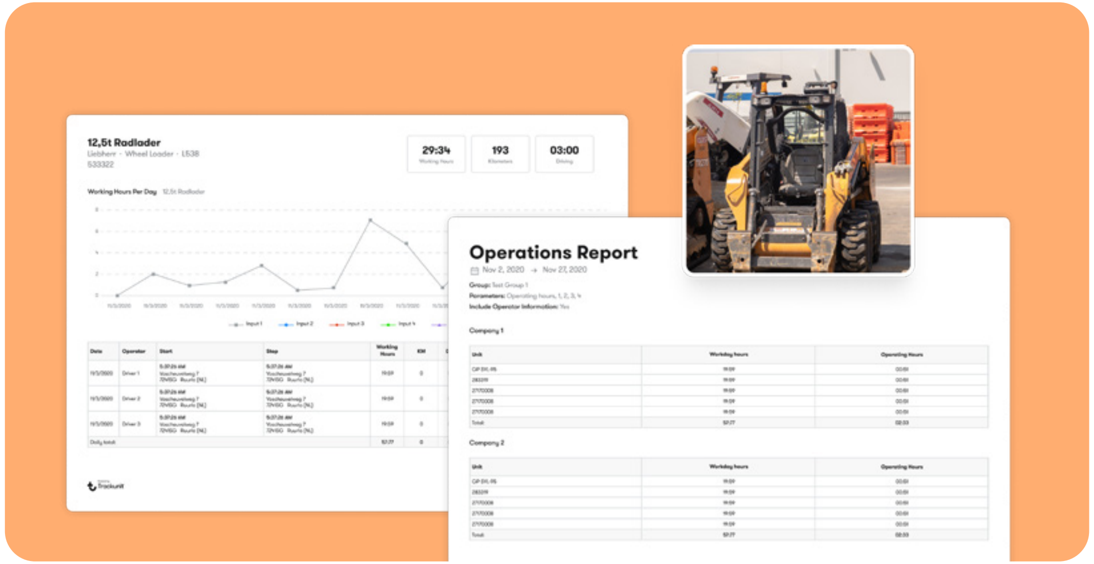
ESG: The Executive Summary

Environmental: Trackunit is a SaaS company that delivers IoT solutions to customers. It enables them to record and monitor utilization and carbon emissions with a view to cutting back on greenhouse gases and instilling an industry-wide dynamic that will help construction meet global carbon emissions goals and help restore its reputation as a force for progress. (see page 24 for more).

Societal: Trackunit has a rigorous employee-led program in place called TIDE that encourages diversity and inclusion, rejects all forms of discrimination and is profoundly aimed at addressing any imbalances within the organization. We also seek through various platforms to build a consensus in the industry towards inclusion enabling construction to become a more attractive workplace for everyone. (see page 27 for more).

Governance: Trackunit seeks to be a trustworthy business that follows all relevant privacy restrictions in respect of national and international law to enable safe and secure data sharing with customers. While we are actively invested in creating an ecosystem that enables business, we constantly guard and crosscheck our security to ensure we are in compliance with regulation and are taking all effective measures against criminal activity. (see page 30 for more).

Cutting Emissions. Driving Change.



This year, we've made real, measurable improvements on emissions reporting. That's enabling customers to make their own contribution in the battle against downtime.

We've talked a good game on sustainability, but 2022 was the year where we backed it up with significant developments in our ability to help customers report on, and act on, their CO_2 emissions.

Trackunit delivers market-leading emissions reporting across entire fleets. Our intuitive dashboard is tailored to customer needs with seamless integration and data filters enabling reporting at the touch of a button.

That means fleet-wide and machine-level fuel usage and emissions tracking to unlock cost savings, meet the reporting requirements of government-led projects that have stringent, non-negotiable sustainability criteria and help in the process towards establishing benchmarking on emissions targets.

Our plug-and-play setup is easy to use and the ability to showcase data that matters is also enabling fleet owners to win contracts where the environmental premium is set high.

We also continue to invest resources into our R&D for a common metric that will help create an industry benchmark that works across the board and standardizes reporting.

We recognize that we are in a battle against time and we're not even half way down this road. But the more we can help our customers, the more we can impact on society, and the more construction can accelerate the process towards restoring its reputation as a force for good.

It's how we as an industry will put ourselves on a course to meet our 2050 CO_2 emissions targets through collaboration and data-driven action. It's why we'll keep pushing. And it's why we'll seek to build partnerships across the industry to keep targets in focus and build the solutions that work tomorrow.

Our **intuitive dashboard** is tailored to customer needs with seamless integration and data filters enabling reporting at the touch of a button.

We invest resources into our **R&D for a common metric** that will help create an industry benchmark that works across the board and standardizes reporting.

Catalyzing the Agenda

Everything we do is underpinned by the eliminate-downtime agenda, but we also fully understand that only industry-wide action can truly deliver real change.

We have a voice and we know our voice is heard through our thought leadership and strong press coverage, but if we want real, effective change in construction, we know we can't go it alone. Only through collaboration and industry-wide initiatives can we make a difference and make positive change.

To that end, we were very proud to become a member of the Committee for European Construction Equipment in 2022 adding our perspective on a host of issues like regulation, inclusivity, sustainability, cybersecurity and data sharing.

Trackunit also took to the stage at the IPAF forum in Rome in September 2022 to push the critical role telemetry and IoT can play down the line on safety, highlighting how we can do even better through access control to foster on-site security.

We additionally held the first-ever Trackunit NEXT forum in 2022 where we examined where the industry could be headed in the future as the ecosystem develops, inviting our colleagues in construction to participate and make their contribution to the debate.

With regular downtime-focused events in Italy in June and Florida in November, it was also a year where our efforts on our overriding purpose gained yet more traction and yet more buy-in from the global industry. Tackling this blot on construction's landscape continues to be a real industry driver and we won't be relenting in our commitment to keep this top of the agenda.

And finally, we're fully invested in the push for ever greater inclusivity embodied by the TIDE program. We will learn, measure and check in systematically as part of the program to make sure we're on target. By making sure we have our own house primed for inclusivity, we believe we can influence the narrative and consolidate the drive for a more diverse construction sector over the coming generations.

In 2022 Trackunit became a member of the **Committee for European Construction Equipment.**

Trackunit took to the stage at the **IPAF forum in Rome** in September 2022.

First-ever **Trackunit NEXT** forum.

Trackunit held regular **downtime-focused events** in Italy in June and Florida in November.

In November, we implemented our **Trackunit Inclusivity, Diversity & Equity (TIDE) program.**

Finding a Standard Metric

A common, standardized metric on emissions reporting throughout construction would change the game. We're working on it.

We've been working on creating an industry standard metric for construction for some time now and it's an effort that we continue to allocate resource to.

That effort has crystallized into the search for the equivalent of a Power Usage Effectiveness metric — effectively a measure of the energy efficiency of data centers — as a way to standardize all sustainability reporting through the construction industry.

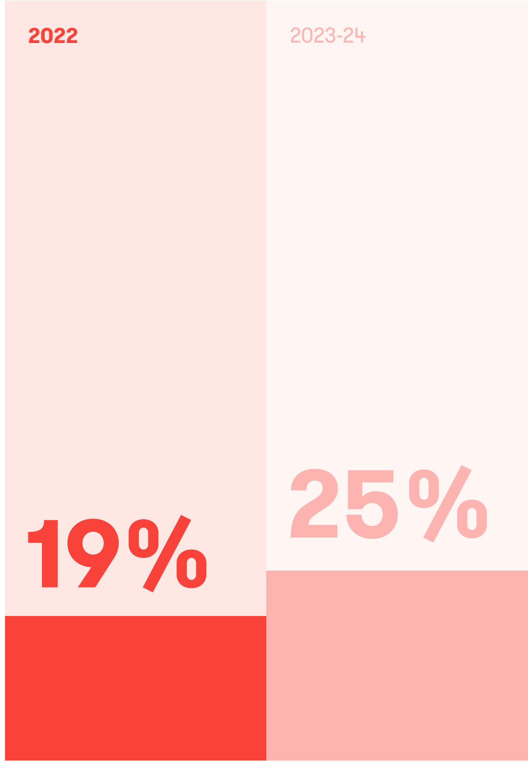
IoT solutions are by their very nature data driven and we want to pull together all those disparate dots and shift the industry towards a standard measurement metric that can be used across the board. Such a metric will help change the idle/productivity ratio and significantly boost the efficient use of energy on a day-to-day basis.

