



Euromaster Danmark A/S

Krøyer Kielbergs Vej 3, 1.

8660 Skanderborg

Central Business Registration No: 14808701

Annual report 2020

The Annual General Meeting adopted the annual report on ~~2006/2007~~ 15 July 2021

Chairman of the General Meeting


Name: Regina M. Andersen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	5
Consolidated Income statement for 2020	9
Consolidated balance sheet at 31.12.2020	10
Consolidated statement of changes in equity for 2020	12
Consolidated cash flow statement for 2020	13
Notes to consolidated financial statements	14
Parent Income statement for 2020	17
Parent balance sheet at 31.12.2020	18
Parent statement of changes in equity for 2020	20
Notes to parent financial statements	21
Accounting policies	24

Entity details

Entity

Euromaster Danmark A/S
Krøyer Kielbergs Vej 3, 1.
8660 Skanderborg

Central Business Registration No (CVR): 14808701
Registered in: Skanderborg
Financial year: 01.01.2020 - 31.12.2020

Phone: +4587282828
Fax: +4587282829

Website: www.euromaster.dk
E-mail: info@dk.euromaster.com

Board of Directors

Stéphane Henri Mamelle, Chairman
Philippe Berther
Henrik Heiberg Fusager

Executive Board

Henrik Heiberg Fusager, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Euromaster Danmark A/S for the financial year 01.01.2020 - 31.12.2020.

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

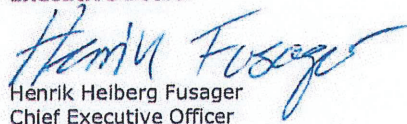
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

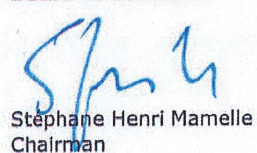
Skanderborg, 30.06.2021

Executive Board



Henrik Heiberg Fusager
Chief Executive Officer

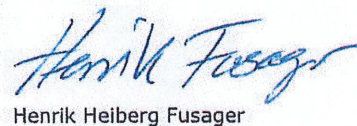
Board of Directors



Stéphane Henri Mamelle
Chairman



Philippe Berther



Henrik Heiberg Fusager

Independent auditor's report

To the shareholders of Euromaster Danmark A/S

Opinion

We have audited the consolidated financial statements and parent financial statements of Euromaster Danmark A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent and the consolidated cash flow statement, including a summary of significant accounting policies. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the Group's cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 consolidated financial statements and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 consolidated financial statements and parent 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 Entity'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 consolidated financial statements and parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and parent financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 30.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Rasmus Brodd Johnsen
State Authorised Public Accountant
Identification number MNE-NR: mne33217

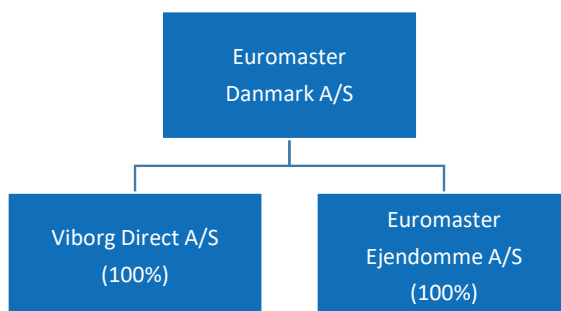
Management commentary

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Financial highlights					
Key figures					
Revenue	286.122	299.413	298.510	303.382	324.072
Gross profit/loss	82.098	85.389	75.342	82.870	88.333
Operating profit/loss	(35.522)	(36.597)	(30.418)	(29.486)	(13.503)
Net financials	(4.203)	(3.788)	(2.339)	(2.671)	(2.073)
Profit/loss for the year	(39.725)	(39.718)	(32.193)	(31.693)	(14.983)
Total assets	211.689	233.480	163.934	158.368	169.944
Investments in property, plant and equipment	11.379	9.024	3.038	3.879	7.911
Equity	(14.354)	25.371	(24.911)	7.788	7.947
Cash flows from (used in) operating activities	16.826	(60.730)	(639)	(17.259)	349
Cash flows from (used in) investing activities	(9.159)	(8.727)	(2.940)	(328)	(5.296)
Ratios					
Net margin (%)	(13,9)	(13,3)	(10,8)	(10,4)	(4,6)
Equity ratio (%)	(6,8)	10,9	(15,2)	4,9	4,7
Return of net assets (%)	(16,8)	(15,7)	(18,6)	(18,6)	(7,9)