Let's be clear here. This is difficult. We should know as we've been on this path for some time. But we believe this is a challenge we should be looking to overcome because it will be the game changer.

In the meantime, we will continue to make the micro changes on emissions reporting that we have already outlined while simultaneously driving towards this bigger-picture creation of a PUE-type metric.

That means researching. It means testing. Experimenting. Analyzing. And learning. With eliminating downtime at the core of everything we do, it makes absolutely perfect sense to pursue this. We'll keep you updated.

Turning the Tide



Female applicants
for Trackunit jobs

We've talked the talk, but 2022 is the year we walked the walk. We now have an inclusivity, diversity and equality strategy in place that we believe can be the difference maker.

We have often talked a good game on inclusivity, but 2022 will be perceived as the year where we really honed our efforts.

In November, we implemented our Trackunit Inclusivity, Diversity & Equality (TIDE) program, as a consequence of what we can only describe as a bottom-up drive from our own people to put in place something that really tackles the issue head on.

TIDE matters because it truly takes on board the language of inclusivity and challenges every single one of our workforce to look at their assumptions, to question their biases and actually implement real, measurable action, that will make Trackunit a truly inclusive workplace.

When we say measurement, we mean measurement. We will work tirelessly to create a highly empowered, engaged and inclusive organization inspired by our purpose to eliminate downtime with a stronger global presence and tailored to regional needs.

We use the industry-standard Net Promoter Score metric as an indicator of where we sit. An NPS of 20 is typically considered good. Anything above 50 is amazing. We've set our bar at 59 in the 'best place to work' category and believe by being ambitious, we give ourselves a strong chance of getting there.

That builds upon our pre-existing 'Women in Leadership' program which aims to increase female representation in mid-and upper-management by 10% and wants to raise applications from women for Trackunit jobs from 19% to 25%. In 2022, we were delighted to beat the target of female representation at management roles, going from 16% in 2021 to 28%. That means we have raised our targets going forward to 35%.

We also increased female share of senior-management positions from 17% to 20% which is significantly under our target of 40%, but that was primarily a factor of management-level roles staying static through 2022. Nevertheless, we will monitor our policies and culture and make changes if necessary as to how we process female and male applications. We also encourage non binary and other underrepresented genders to view Trackunit as an attractive workplace where they can work, contribute and play a vital role in the company's development.

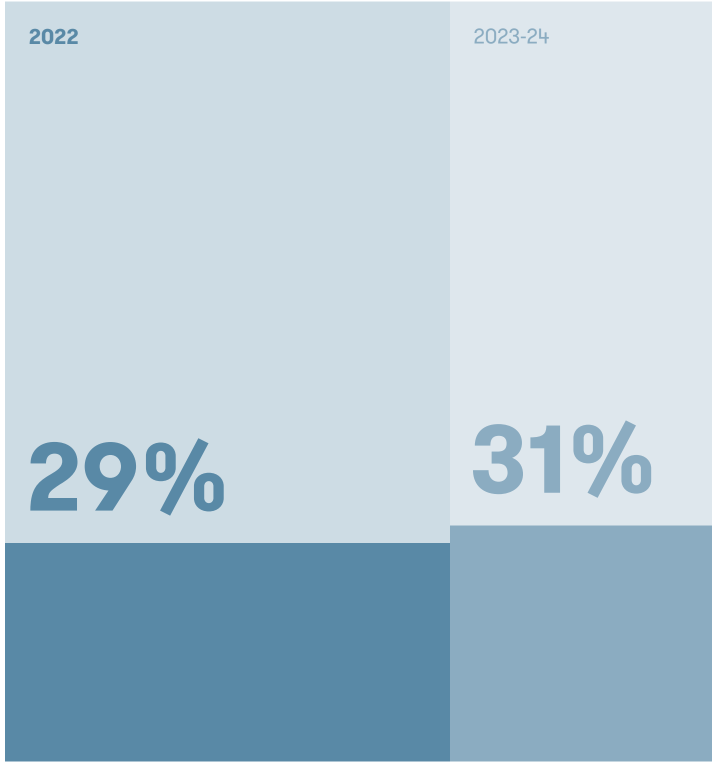
By doing so, we believe we will develop a level of awareness that challenges unconscious bias and incubates an environment where every perspective is respected and input is encouraged and warmly received, using our own feedback loops in our regular people surveys to make sure that we are taking on board what staff are saying.

At senior-management level, we've thrown our full weight behind the program. We're delighted to have watched this groundswell grow because it shows us that we have created the necessary conditions for such a dynamic, living-and-breathing organism to develop.

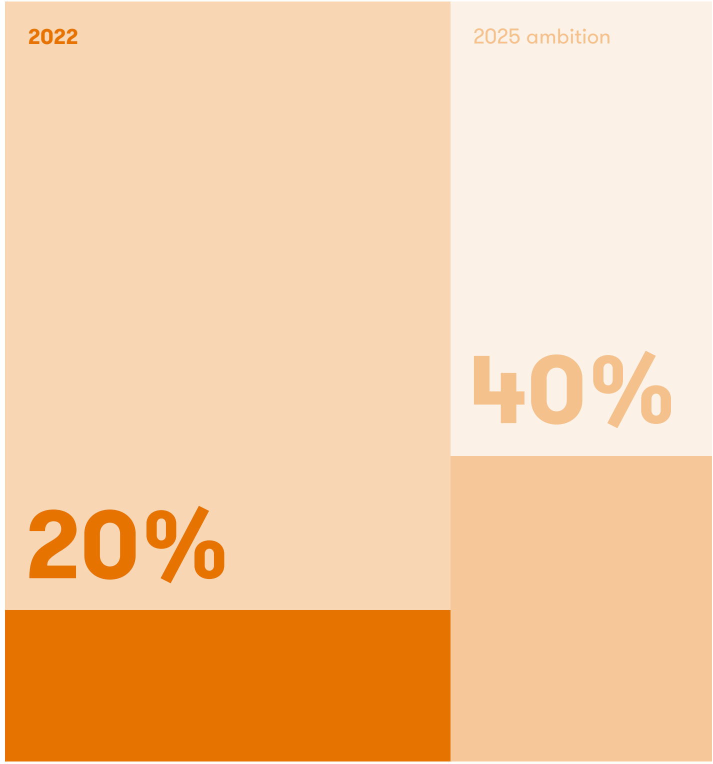
That's why we believe we've now got a concrete setup that will really begin to deliver over the next 12-24 months. We'll get more diverse applications as the language of our recruitment adapts to the parameters established by our Develop Diverse tool. We'll open the door to those who may not have seen construction as an industry for them. And we'll use our internal channels to keep up the volume on what's happening internally and externally, so that the language of inclusivity becomes the norm.

To that end, we've been speaking to leaders in the industry who also cherish diversity and we have very concrete targets on gender on a company level and through the executive too. Now that the door has truly opened with TIDE, we're determined to run with this, and we'll push it with our colleagues throughout construction too so we can create an industry that truly becomes attractive to all and even more useful for society.

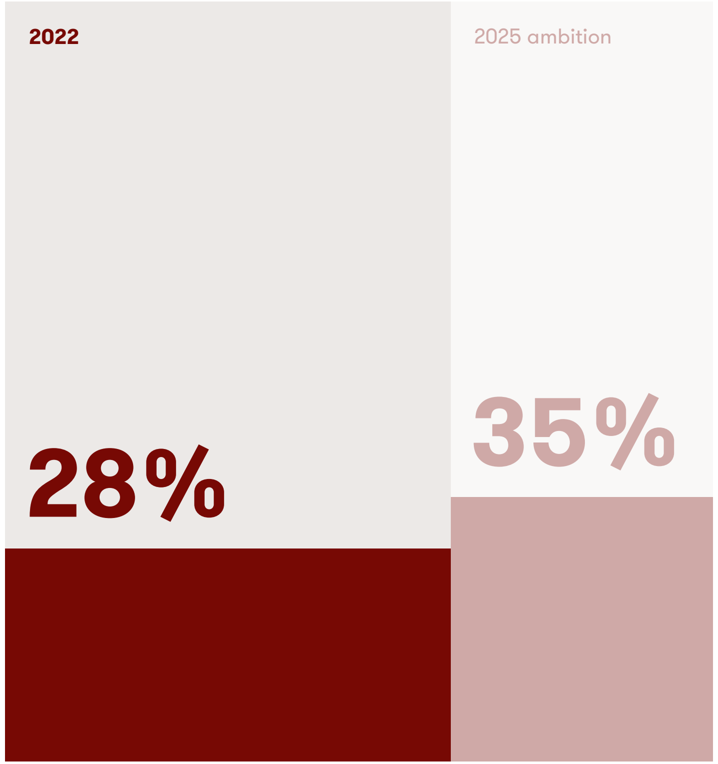
Overall female representation amongst **Trackunit employees** within the Group



Female representation at **Trackunit senior-management** level in Trackunit ApS



Female representation at **Trackunit management roles** in Trackunit ApS



Aligned. Ready. Committed.

We are fully aligned and committed to UN Sustainable Development Goals and have made significant progress through 2022 on various initiatives.

We have highlighted 2022 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. This is backed up by the employee initiative "Tide" implemented in 2022. Tide puts focus on Inclusivity, Diversity, Discrimination and Equality. (See page 27 for more)

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.

Trackunit also focuses on how to affect human rights externally. During the year we have screened our customers and suppliers for illicit activity multiple times. No illicit activity has been discovered during 2022.

Trackunit will continue to have full focus on the current initiative during 2023 together with new relevant initiatives added. We have introduced "Mindful leadership" in Q1 2023 to secure an even better culture within Trackunit.

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 have a whistleblower program in place if someone needs to come forward with evidence of corruption. We have not had any reporting to this program during 2022.

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.

Serious. Ethical. Secure.

We are serious about corporate governance at Trackunit premised on providing a secure platform for data sharing and putting ethics at the center of everything we do.

Trackunit wants to be recognized as a trustworthy business that delivers business-critical applications, is ethical in its behavior and is accountable at all levels.

As gatekeepers of the Iris platform, we have stringent measures in place to protect against all forms of criminality including cybercrime to ensure the safeguarding of business-sensitive, customer data.

Consent

Trackunit respects and adheres to all regulatory privacy directives at national and international level including GDPR requirements in the handling of data that it collects from customers.

Trackunit does not buy data from other companies or data brokers nor use data from social media without consent from the owners.

When Trackunit develops solutions, it conducts a process of testing, application and outcomes to ensure our innovations cannot harm our customers' businesses in any way. Evaluations are thorough and take into account users, society and overall environmental factors.

As a part of any such process, privacy requirements are respected and deeply entrenched in the process of design and innovation.

Rigorous

The ultimate parent company of Trackunit ApS is Galaxy UK Topco Ltd and a two-tier governance structure has been established covering all entities in the group consisting of an Advisory Board and a Management Board.

The Advisory Board is made up of six members, of which four have been registered with Companies House, and a Management Board consisting of eight members. In each legal entity of the group, selected members of the Advisory Board and Management Board have been appointed as legal representatives registered with local authorities.

The market size for IoT in construction was valued at $8.99 billion in 2021. **It is expected to reach $29.72 billion by 2030, growing at a CAGR of 14.2% from 2022.**[1]

[1] Straits Research.

Financial Review

Developments in activities and financial affairs 2022

2022 has been a year of integration. On November 18, 2021, Trackunit acquired the Industrial IoT division of ZTR to better serve the growing demands of the construction industry. Trackunit added 125 employees, more than 450,000 connected assets and throughout all of 2022 there has been a high focus on integrating the two businesses.

To eliminate downtime in the industry and to better serve our customers we believe in transparency and a high degree of communication. Therefore, we have launched our Trackunit Product Portal in the summer 2022. The portal is an open scalable forum where Trackunit can collaborate with customers, partners and the construction industry on product updates and future products – a direct access to Trackunit's innovative engine room with a transparent view of product roadmaps.

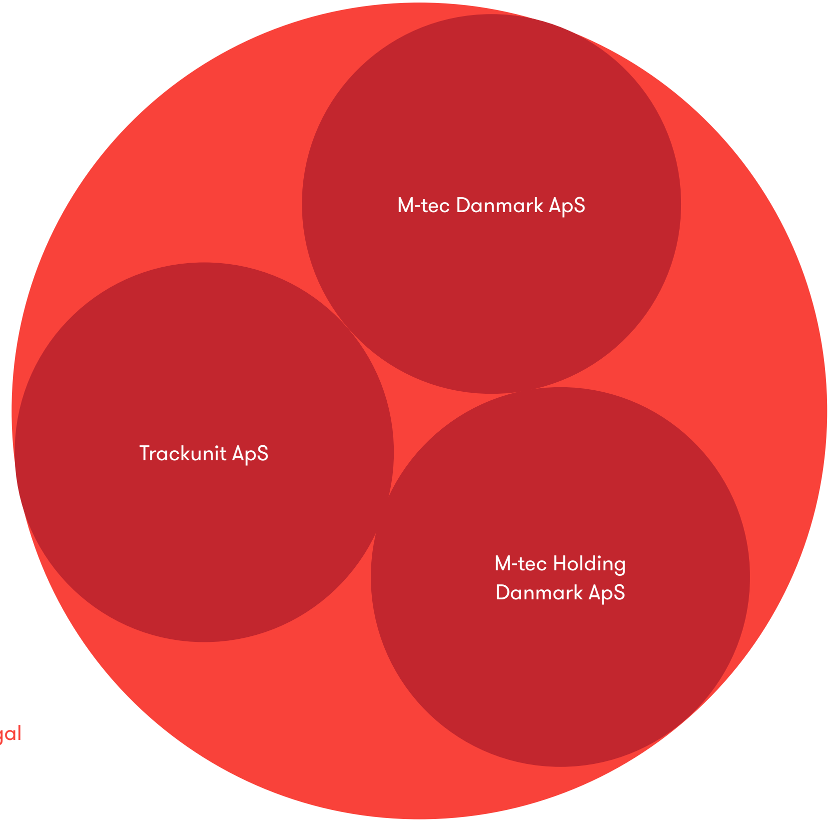
In 2022 we have increased FTE with 32 new employees in total all over the world and the group now employs more than 375 people globally.

Further, we have taken steps to simplify our legal structure. In Denmark there was a merger of Trackunit ApS with the companies M-tec Holding Danmark ApS and M-tec Danmark ApS with retrospective effect for accounting purposes at 1 January 2022 and with Trackunit ApS as the continuing company. In the UK we have taken steps towards consolidating our UK business with Trackunit Ltd and striking off Trackunit Telematics Ltd and Fern Capital Ltd. As a result, the comparative figures are restated in accordance with the adjusted pooling-of-interests method.

The income statement shows a positive EBITDA of DKK 178m but a negative net profit of DKK 14m. The profit is materially influenced by costs related to the acquisitions above and by the high inflation during 2022, that have affected cost prices.

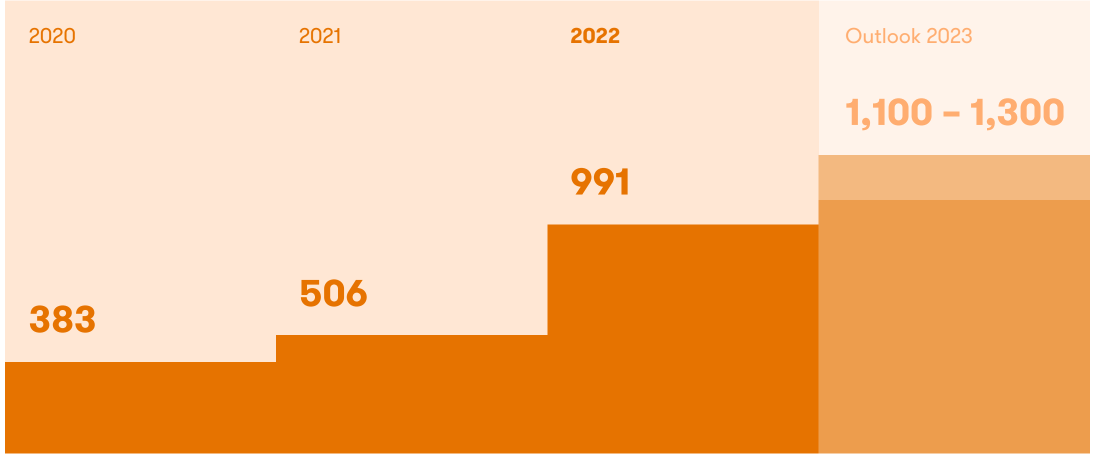
The results for the year are further impacted by amortization of intangible assets and financial expenses related to the above acquisitions.