Financial highlights are defined and calculated in accordance with current recommendations issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.
Return of net assets (%)	$\frac{\text{Operation profit/loss} \times 100}{\text{Total assets}}$	The return generated by the enterprise on the total assets.

Consolidation



Management commentary

Primary activities

The Company's primary activity comprises sale of tyres and tyre related services on the Danish market. The Company also offers repair services on light vehicles.

The Company's activities are executed through a national spread of centers, where private and business customers in 2 different segments are served, either in the centers or by mobile units operated by the centers. European services are offered through Euromaster Groups widely spread network of centers in 17 countries.

The Company employs approx. 200 employees, depending on the seasons.

Development in activities and finances

The operating loss for the year is not in the line with the expectation and is thus not satisfactory.

Due to the loss for the year 2020 the enties share capital is lost, and the Company is thus comprised by section 119 of the Danish Financial Statements Act. It is expected that the share capital will be re-established from future earnings or capital increase.

The group has issued support agreement stating support of current liabilities for the comming 12 months.

Reporting on the underrepresented sex in management

Target points for the management

The management of Euromaster consists of 2 management groups:

Management team:

1. MD / CEO
2. CFO / CIO
3. Sales Director
4. CHRO

2 out of 4 (50%) are women.

Extended management team:

1. Supply Chain Manager
2. Marketing Manager
3. Accounting Manager
4. Regional Manager North
5. Regional Manager East
6. Regional Manager South
7. Business Line Manager, Truck and EM
8. Business Line Manager, AG
9. Business Line Manager, B2B Light
10. HR Manager

In total 5 out of 14 (36%) are women. The number of women in the tyres industry is relatively low.

Therefore the management's goal has been that 'The Management Team' would be represented by a minimum of 20% women in 2020. This goal has been achieved.

It is also the goal of the management that 'The Extended Management Team' would be represented by 20% women in 2020. This goal has been achieved.

It is the management's goal, that men and women have equal opportunities for making a career in Euromaster. Furthermore, it is important that it is the skills that count when you become part of 'The Extended Management Team', but Euromaster is working to secure that minimum 20% of 'The Extended Management Team' must be women.

The work is partly being done by encouraging internal and external candidates to apply for jobs, no matter what gender they are, but also by allowing work formats and job descriptions, which secures highest flexibility and balance in working life.

The target points have been prepared in the end of 2015. Consequently, management has not considered it appropriate to conclude on the target points by the end of the year 2020. The target of 20% women stands, but we will not conclude until end of 2024.

Management commentary

Target points for the Board of Directors

The Board of Euromaster Danmark A/S comprises senior executive from other Euromaster countries. The Board counts three members, all men. There has been a number of changes in the Board of Euromaster Danmark A/S during the year, but all new members have been men. It is a goal that the Board shall consist of 33% women in 2024.

The number of women in the tyres industry is relatively low. Furthermore, it is important that it is the skills that count when you become part of the Board of Euromaster Danmark A/S. Generally, it is a challenge that the industry is dominated by men, but the Management Team of Euromaster Danmark A/S is promoting all initiatives with the owner of the company to increase the number of women in the Board.

The target points have been prepared in the end of 2015. Consequently, management has not considered it appropriate to conclude on the target points by the end of the year 2020. The target of 33% women stands, but we will not conclude until end of 2024.

Outlook

The Company expects an unchanged level of activities in the year 2021, but an improvement of the results by approximately EUR 1,000 k. (DKK 7,500 k.).