The financial result for 2022 is in line with the expected. In the financial statement for 2021 Trackunit expected revenue to be in the range of DKK 800-1,000m and EBITDA in the range of DKK 125-200m. The financial result for 2022 is considered satisfactory.

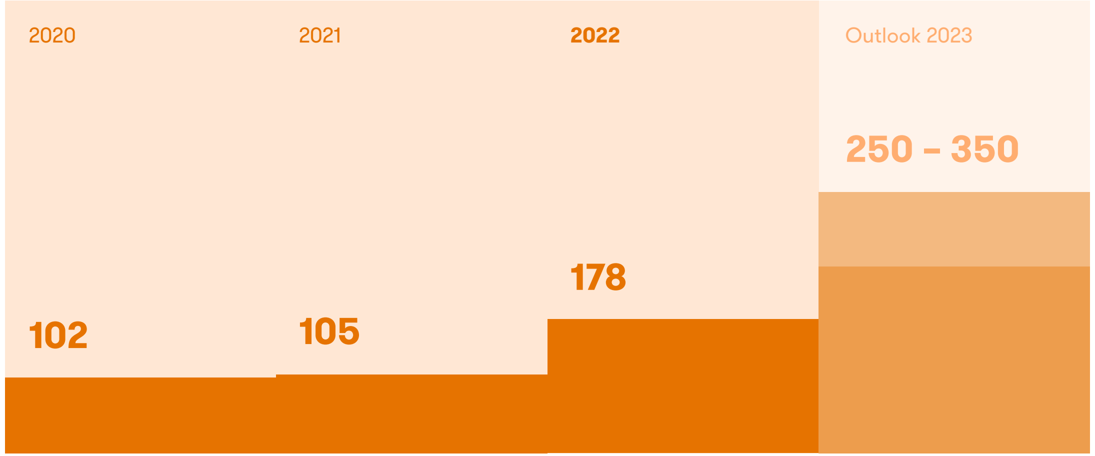


To get a more simplified legal structure we have merged companies in Denmark and taken steps towards consolidating our UK business. As a result, **the comparative figures are restated** in accordance with the adjusted pooling-of-interests method.

Outlook Net revenue (000' DKK)



Outlook EBITDA (000' DKK)



Significant changes in operations and financial matters

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 2023 and by delivering on the corporate strategy revenue for 2023 is expected in the range of DKK 1,100-1,300m and EBITDA in the range DKK 250-350m.

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. Throughout 2022 the interest rates have been increasing. To secure against even further increase we have entered into an interest cap agreement. Currency risks related to 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 Next generation access control and Update Machines Over The Air (OTA) – all described in the Roadmap.

Significant events after the balance sheet date

On January 1 2023 Trackunit acquired the German Con-Tech company Flexcavo GmbH. Flexcavo offers a unique software solution to the contractor segment which therefore provides a perfect fit for the Trackunit product suite. The acquisition has no effect on the 2022 financials.

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.

35 Financial Statements
39 Notes

Consolidated Statement of Profit and Loss 1 January – 31 December

000' DKK	Notes	2022	2021
Revenue from contracts with customers	2	990,963	506,016
Cost of providing services		(405,211)	(168,223)
Gross Profit		**585,752**	**337,793**
External costs	5	(108,871)	(49,992)
Other operating expenses		(57)	2
Employee costs	3	(299,086)	(182,620)
Earnings before depreciation, amortization and impairment (EBITDA), and before special items		**177,739**	**105,182**
Special non-recurring items	6	(31,245)	(52,242)
Depreciation, amortization costs and impairment loss of property, plant and equipment and intangible assets	10, 11, 12	(160,254)	(65,185)
Earnings before interest and tax (EBIT)		**(13,761)**	**(12,245)**
Finance income	7	9,018	787
Finance costs	7, 12	(19,314)	(9,689)
Earnings before tax (EBT)		**(24,058)**	**(21,147)**
Income tax expense	8	10,521	(8,258)
Profit/(Loss) for the period	**9**	**(13,537)**	**(29,404)**

Consolidated Statement of Comprehensive Income 1 January – 31 December

000' DKK	Notes	2022	2021
Profit/(loss) for the period		(13,537)	(29,404)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences regarding subsidiaries in another currency		20,130	4,313
Change in value of cash flow hedges			
– Gains/loss on cash flow hedges		0	859
Income tax relating to these items		0	(189)
Other comprehensive income for the period, net of tax		**20,130**	**4,983**
Total comprehensive income for the period		**6,593**	**(24,421)**

Consolidated Balance Sheet – 31 December
Assets

000' DKK	Notes	2022	2021
Non-current assets			
Intangible assets	10	1,997,074	2,094,607
Property, plant and equipment	11	9,520	7,593
Right-of-use assets	12	38,539	24,760
Deferred tax assets	8	42,781	20,643
Connected devices	15	217,605	210,701
Deposits		2,226	1,757
Total non-current assets		**2,307,745**	**2,360,062**
Current assets			
Inventories	13	40,449	37,789
Trade receivables	14, 15	181,957	141,418
Receivables from group enterprises	15	171,468	33,539
Connected devices	15	153,614	107,842
Other financial assets at amortised cost	15	13,650	2,572
Other current assets	15	47,402	14,617
Cash and cash equivalents	15	37,418	94,964
Total current assets		**645,958**	**432,741**
Total assets		**2,953,703**	**2,792,802**

Consolidated Balance Sheet – 31 December
Equity and Liabilities

000' DKK	Notes	2022	2021
Share capital	16	500	500
Share premium		1,140,938	1,140,938
Other reserves		20,765	635
Retained earnings		217,225	224,945
Total equity		**1,379,428**	**1,367,018**
Lease liabilities	12, 15	28,343	18,264
Deferred tax liabilities	8	189,083	195,802
Deferred revenue	2	454,022	272,454
Total non-current liabilities		**671,448**	**486,520**
Lease liabilities	12, 15	10,591	6,803
Trade and other payables	15	116,908	108,476
Payables to group enterprises	15	310,988	374,617
Current income tax liabilities	8	17,912	17,723
Deferred revenue	2	446,428	431,645
Total current liabilities		**902,827**	**939,264**
Total liabilities		**1,574,275**	**1,425,784**
Total equity and liabilities		**2,953,703**	**2,792,802**

Consolidated Statement of Changes in Equity January 1 – December 31

000' DKK	Share capital	Share premium	Other reserves – Foreign currency translation	Other reserves – Reserve for hedges	Retained earnings	**Total equity**
Balance at 1 January 2022	**500**	**1,140,938**	**635**	**0**	**224,945**	**1,367,018**
Profit for the period	0	0	0	0	(13,537)	(13,537)
Other comprehensive income	0	0	20,130	0	0	20,130
Total comprehensive income for the period	**0**	**0**	**20,130**	**0**	**(13,537)**	**6,593**
Transactions with owners in their capacity as owners						
Share-based payment	0	0	0	0	5,817	5,817
Balance at 31 December 2022	**500**	**1,140,938**	**20,765**	**0**	**217,225**	**1,379,428**

000' 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)**	**45,193**
Profit for the period	0	0	0	0	(29,404)	(29,404)
Other comprehensive income	0	0	4,313	670	0	4,983
Total comprehensive income for the period	**0**	**0**	**4,313**	**670**	**(29,404)**	**(24,421)**
Transactions with owners in their capacity as owners						
Net effect from merger and acquisition under the pooling-of-interests method	0	0	(2,826)	0	310,935	308,109
Increase in share capital	0	1,038,138	0	0	0	1,038,138
Balance at 31 December 2021	**500**	**1,140,938**	**635**	**0**	**224,945**	**1,367,018**

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Consolidated Cash Flow Statement
1 January – 31 December

000' DKK	Notes	2022	2021
Earnings before interest and tax (EBIT)		(13,761)	(12,245)
Depreciations and amortizations		160,254	65,185
Non-cash items		5,874	(2)
Change in net working capital	22	56,379	414,137
Cash flows from primary operating activities		**208,745**	**467,074**
Received interests		7,176	460
Paid interests		(26,433)	(5,225)
Paid income taxes		(17,315)	(11,182)
Cash flow from operating activities		**172,173**	**451,127**
Purchase of property, plant and equipment		(7,023)	(1,481)
Sale of property, plant and equipment		75	2
Purchase of intangible assets		(22,762)	(16,735)
Change in deposits		(467)	21
Business acquisitions (net of cash acquired)		0	(1,297,405)
Cash flow from investing activities		**(30,177)**	**(1,315,597)**

000' DKK	Notes	2022	2021
Cash flow from investing activities		**(30,177)**	**(1,315,597)**
Repayments to credit institutions		0	(168,569)
Capital increase		0	1,038,140
Other financing to/from Group enterprises		201,809	0
Lease principal payments		(9,626)	(6,392)
Cash flow from financing activities		**(211,435)**	**863,180**
Net cash flow for the year		**(69,439)**	**(1,290)**
Cash and cash equivalents, beginning of the period		94,964	97,600
Unrealized exchange rate gains and losses		11,894	(1,347)
Cash and cash equivalents, end of the year		**37,418**	**94,964**
The cash flow statement cannot be derived from the published financial information only.			
Cash and cash equivalents		37,418	94,964
		37,418	**94,964**

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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 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 10.

Leases

When determining the present value of lease assets and lease liabilities the Group make estimations 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.

000' DKK	EMEA	US	APJ	**Total 2022**
Timing of revenue recognition				
At a point in time	18,892	66,856	649	86,397
Over time	350,998	551,289	2,279	904,566
Total revenue	**369,890**	**618,145**	**2,928**	**990,963**

000' DKK	EMEA	US	APJ	**Total 2021**
Timing of revenue recognition				
At a point in time	13,526	33,436	11	46,973
Over time	280,833	178,107	103	459,043
Total revenue	**294,359**	**211,543**	**114**	**506,016**

Liabilities related to contracts with customers

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

000' DKK	**2022**	2021
Non-current contract liabilities – Deferred revenue	454,022	272,454
Current contract liabilities – Deferred revenue	446,428	431,645
	900,451	**704,099**

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.

000' DKK	**2022**	2021
Deferred revenue beginning of period	704,099	276,419
Revenue recognized that was included in deferred revenue at the beginning of the period	(431,645)	(148,991)
Acquired deferred revenue	0	338,355
Deferred revenue invoiced in the period	627,997	238,316
Deferred revenue end of period	**900,451**	**704,099**

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.

000' DKK	2022	2021
Wages and salaries	267,808	164,649
Termination benefits	281	197
Social security costs	13,477	8,385
Pension costs, defined contribution plans	4,422	2,510
Other employee costs	13,098	6,879
Total staff cost	**299,086**	**182,620**
Average number of full time employees	379	350

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 to the right:

000' DKK	2022	2021
Salaries and other short-term employee benefits	19,481	14,102
Post-employment benefits	1,072	506
Total staff cost for Key Management	**20,553**	**14,608**
Compensation to the Board of Directors and Executive Management		
Compensation to the Board of Directors	200	640
Compensation to the Executive Management	4,691	4,224
	4,891	**4,864**

4. Share-based Payment

§ Accounting policy

The group operates a equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (warrants) of the group.

The fair value of the employee services received in exchange for the grant of the warrants is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the warrants granted including any market performance conditions excluding the impact of any service and non-market performance vesting conditions and including the impact of any non-vesting conditions.

The fair value of the warrants is determined using a Black Scholes valuation model.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the group revises its estimates of the number of warrants that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

	2022	2021
Outstanding warrants 1 January	0	0
Granted during the year	1,520,000	0
Forefeited during the year	0	0
Outstanding warrants 31 December	**1,520,000**	**0**

To attract and retain employees Trackunit has established an incentive program for all employees in 2022. The purpose is to share the value creation eventually to be realised at the time of an exit with employees and support retention until then.

The warrant program is an equity settled programme established in March 2022. The vesting period is expected to be 4 years starting from the grant date. The programme comprises a total of 1,520,000 warrants at 31 December 2022 (2021: 0). Each warrant gives the holder right to share capital of DKK 0.01 nominal value in the ultimative parent company Galaxy UK Topco Ltd.

The total number of warrants granted in 2022 was 1,520,000. The total fair value of the progamme is DKK 5.8m.

The valuation is based on the following assumptions:

- Vesting period: 4 years
- Expected volatility: 44% - based on peer group analysis
- Risk free interest rate: 2,7%

Total expenses arising from the incentive programme is DKK 5.8m and is recognized as staff cost.

5. Audit Fees

000' DKK	2022	2021
Statutory audit	1,281	1,315
Audit-related services	160	0
Tax advisory services	53	466
Other services	53	0
Total audit fees	**1,547**	**1,781**

Audit fee for non-group elected auditors amounts to DKK 0.7m (2021: DKK 0.5m).

6. Special Non-Recurring Items

000' DKK	2022	2021
Consultancy	15,827	0
Restructuring	4,222	0
M&A	11,196	52,242
Total special non-recurring items	**31,245**	**52,242**

§ 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 Flexcavo GmbH and 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.

Consultancy cost includes cost for implementation of a new ERP system. The project has been ongoing during 2022 with a go-live date in November 2022.

Due to the global supply shortage of computer chips and other electronic components, the company has incurred increased costs of DKK 31.1m which is included under the cost of providing services.

The fair value of the incentive program to all of Trackunits employees amounts to DKK 5.8m and is recognized as salary cost.

7. 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.

000' DKK	**2022**	2021
Interest income, banks	286	0
Exchange rate adjustments	8,623	0
Interest received from group enterprises	0	282
Other interest income	109	505
Total financial income	**9,018**	**787**
Interest expenses, mortgage debt and borrowings	84	3,567
Interest and finance charges for lease liabilities	1,008	765
Loan fee amortizations	0	1,185
Exchange rate adjustments	0	688
Interest paid from Group enterprises	16,818	2,318
Other financial expenses, including bank fees	1,404	1,166
Total financial cost	**19,314**	**9,689**

8. Income Tax

§ Accounting policy

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.

000' DKK	**2022**	2021
Current tax on profits for the year	15,515	20,521
Current tax on profits for prior years	482	504
Total current tax	**15,996**	**21,025**
Origination and reversal of temporary differences	(26,517)	(12,767)
Total deferred tax	**(26,517)**	**(12,767)**
Income tax expenses for the period	**(10,521)**	**8,258**
Profit before tax	(24,058)	(21,147)
Computed 22%	5,293	4,652
Tax effects of:		
Effect of income/expenses that is exempt from taxation	(2,527)	(15,433)
Effect of not recognized tax assets	0	182
Effect of different tax rates of subsidiaries operating in other jurisdictions	442	2,857
Effect of opening balance adjustment to deferred tax	5,380	77
Effect of tax on profit for prior years	(482)	(504)
Other	2,414	(90)
Tax charge	**10,521**	**(8,258)**
Income tax expenses for the period	**10,521**	**(8,258)**
The tax charge relating to components of other comprehensive income is as follows:		
Cash flow hedges	0	(189)
Other comprehensive income	**0**	**(189)**

§ Accounting policy

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.

000' DKK	**2022**	2021
Deferred tax assets		
Deferred tax at 1 January	20,643	15,895
Deferred tax prior period	2,530	0
Deferred tax recognized in the income statement	(2,975)	4,720
Deferred tax recognized in other comprehensive income	0	0
Reclassifications	22,975	0
Currency exchange	(392)	28
Deferred tax at 31 December	**42,781**	**20,643**
Deferred tax relates to:		
Intangible assets	(10,624)	0
Property, plant and equipment	(17)	(45)
Current assets	52,707	0
Provisions	1,338	20,711
Other liabilities	(623)	(23)
	42,781	**20,643**

Tax loss carry forwards are recognised to the extent that they are expected to be used in the future. If the result of expected future earnings gives a reasonable probability that the losses will be realised in a foreseeable future, the deferred tax assets has been recognized.