Corporate social responsibility

The Company has implemented the Michelin Groups 'Code of Ethics', which covers Corporate Social Responsibility policies in these 3 areas:

Discrimination and bullying

The diversity of Euromaster employees and the different cultures represented within Euromaster group companies is a tremendous asset.

In line with its basic values, the Euromaster Group seeks to be resolutely capable of offering its employees equal opportunities in recognition, individual advancement and career paths, whatever their origin or beliefs.

The Euromaster Group does not tolerate any discrimination or bullying, notably any based on race, gender, age, religion or political or other opinions.

Health and Safety

One of the priorities of Euromaster group companies is the protection of its employees' health and safety.

All Employees and Company Representatives of Euromaster have the right to a safe, sanitary working environment and are invited to contribute their efforts to those made for this purpose by the Euromaster group companies.

The latter seek to steadfastly improve the working conditions of their employees in terms of health and safety.

Companies in the Euromaster group pursue a goal similar to that of their subcontractors.

Antitrust

All Employees and Company Representative of Euromaster are strictly forbidden to use their job position or job influence to gain any advantage for themselves or for those close to them.

The Euromaster group is opposed to any payment of bribes and all other illegal forms of payment to civil servants, government members or any other public officer, as well as any kind of private-law entity.

Any act of corruption will be sanctioned.

Management commentary

Environmental

As all companies in the Michelin Group, Euromaster Danmark A/S is dedicated in trying to preserve our environment for future generations. Our focus is on the usage of our tyre products in the most environmental friendly way, by using the tyres all up and by securing environmental friendly disposal of old tyres. More can be read at www.euromaster.dk/privat/michelin-long-lasting-performance.

Events after the balance sheet date

No event have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The outbreak and spread of COVID-19 has not had and is not expected to have a significant influence on the financial position and development of the Company.

Consolidated income statement 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	286.122	299.413
Other operating income		1.637	615
Cost of sales		(154.003)	(159.705)
Other external expenses	4	(51.658)	(54.934)
Gross profit/loss		82.098	85.389
Staff costs	2	(94.557)	(98.128)
Depreciation, amortisation and impairment losses	3	(22.670)	(23.654)
Other operating expenses		(393)	(204)
Operating profit/loss		(35.522)	(36.597)
Other financial income		33	18
Other financial expenses	5	(4.236)	(3.806)
Profit/loss before tax		(39.725)	(40.385)
Tax on profit/loss for the year	6	0	667
Profit/loss for the year	7	(39.725)	(39.718)

Consolidated balance sheet at 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		0	0
Intangible assets	8	0	0
Land and buildings		60.898	73.528
Other fixtures and fittings, tools and equipment		14.158	13.572
Leasehold improvements		3.118	3.818
Property, plant and equipment	9	78.174	90.918
Fixed assets		78.174	90.918
Manufactured goods and goods for resale		45.967	58.160
Inventories		45.967	58.160
Trade receivables		56.770	59.587
Receivables from group enterprises		15.629	4.573
Other receivables		8.064	12.015
Income tax receivable		600	1.199
Prepayments	11	1.559	788
Receivables		82.622	78.162
Cash		4.926	6.240
Current assets		133.515	142.562
Assets		211.689	233.480

Consolidated balance sheet at 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	12	6.020	6.020
Retained earnings		(20.374)	19.351
Equity		(14.354)	25.371
Finance lease liabilities		26.065	34.870
Payables to group enterprises		90.000	90.000
Other payables		1.586	0
Non-current liabilities other than provisions	13	117.651	124.870
Finance lease liabilities		11.952	12.128
Prepayments received from customers		2.374	921
Trade payables		20.344	23.542
Payables to group enterprises		59.264	31.652
Other payables		14.458	14.996
Current liabilities other than provisions		108.392	83.239
Liabilities other than provisions		226.043	208.109
Equity and liabilities		211.689	233.480
Unrecognised rental and lease commitments	14		
Mortgages and securities	15		
Related parties with controlling interest	17		