000' DKK	**2022**	2021
Deferred tax liabilities		
Deferred tax at 1 January	195,802	55,763
Addition on acquisition of subsidiaries	0	148,445
Deferred tax prior period	158	0
Deferred tax recognized in the income statement	(29,492)	(8,047)
Deferred tax recognized in other comprehensive income	0	0
Reclassifications	22,975	0
Currency exchange	(360)	(359)
Deferred tax at 31 December	**189,083**	**195,802**
Deferred tax relates to:		
Intangible assets	178,927	212,191
Property, plant and equipment	22,778	6,492
Current assets	12,695	(16)
Provisions	0	(22,976)
Tax loss carry forward	(6,846)	0
Other liabilities	(18,471)	111
	189,083	**195,802**

Of the deferred tax liability DKK 163.4m is expected to be recovered after more than 12 months.

9. Distribution of Profit/Loss

000' DKK	**2022**	2021
Proposed dividend for the year	0	0
Retained earnings	(13,537)	(29,404)
	(13,537)	**(29,404)**

10. 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

- 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.

000' DKK	Goodwill	Trademarks	Customer relations	Software	Software order book	Technology platform	Completed development projects	Development projects in progress	**Total**
2022									
Cost:									
At 1 January	1,224,967	46,402	808,492	6,773	41,877	142,307	53,153	8,292	2,332,263
Exchange differences	26,224	(62)	(6,075)	0	(379)	(1,288)	0	0	18,420
Additions during the year	0	0	0	0	0	0	7,424	15,339	22,763
Disposals	0	0	0	0	0	0	(22,663)	0	(22,663)
Reclassifications	0	0	0	0	0	0	861	(861)	0
As at 31 December	**1,251,191**	**46,340**	**802,417**	**6,773**	**41,498**	**141,019**	**38,775**	**22,770**	**2,350,783**
Amortization and impairment:									
At 1 January	0	16,925	178,177	4,903	1,745	4,447	31,459	0	237,656
Exchange differences	0	(214)	(3,244)	0	(875)	(2,231)	0	0	(6,564)
Amortization charge	0	6,220	75,949	1,347	14,692	37,446	9,626	0	145,280
Disposals	0	0	0	0	0	0	(22,663)	0	(22,663)
As at 31 December	**0**	**22,931**	**250,882**	**6,250**	**15,562**	**39,662**	**18,422**	**0**	**353,709**
Carrying amount 31 December	**1,251,191**	**23,409**	**551,535**	**523**	**25,936**	**101,357**	**20,353**	**22,770**	**1,997,074**

000' DKK	Goodwill	Trademarks	Customer relations	Software	Software order book	Technology platform	Completed development projects	Development projects in progress	**Total**
2021									
Cost:									
At 1 January	364,083	39,600	351,013	6,773	0	0	36,434	8,276	806,179
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	**1,224,967**	**46,402**	**808,492**	**6,773**	**41,877**	**142,307**	**53,153**	**8,292**	**2,332,263**
Amortization and impairment:									
At 1 January	0	13,860	140,578	3,556	0	0	22,878	0	180,872
Exchange differences	0	0	807	0	1	2	0	0	810
Amortization charge	0	3,065	36,793	1,347	1,744	4,445	8,581	0	55,975
As at 31 December	**0**	**16,925**	**178,177**	**4,903**	**1,745**	**4,447**	**31,459**	**0**	**237,656**
Carrying amount 31 December	**1,224,967**	**29,477**	**630,315**	**1,870**	**40,132**	**137,860**	**21,694**	**8,292**	**2,094,607**

Research and development cost included in the income statement amounts to DKK 45.5m (2021: DKK 14.3m).

Impairment test for goodwill

Impairment test was performed at the end of 2022. 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 budget for 2023 and business plans for 2024-2026. Budget 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. Therefore expected growth rates on revenue is high. Trackunit is expecting growth rates between 13%-19% during the budget and strategy period. The growth rate beyond the budget and forecast periods (the terminal period) is considered to be 4%. All growth rates 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 10,9%.

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 last 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 last year. As there have been no significant changes to the customer base since the acquisition impairment will not be required.

11. 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.

000' DKK	Plant and machinery	Other equipment	**Total**
2022			
Cost:			
At 1 January	4,632	11,653	16,285
Exchange differences	(36)	(69)	(105)
Additions during the year	1,123	5,877	7,000
Disposals during the year	(1,955)	(666)	(2,621)
As at 31 December	**3,764**	**16,795**	**20,559**
Amortization and impairment:			
At 1 January	2,608	6,084	8,692
Exchange differences	(12)	(62)	(74)
Depreciation for the year	1,073	3,837	4,910
Depreciation of disposed assets	(1,955)	(534)	(2,489)
As at 31 December	**1,714**	**9,325**	**11,039**
Carrying amount 31 December	**2,050**	**7,470**	**9,520**

000' 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 subsidiaries	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**

12. 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 make estimations regarding 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 appears in the lease contract which means only 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 appears in the lease contract which means only interest rate must be determined. Here the groups 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:**

000' DKK	**2022**	2021
Right-of-use assets		
Premises	35,850	21,236
Vehicles	2,647	3,405
Others	42	93
	38,539	**24,760**
Lease liabilities		
Current	10,591	6,803
Non-current	28,343	18,264
	38,934	**25,067**

Overview of the lease liabilities are included in note 20.

Amounts recognized in the statement of profit or loss

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

000' DKK	**2022**	2021
Depreciation charge of right-of-use assets		
Premises	7,697	4,332
Vehicles	2,308	2,242
Others	51	92
	10,056	**6,666**
Interest expense (included in finance cost)	1,008	765
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)	256	101
Total cash outflow for leases	11,202	7,279
Additions to right-of-use assets[1]	20,651	

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

13. 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.

000' DKK	**2022**	2021
Raw materials and supplies	22,982	9,410
Finished goods	23,094	30,992
Total inventories	**46,076**	**40,402**
Less: provision for inventory reserves	5,627	2,613
Total net inventories	**40,449**	**37,789**
Inventories recognized as an expense and included in 'Cost of providing services'	343,332	127,279

14. 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.

000' 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 2022						
Gross carrying amount	102,473	47,599	9,939	5,765	24,716	190,492
Loss allowance	(603)	(901)	(490)	(795)	(5,746)	(8,535)
Trade receivables	**101,870**	**46,698**	**9,449**	**4,970**	**18,970**	**181,957**
Expected loss rate	1%	2%	5%	14%	23%	4%
December 31 2021						
Gross carrying amount	105,721	22,481	9,890	1,989	6,364	146,445
Loss allowance	(784)	(767)	(412)	(356)	(2,708)	(5,027)
Trade receivables	**104,937**	**21,714**	**9,478**	**1,633**	**3,656**	**141,418**
Expected loss rate	1%	3%	4%	18%	43%	3%

000' DKK	2022	2021
Movement on the Group provision for impairment of trade receivables are as follows:		
Opening balances	**5,027**	**5,839**
Change in provision	3,786	38
Write-offs during the year	(278)	(850)
At 31 December	**8,535**	**5,027**

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 2021 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.

15. 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.

000' DKK	**2022**	2021
Financial assets at amortised cost:		
Trade receivables	181,957	141,418
Receivables from group enterprises	171,468	33,539
Connected devices	153,614	107,842
Other financial assets at amortised costs	13,650	2,572
Cash and cash equivalents	37,418	94,964
Other current assets	47,402	14,617
Total	**605,509**	**394,952**
Financial liabilities at amortised cost:		
Lease liabilities	38,934	25,067
Trade and other payables	116,908	108,476
Payables to group enterprises	310,988	374,617
Financial liabilities at fair value:		
Derivative financial instruments:		
Fair value through other comprehensive income	0	0
Total	**466,830**	**508,161**

Fair values are approximately the same as the carrying amounts.

16. 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 for hedging – movements in other comprehensive income from fair value adjustments of cash flow hedging

The Group has no hedging instruments at 31 December 2022.

The share capital comprises 500,000 shares of a nominal value of DKK 1 each.

All shares are fully issued and paid. One share holds one vote.

Dividends

The dividends paid in 2022 were DKK 0 (2021: DKK 0).