Consolidated statement of changes in equity for 2020

	Contributed	Retained	Total
Equity beginning of year	6.020	19.351	25.371
Profit/loss for the year	0	(39.725)	(39.725)
Equity	6.020	(20.374)	(14.354)

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		(35.522)	(36.597)
Amortisation, depreciation and impairment losses		22.670	23.859
Gains from the sale of property, plant and equipment		(767)	0
Working capital changes	10	34.049	(44.204)
Cash flow from ordinary operating activities		20.430	(56.942)
Financial income received		33	18
Financial income paid		(4.236)	(3.806)
Income taxes refunded/(paid)		599	0
Cash flows from operating activities		16.826	(60.730)
Acquisition etc of property, plant and equipment		(11.379)	(9.024)
Sale of property, plant and equipment		2.220	297
Cash flows from investing activities		(9.159)	(8.727)
Payments on lease liabilities		(8.981)	(15.299)
Cash increase of capital		0	90.000
Cash flows from financing activities		(8.981)	74.701
Increase/decrease in cash and cash equivalents		(1.314)	5.244
Cash and cash equivalents beginning of year		6.240	996
Cash and cash equivalents end of year		4.926	6.240
Cash and cash equivalents at year-end are composed of:			
Cash		4.926	6.240
Short-term debt to banks		0	0
Cash and cash equivalents end of year		4.926	6.240

Notes to consolidated financial statements

1. Revenue

Revenue by geographical market

Denmark

Other EU-countries

2020 DKK'000	2019 DKK'000
276.040	291.472
10.082	7.941
286.122	299.413

Revenue by activity

Light Division

Heavy Division

155.189	166.648
130.933	132.765
286.122	299.413

Light Division includes sales of tyres and related services to smaller vehicles as cars, vans and smaller commercial vehicles. Heavy Division includes sales of tyres and related services to larger industrial vehicles as trucks and agricultural vehicles etc.

2. Staff costs

Wages and salaries

Pension costs

Other social security costs

2020 DKK'000	2019 DKK'000
85.812	89.294
3.390	3.376
5.355	5.458
94.557	98.128

Average number of employees

213	222
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Referring to section 98 b (3) of the Danish Financial Statements Act, Euromaster Danmark A/S has not disclosed the remuneration of the Executive Board.

3. Depreciation, amortisation and impairment losses

Depreciation of property, plant and equipment

2020 DKK'000	2019 DKK'000
22.670	23.654
22.670	23.654

4. Fees to the auditor appointed by the Annual General Meeting

Statutory audit services

Other services

2020 DKK'000	2019 DKK'000
268	241
164	60
432	301

5. Other financial expenses

Financial expenses from group enterprises

Financial expenses from lease liabilities

Other financial expenses

2020 DKK'000	2019 DKK'000
2.591	2.501
936	936
709	369
4.236	3.806

Notes to consolidated financial statements

6. Tax on profit/loss for the year

Adjustment to tax for previous years
Tax on current year taxable income

2020 DKK'000	2019 DKK'000
0	67
0	(734)
0	(667)

7. Proposed distribution of profit/loss

Retained earnings

2020 DKK'000	2019 DKK'000
(39.725)	(39.718)
(39.725)	(39.718)

8. Intangible assets

Cost beginning of year

Cost end of year

Amortisation and impairment losses beginning of year

Amortisation and impairment losses end of year

Carrying amount end of year

Goodwill DKK'000
7.400
7.400
(7.400)
(7.400)
0

9. Property, plant and equipment

Cost beginning of year

Transfer cost/depreciation

Additions

Disposals

Cost end of year

Depreciation and impairment losses beginning of year

Transfer cost/depreciation

Depreciation for the year

Reversal regarding disposals

Depreciation and impairment losses end of year

Carrying amount end of year

Recognised assets not owned by entity

Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
129.013	73.775	11.133
(3.031)	0	0
5.916	5.306	157
(1.245)	(3.664)	(1.442)
130.653	75.417	9.848
(55.485)	(60.203)	(7.315)
3.031	0	0
(17.756)	(4.618)	(296)
455	3.562	881
(69.755)	(61.259)	(6.730)
60.898	14.158	3.118
37.068	451	