Capital management

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 2022, the Group's strategy was to maintain the gearing ratio below 10%. The gearing ratio at 31 December 2022 was 0.1% (2021: -5.4%).

17. Related Parties

The group is owned by Galaxy Bidco 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.

Transactions with parent companies have been management fee, financing, and interest.

Trackunit's interests in subsidiaries are shown in note 23, Group companies. No transactions were carried out during the year with subsidiaries with the exception of intra-group transactions eliminated in the consolidated financial statements.

The disclosure of "Key management compensation" is presented in note 3. No other transactions where carried out during the year with Key management.

The disclosure of shares issued during the period is presented in note 16.

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

18. 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.

19. 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 2022

There have been no acquisitions in 2022.

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. Overview of the fair value of the assets and liabilities acquired is shown in the Financial Statement for 2021.

20. Financial Risk Management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (currency and interest risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to 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. All loan facilities is placed on a higher level in the Group.

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

Sensitivity analysis – foreign exchange risk

The following table details the group's sensitivity to a 10% decrease in USD, GBP and CAD 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, GBP and CAD exchange rates 10% lower than actual balance sheet ending rates. All other variables are held constant.

000' DKK	**2022 Net Profit**	**2022 Equity**	2021 Net Profit	2021 Equity
USD	(1,987)	(83,292)	(813)	(60,152)
GBP	942	1,431	102	(893)
CAD	(5,459)	(51,068)	5,230	(35,751)

Interest rate risk

The Groups 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 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 Loan facilities were settled in connection with the acquisition by Hg, and the new loan facilities have been placed at a higher level in the Group. Therefore, the sensitivity analysis in 2022 and 2021 is zero.

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 DKK 100m 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 a 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 2022.

The table below analyses the group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

000' DKK	Less than 1 year	1 to 5 years	More than 5 years	**Total**
31 December 2022				
Lease liabilities	10,591	28,343	0	38,934
Trade and other payables	116,908	0	0	116,908
	127,499	**28,343**	**0**	**155,841**
31 December 2021				
Lease liabilities	6,803	18,264	0	25,067
Trade and other payables	108,476	0	0	108,476
	115,279	**18,264**	**0**	**133,543**

21. Events After the Balance Sheet Date

On January 1 2023 Trackunit acquired the German Con-Tech company Flexcavo GmbH. Flexcavo offers a unique software solution to the contractor segment which therefore provides a perfect fit for the Trackunit product suite. The acquisition has no effect on the 2022 financials.

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

22. Changes in Net Working Capital

000' DKK	**2022**	2021
Changes in inventories	(3,054)	(18,909)
Changes in trade receivables and other receivables	(120,491)	(21,427)
Changes in trade and other payables	179,923	454,472
	56,379	**414,137**

23. 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%

24. 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.

During the financial year Trackunit ApS merged with the companies M-tec Danmark ApS and M-tec Holding Danmark ApS with retrospective effect for accounting purposes at 1 January 2022 and as the continuing company. As a result, the comparative figures are restated in accordance with the adjusted pooling-of-interests method. The effect of the merger for the parent company in 2021 is a change in profit for the year of DKK -22.3m, the equity of DKK 306.8m and total assets of DKK 373.5m.

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 2022. No standards or interpretations other than those mentioned below have been adopted early.

General information on recognition and measurement

The Financial Statements have been prepared under the historical cost method, except for the measurement of certain financial instruments at fair value.

Implementation of new standards, amendments, and interpretations

The group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3

The group also elected to adopt the following amendments early:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12 13, and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

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 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 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

Subsidiaries

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

Inter-company transactions, balances, and unrealized gains on transactions between group companies are eliminated. 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.

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Parent Statement of Profit and Loss 1 January – 31 December

000' DKK	Notes	**2022**	2021
Gross profit/(loss)		**223,924**	**200,630**
Staff expenses	1	(140,199)	(116,048)
Profit/loss before depreciations		**83,725**	**84,582**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	3	(46,659)	(44,189)
Other operating expenses	4	(21,278)	(2,979)
Profit/loss before depreciations		**15,788**	**37,414**
Income from investments in subsidiaries		(19,499)	(58,288)
Finance income	5	18,123	6,047
Finance costs	5	(6,173)	(8,555)
Profit/loss before tax		**8,240**	**(23,381)**
Income tax expense	6	(1,936)	(10,381)
Profit/(loss) for the year	14	**6,304**	**(33,762)**

Parent Balance Sheet – 31 December

Assets

000' DKK	Notes	2022	2021
Completed development projects	7	19,899	21,696
Acquired licenses	7	523	1,870
Goodwill	7	283,731	288,117
Trademarks		20,460	23,100
Customer relations		106,956	127,997
Development projects in progress	7	23,224	8,291
Intangible assets		**454,793**	**471,070**
Land and buildings	8	14,805	11,419
Other fixtures and fittings, tools and equipment	8	5,977	4,860
Leasehold improvements	8	1,122	663
Property, plant and equipment		**21,904**	**16,942**
Investments in subsidaries	9	1,008,793	1,013,628
Deposits	10	1,604	1,288
Fixed assets investments		**1,010,397**	**1,014,915**
Total non-current assets		**1,487,095**	**1,502,928**

000' DKK	Notes	2022	2021
Inventories	11	8,019	5,770
Trade receivables		33,550	26,710
Receivables from group enterprises		90,905	210,266
Connected device costs		57,987	43,985
Other receivables		5,078	1,147
Prepayments	12	44,444	10,631
Receivables		**231,964**	**292,739**
Cash and cash equivalents		**10,947**	**21,046**
Total current assets		**250,930**	**319,555**
Total assets		**1,738,025**	**1,822,483**

Parent Balance Sheet – 31 December
Equity and Liabilities

000' DKK	Notes	2022	2021
Share capital		500	500
Reserve for net revaluation under the equity method		(72,498)	(47,690)
Reserve for development costs		32,386	22,139
Reserve for hedging transactions		0	0
Retained earnings		1,450,881	1,435,233
Proposed dividend for the year		0	0
Total equity	13	**1,411,270**	**1,410,182**
Provision for deferred tax	15	31,105	39,671
Provision relating to investments in group enterprises	9	0	0
Provision		**31,105**	**39,671**
Lease obligations	16	11,823	9,432
Deferred income	16, 17	94,114	82,887
Total non-current liabilities		**105,937**	**92,319**

000' DKK	Notes	2022	2021
Lease obligations	16	4,172	3,399
Trade payables		41,124	15,982
Payables to group enterprises		12,167	143,832
Corporation tax payables to group enterprises		9,543	11,667
Other payables	16	27,520	31,289
Deferred income	16, 17	95,187	74,142
Total current liabilities		**189,713**	**280,312**
Total liabilities		**295,650**	**372,630**
Total equity and liabilities		**1,738,025**	**1,822,483**

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Parent Statement of Changes in Equity January 1 – December 31

000' 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 2022	**500**	**(47,690)**	**22,139**	**0**	**1,435,233**	**0**	**1,410,182**
Exchange adjustment relating to foreign entities	0	(5,309)	0	0	0	0	(5,309)
Development costs for the year	0	0	17,755	0	(17,755)	0	0
Amortization for the year	0	0	(7,508)	0	7,508	0	0
Net profit/loss for the year	0	(19,499)	0	0	25,803	0	6,304
Other equity movements	0	0	0	0	92	0	92
Balance at 31 December 2022	**500**	**(72,498)**	**32,386**	**0**	**1,450,881**	**0**	**1,411,270**
Balance at 1 January 2021	**500**	**6,313**	**15,779**	**(670)**	**49,822**	**21,000**	**92,744**
Net effect from merger and acquisition under the pooling-of-interests method	0	0	0	0	329,107	(21,000)	308,107
Increase in share capital	0	0	0	0	1,038,138	0	1,038,138
Exchange adjustment relating to foreign entities	0	4,285	0	0	0	0	4,285
Development cost 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	24,526	0	(33,762)
Other equity movements	0	0	0	670	0	0	670
Balance at 31 December 2021	**500**	**(47,690)**	**22,139**	**0**	**1,435,233**	**0**	**1,410,182**

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1. Staff Costs

000' DKK	2022	2021
Wages and salaries	116,930	101,593
Pensions	10,648	7,405
Other social security costs	778	1,003
Other employee costs	11,844	6,047
Total staff cost	**140,199**	**116,048**
Including remuneration to the Executive Management and Board of Directors of:		
Executive Management	4,691	4,224
Board of Directors	200	640
	4,891	**4,864**
Average number of full time employees	186	139

2. Share-based payment

	2022	2021
Outstanding warrants 1 January	0	0
Granted during the year	777,000	0
Forefeited during the year	0	0
Outstanding warrants 31 December	**777,000**	**0**

To attract and retain employees Trackunit has established an incentive program for all employees in 2022. The purpose is to share the value creation eventually to be realized at the time of an exit with employees and support retention until then.

The warrant program is an equity settled programme established in March 2022. The vesting period is expected to be 4 years starting from the grant date. The programme comprises a total of 777,000 warrants at 31 December 2022 (2021: 0). Each warrant gives the holder right to share capital of DKK 0.01 nominal value in the ultimative parent company Galaxy UK Topco Ltd.

The total number of warrants granted in 2022 was 777,000. The total fair value of the progamme is DKK 3.0m.

The valuation is based on the following assumptions:
- Vesting period: 4 years
- Expected volatility: 44% - based on peer group analysis
- Risk free interest rate: 2,7%

Total expenses arising from the incentive programme is DKK 3.0m and is recognized as staff cost.

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

000' DKK	2022	2021
Amortization of intangible assets	39,040	37,994
Depreciation of property, plant and equipment	7,619	6,196
	46,659	**44,189**

4. Other Operating Expenses

000' DKK	2022	2021
M&A activities	3,160	2,979
Restructuring	2,569	0
Consultancy	15,491	0
Other expenses	58	0
	21,278	**2,979**

5. Financial Income and Expenses

000' DKK	2022	2021
Financial income		
Exchange rate adjustments	8,107	1,439
Interest received from Group enterprises	9,690	4,254
Other financial income	327	353
	18,123	**6,047**
Financial cost		
Interest expenses, bank debt	80	2,881
Interest and finance charges for lease liabilities	437	439
Loan fee amortizations	0	1,185
Interest paid from Group enterprises	4,959	3,536
Other financial expenses, including bank fees	697	514
	6,173	**8,555**

6. Tax on Profit/Loss for the Year

000' DKK	2022	2021
Current tax for the year	9,690	13,016
Current tax on profits for prior years	970	0
Deferred tax for the year	(8,724)	(2,635)
	1,936	**10,381**

7. Intangible Assets

000' DKK	Goodwill	Trademarks	Customer relations	Software	Completed development projects	Development projects in progress	Total
2022							
Cost:							
At 1 January	318,816	39,600	259,500	6,731	53,154	8,291	686,092
Addition during the year	0	0	0	0	6,970	15,793	22,763
Disposals	0	0	0	0	(22,663)	0	(22,663)
Reclassifications	0	0	0	0	860	(860)	0
As at 31 December	**318,816**	**39,600**	**259,500**	**6,731**	**38,321**	**23,224**	**686,192**
Amortization and impairment:							
At 1 January	30,700	16,500	131,503	4,861	31,459	0	215,023
Disposals	0	0	0	0	(22,663)	0	(22,663)
Amortisation charge	4,386	2,640	21,041	1,347	9,626	0	39,038
As at 31 December	**35,086**	**19,140**	**152,544**	**6,208**	**18,422**	**0**	**231,398**
Carrying amount 31 December	**283,731**	**20,460**	**106,956**	**523**	**19,899**	**23,224**	**454,793**

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

8. Property, Plant and Equipment

000' DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
2022			
Cost:			
At 1 January	18,477	13,050	2,927
Additions during the year	5,254	3,247	1,355
Disposals during the year	0	(2,315)	(391)
As at 31 December	**23,731**	**13,982**	**3,891**
Amortization and impairment:			
At 1 January	7,058	8,190	2,264
Depreciation for the year	1,868	2,130	765
Depreciation of disposed assets	0	(2,315)	(260)
As at 31 December	**8,926**	**8,005**	**2,769**
Carrying amount 31 December	**14,805**	**5,977**	**1,122**
Including assets under finance leases amounting to	14,805	1,048	0

9. Investments in Subsidiaries

000' DKK	**2022**	2021
Cost at 1 January	1,044,061	2,063
Exchange adjustment	0	3,583
Additions for the year	489	1,038,415
Cost af 31 December	**1,044,550**	**1,044,061**
Value adjustments at 1 January	(51,684)	14,719
Exchange adjustments	(5,309)	702
Dividend received	0	(8,818)
Net profit/loss for the year	(19,499)	(58,288)
Value adjustments at 31 December	**(76,492)**	**(51,684)**
Equity investments with negative net asset value amortized over receivables	40,736	21,252
Equity investments with negative net asset vaule transferred to provision	0	0
Carrying amount at 31 December	**1,008,793**	**1,013,628**

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%

10. Other Fixed Investments

000' DKK	**2022**	2021
Cost at 1 January	1,288	1,270
Additions for the year	380	18
Disposals for the year	(64)	0
Cost af 31 December	**1,604**	**1,288**
Carrying amount at 31 December	**1,604**	**1,288**

11. Inventories

000' DKK	**2022**	2021
Raw materials and consumables	6,754	2,506
Finished goods and goods for resale	1,265	3,263
	8,019	**5,770**

12. Prepayments

Prepayments amounts to DKK 44.4m for 2022 (2021: DKK 10.6m) and consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

13. Share Capital

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

14. Distribution of Profit/Loss

000' DKK	**2022**	2021
Transfer to/from reserves in accordance with the Articles of Association	(19,499)	(58,288)
Retained earnings	25,803	24,526
	6,304	**(33,762)**

15. Provision for Deferred Tax

000' DKK	**2022**	2021
Provision for deffered tax at 1 January	39,671	43,154
Amounts recognized in the income statement for the year	(8,724)	(3,483)
Amounts recognized prior year	158	0
Provision for deferred tax at 31 December	**31,105**	**39,671**

16. 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:

000' DKK	Less than 1 year	1 to 5 years	More than 5 years	**Total**
31 December 2022				
Lease obligations	4,172	11,823	0	15,995
Other payables	27,520	0	0	27,520
Deferred income	95,187	94,114	0	189,301
	126,880	**105,937**	**0**	**232,817**
31 December 2021				
Lease obligations	3,399	9,432	0	12,831
Other payables	31,289	0	0	31,289
Deferred income	74,142	82,887	0	157,029
	108,830	**92,319**	**0**	**201,149**

17. Deferred Revenue

Deferred revenue consists of payments received in respect of income subsequent years. The total deferred revenue amounts to DKK 189.3m in 2022 (2021: DKK 157.0m).

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

On January 1 2023 Trackunit acquired the German Con-Tech company Flexcavo GmbH. Flexcavo offers a unique software solution to the contractor segment which therefore provides a perfect fit for the Trackunit product suite. The acquisition has no effect on the 2022 financials.

No other 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 on 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 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class C.

Recognition and measurement of financial instruments are made in accordance with International Financial Reporting Standards (IFRS), cf. the Danish Financial Statements Act, §37 section 5.

Additionally revenue is measured in accordance with International Financial Reporting Standards (IFRS 15), and leasing is measured in accordance International Financial Reporting Standards (IFRS 16).

The accounting policies are unchanged compared with last year.

The Financial Statements for 2022 are presented in thousand DKK.

During the financial year Trackunit ApS merged with the companies M-tec Danmark ApS and M-tec Holding Danmark ApS with retrospective effect for accounting purposes at 1 January 2022 and as the continuing company. As a result, the comparative figures are restated in accordance with the adjusted pooling-of-interests method. The effect of the merger for the parent company in 2021 is a change in profit for the year of DKK -22.3m, the equity of DKK 306.8m and total assets of DKK 373.5m.

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 recognize 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 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 3%.

Variable lease payments as extra miles beyond the lease contract, damages, bridge tolls etc. is not measures 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% 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 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 other equipment is 3%.

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 include 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 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 2022 - 31 December 2022.

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 2022 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 2022 - 31 December 2022.

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.

Aalborg 2 May 2023
Executive Board

Soeren 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 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 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 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 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 2022, 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 2 May 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorized Public Accountant
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