Notes to consolidated financial statements

	2020 DKK'000	2019 DKK'000
10. Change in working capital		
Increase/decrease in inventories	12.193	(2.849)
Increase/decrease in receivables	(5.059)	(13.621)
Increase/decrease in trade payables etc.	26.915	(27.734)
	34.049	(44.204)

11. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	Number	Par value DKK'000	Nominal value DKK'000
12. Contributed capital			
Ordinary shares	6.020	1.000	6.020
	6.020	1.000	6.020

13. Non-current liabilities

	1-5 years	More than 5
Finance lease liabilities	26.065	0
Payable to group enterprises	90.000	0
Other payables	1.586	0
	117.651	0

14. Unrecognised rental and lease commitments

Commitments under rental or lease agreements until expiry in total

	2020 DKK'000	2019 DKK'000
	138	38
	138	38

15. Mortgages and securities

A bank guarantee has been provided totalling DKK 1.745k at 31.12.2020 against DKK 1.745k at 31.12.2019.
A bank guarantee has been provided to third party interest totalling 181k DKK at 31.12.2020

	Registered in	Corpo- rate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
16. Subsidiaries					
Euromaster					
Ejendomme A/S	Skanderborg	A/S	100	10.479	2.980
Viborg Direct A/S	Skanderborg	A/S	100	328	(23)

17. Related parties with controlling interest

The following related parties have a controlling interest in Euromaster Danmark A/S:

Name	Registered office	Basis of influence
Compagnie Générale des Etablissements Michelin	France	Ultimate Parent Company
Euromaster Services et Management	France	Group Entreprise, controlling shareholder in Euromaster Danmark A/S

Parent income statement 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	286.122	299.413
Other operating income		0	0
Cost of sales		(154.003)	(159.705)
Other external expenses	3	(55.662)	(58.999)
Gross profit/loss		76.457	80.709
Staff costs	2	(94.557)	(98.128)
Depreciation, amortisation and impairment losses	4	(20.073)	(19.778)
Other operating expenses		(393)	(204)
Operating profit/loss		(38.566)	(37.401)
Income from investments in group enterprises		2.957	668
Other financial income	5	30	155
Other financial expenses	6	(4.146)	(3.807)
Profit/loss before tax		(39.725)	(40.385)
Tax on profit/loss for the year	7	0	667
Profit/loss for the year	8	(39.725)	(39.718)

Parent balance sheet at 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		0	0
Intangible assets	9	0	0
Land and buildings		37.068	46.429
Other fixtures and fittings, tools and equipment		14.158	13.572
Leasehold improvements		4.837	5.779
Property, plant and equipment	10	56.063	65.780
Investments in group enterprises		10.807	7.847
Fixed asset investments	11	10.807	7.847
Fixed assets		66.870	73.627
Manufactured goods and goods for resale		45.967	58.160
Inventories		45.967	58.160
Trade receivables		56.754	59.532
Receivables from group enterprises		15.629	21.412
Other receivables		8.064	12.015
Income tax receivable		600	1.199
Prepayments		1.559	788
Receivables		82.606	94.946
Cash		4.926	6.240
Current assets		133.499	159.346
Assets		200.369	232.973

Parent balance sheet at 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	12	6.020	6.020
Retained earnings		(20.374)	19.351
Equity		(14.354)	25.371
Finance lease liabilities		26.065	34.870
Payables to group enterprises		90.000	90.000
Other payables		1.586	0
Non-current liabilities other than provisions	13	117.651	124.870
Finance lease liabilities		11.952	12.128
Prepayments received from customers		2.300	864
Trade payables		19.996	23.350
Payables to group enterprises		49.747	32.052
Other payables		13.077	14.338
Current liabilities other than provisions		97.072	82.732
Liabilities other than provisions		214.723	207.602
Equity and liabilities		200.369	232.973
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		
Related parties with controlling interest	17		

Parent statement of changes in equity for 2020

	Contributed capital	Retained earnings	Total
Equity beginning of year	6.020	19.351	25.371
Profit/loss for the year	0	(39.725)	(39.725)
Equity	6.020	(20.374)	(14.354)

Notes to parent financial statements

1. Revenue

Revenue by geographical market

Denmark

Other EU-countries

2020 DKK'000	2019 DKK'000
276.040	291.472
10.082	7.941
286.122	299.413

Revenue by activity

Light Division

Heavy Division

155.189	166.648
130.933	132.765
286.122	299.413

Light Division includes sales of tyres and related services to smaller vehicles as cars, vans and smaller commercial vehicles. Heavy Division includes sales of tyres and related services to larger industrial vehicles as trucks and agricultural vehicles etc.

2. Staff costs

Wages and salaries

Pension costs

Other social security costs

2020 DKK'000	2019 DKK'000
85.812	89.294
3.390	3.376
5.355	5.458
94.557	98.128

Average number of employees

213	220
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Referring to section 98 b (3) of the Danish Financial Statements Act, Euromaster Danmark A/S has not disclosed the remuneration of the Executive Board.

3. Fees to the auditor appointed by the Annual General Meeting

Statutory audit services

Other services

218	189
164	60
382	249

4. Depreciation, amortisation and impairment losses

Depreciation of property, plant and equipment

2020 DKK'000	2019 DKK'000
20.073	19.778
20.073	19.778

5. Other financial income

Financial income arising from group enterprises

Other financial income

2020 DKK'000	2019 DKK'000
87	137
(57)	18
30	155

6. Other financial expenses

Financial expenses from group enterprises

Financial expenses from lease liabilities

Other financial expenses

2020 DKK'000	2019 DKK'000
2.504	2.504
936	936
706	367
4.146	3.807

7. Tax on profit/loss for the year

Adjustment to tax for previous years

Tax on current year taxable income

2020	2019
DKK'000	DKK'000
67	67
(67)	(734)
0	(667)

Notes to parent financial statements

8. Proposed distribution of profit/loss

Retained earnings

2020 DKK'000	2019 DKK'000
(39.725)	(39.718)
(39.725)	(39.718)

9. Intangible assets

Cost beginning of year

Cost end of year

Goodwill DKK'000
7.400
7.400

Amortisation and impairment losses beginning of year

Amortisation and impairment losses end of year

(7.400)
(7.400)

Carrying amount end of year

0

10. Property, plant and equipment

Cost beginning of year

Transfer cost/depreciation

Additions

Disposals

Cost end of year

Land and DKK'000	Other fixtures DKK'000	Leasehold DKK'000
61.633	73.775	16.655
(3.031)	0	0
5.556	5.306	157
0	(3.664)	(1.442)
64.158	75.417	15.370

Depreciation and impairment losses beginning of the year

Depreciation for the year

Transfer cost/depreciation

Reversal regarding disposals

Depreciation and impairment losses end of the year

(15.204)	(60.203)	(10.876)
(14.917)	(4.618)	(538)
3.031	0	0
0	3.562	881
(27.090)	(61.259)	(10.533)

Carrying amount end of year

37.068	14.158	4.837
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Recognised assets not owned by entity

37.068	451
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11. Fixed asset investment

Cost beginning of year

Cost end of year

Investments in group enterprises DKK'000
11.600
11.600

Revaluations beginning of year

Share of profit/loss for the year

Other adjustments

Revaluations end of year

(3.753)
2.957
3
(793)

Carrying amount end of year

10.807

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

12. Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	6.020	1.000	6.020
	6.020	1.000	6.020

13. Non-current liabilities

	1-5 years	More than 5 years
Finance lease liabilities	26.065	0
Payable to group enterprises	90.000	0
Other payables	1.586	0
	117.651	0

14. Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Commitments under rental or lease agreements until expiry in total	138	38
	138	38

15. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

16. Mortgages and securities

A bank guarantee has been provided totalling DKK 1.745k at 31.12.2020 against DKK 1.745k at 31.12.2019.
A bank guarantee has been provided to third party interest totalling 181k DKK at 31.12.2020

17. Related parties with controlling interest

The following related parties have a controlling interest in Euromaster Danmark A/S:

Name	Registered office	Basis of influence
Compagnie Générale des Etablissements Michelin	France	Ultimate Parent Company
Euromaster Services et Management	France	Group Entreprise, controlling shareholder in Euromaster Danmark A/S

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including gains from the sale of intangible assets and property, plant and equipment and income from property administration.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including losses from the sale of intangible assets and property plant and equipment and expenses regarding property administration.

Other financial income

Other financial income comprises interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all the Danish group enterprises and other Danish entities within the Michelin Group. The current Danish income is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	5-25 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operation income and other operation expenses.

Lease assets

On initial recognition, lease assets are measured at the amount of the initial measurement of the lease liabilities, any lease payments made before the commencement date less any lease incentives received, and any initial direct costs incurred by the lessee.

An estimate of costs to be incurred by the lessee in dismantling and removing the lease assets, or restoring the underlying assets, are recognised as a separate provision. The costs are added to the cost of the lease assets unless the liability is incurred to produce inventories in which case the costs are recognised in the cost of the manufactured goods. Subsequently, lease assets are measured at cost less accumulated depreciation and impairment losses.

Lease assets are depreciated over the lower of the lease term and the useful life of the underlying assets. If the lease transfers the ownership of the lease assets by the end of the lease term or if the exercise of a purchase option is expected, the lease assets are depreciated over their useful life. Depreciation begins at the commencement date.

Lease assets are written down to the lower of recoverable amount and carrying amount.

Lease assets are adjusted upon remeasurement of the lease liabilities; see below in the lease liability section.

Lease assets are recognised as fixed assets within the asset item in which the underlying assets of the lease would be recognised if the Entity owned them.

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

On initial recognition, receivables are measured at cost and subsequently at amortised cost, usually equalling nominal value less write-down for bad debts.

Write-down is made on the basis of an expected credit loss principle, where, at the time of recognition of receivables, write-down to expected losses on receivables is recognised based on historical experience, business trend expectations, debtors' equity ratio, etc. Write-down of trade receivables is recognised based on the expected loss throughout the life of the receivable. Other receivables are written down based on expected losses in the first 12 months, which are subsequently adjusted in case of significant increases in credit risk or objective indications of impairment.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Entity's incremental borrowing rate shall be used.

Lease payments included in the measurement of the lease liability comprise the following payments:

- Fixed payments less any lease incentives provided by the lessor to the lessee.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Accounting policies

Variable lease payments that depend on an index or a rate are recognised in the income statement as "Other external expenses" in the period in which the event or the circumstance triggering the payments in question takes place.

On subsequent measurement, lease liabilities are adjusted for accrued interest and repayments made, calculated by the effective interest rate method.

Lease liabilities are remeasured and the corresponding lease assets are similarly adjusted when:

- There is a change in the lease term, e.g. as a result of a change in the assessment of whether an option to extend or to purchase will be exercised. Remeasurement takes place by discounting the revised lease payments using a discount rate revised at the time of changing the lease.
- There is a change in lease payments resulting from a change in an index or a rate, or in the amounts expected to be payable under a residual value guarantee. Remeasurement takes place by discounting the revised lease payments using the original discount rate. However, a revised discount rate is used if the change reflects a change in the floating interest rate.
- There is a lease modification that is not accounted for as a separate lease. Remeasurement takes place by discounting the revised lease payments using a revised discount rate.

If the remeasurement results in the reduction of a lease liability exceeding the carrying amount of the corresponding lease asset, the excess amount is recognised in the income statement.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less shortterm bank debt.