pierre.dk Autolakering A/S

Trianglen 12, DK-6000 Kolding

CVR no. 15 00 02 95

Annual report 2015/16

Approved at the Company's annual general meeting on 6 March 2017

Chairman:

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Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of pierre.dk Autolakering A/S for the financial year 1 September 2015 - 31 December 2016.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2016 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 September 2015 - 31 December 2016.

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

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

Kolding, 6 March 2017
Executive Board:

Bo Boelck Jacobsen

Board of Directors:

Pierre Legarth Chairman	Thomas Küsel	Ulrich Mogwitz

Independent auditors' reports

To the shareholders of pierre.dk Autolakering A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of pierre.dk Autolakering A/S for the financial year 1 September 2015 - 31 December 2016, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group and the parent company as well as the consolidated cash flow statement for the Group. The consolidated financial statements and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2016 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 September 2015 - 31 December 2016 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 responsibility under those standards and requirements is further described in our auditors' report under "Auditors' responsibility for the audit of the consolidated financial statements and the parent company financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Group, 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 responsibility for the consolidated financial statements and the parent company financial statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to either liquidate the Group or the Company or suspend operations, or has no realistic alternative but to do so.

Auditors' responsibility for the audit of the consolidated financial statements and the parent company financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or combined - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

Independent auditors' reports

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

- Identify and assess the risk of material misstatements in the consolidated financial statements and the parent company 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 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 whether Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Group and the Company can no longer continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including note disclosures, and whether the consolidated financial statements and the parent company financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the Group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the Group. We alone are 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 internal control weaknesses identified during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the consolidated financial statements and the parent company financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Independent auditors' reports

Based on our procedures, we are of the opinion that the 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 in the Danish Financial Statements Act. We did not identify any material misstatement in the Management's review.

Aarhus, 6 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mads Meldgaard
State Authorised Public Accountant

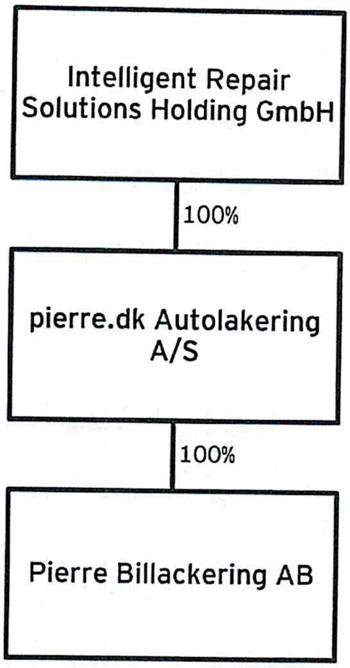
Management's review

Company details

Name	pierre.dk Autolakering A/S
Address, postal code, city	Trianglen 12, DK-6000 Kolding
CVR no.	15 00 02 95
Established	1 January 1991
Registered office	Kolding
Financial year	1 September 2015 - 31 December 2016
Webpage	www.pierre.dk
E-mail	pierre@pierre.dk
Telephone	+45 70 108 108
Board of Directors	Pierre Legarth, Chairman Thomas Küsel Ulrich Mogwitz
Executive Board	Bo Boelck Jacobsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vaerkmestergade 25, P.O. Box 330, DK-8100 Aarhus C

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2015/16 (16 months)	2014/15	2013/14	2012/13	2011/12
Group					
Income statement:					
Profit before depreciation and amortisation (EBITDA)	51,645	31,934	31,773	27,798	20,767
Profit before interest (EBIT)	25,473	14,884	15,178	12,749	8,467
Financial income and financial expenses	-5,746	-2,440	-3,093	-3,192	-3,059
Profit before tax	19,727	12,444	12,085	9,557	5,408
Profit for the year (after tax)	15,913	9,219	9,056	7,672	3,628
Balance sheet:					
Total assets	328,962	225,204	213,213	212,434	180,200
Investments in property, plant and equipment	94,978	20,963	17,457	30,076	29,485
Equity	55,316	89,717	80,849	72,487	49,738
Financial ratios:					
Current ratio	185.5%	57.2%	56.0%	56.9%	45.2%
Equity ratio	16.8%	39.8%	37.9%	34.1%	35.1%
Return on equity	28.8%	10.3%	11.2%	10.6%	7.3%
Parent company					
Income statement:					
Profit before interest (EBIT)	13,577	10,668	12,309	8,959	8,704
Financial income and financial expenses	3,781	2,433	651	5,672	2,475
Profit for the year (after tax)	15,913	9,219	9,056	7,672	3,628
Balance sheet:					
Total assets	301,087	186,837	93,102	90,388	84,323
Investments in property, plant and equipment	56,978	6,757	13,611	27,302	11,848
Equity	55,316	89,717	80,849	72,487	49,738
Financial ratios:					
Current ratio	370.3%	55.5%	62.2%	71.4%	63.6%
Equity ratio	18.4%	58.2%	50.5%	45.7%	40.2%
Return on equity	28.8%	10.3%	11.2%	10.6%	7.3%

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015".

Management's review

Operating review

Business review

pierre.dk Autolakering A/S' activities primarily relate to paint damage repairs of passenger cars.

Financial review

The auto painting chain, pierre.dk Autolakering A/S, expanded its position in Europe in the year under review and is Europe's leading and biggest auto painting company and is thus still market leader in Denmark and Sweden and has gained a foothold in Germany.

Through its market position, pierre.dk has established a painting chain, which is the preferred business partner when it comes to paint damage repair - a chain which can react flexible and match the customers' needs now and in future.

pierre.dk's branches, which are all certified to KS2000, ISO 9001:2008 and DS/OHSAS 18001:2008, are managed according to the same high standards as to quality, reliability of supply and service, which guarantee the customers an effective and professional strategic business partner.

In 2016, pierre.dk joined the Intelligent Repair Solution Holding GmbH Group, and consequently, the financial year was adjusted to IRSH's financial year, just as the Company merged with pierre.dk Investment ApS.

IRSH is primarily engaged in the German market within smart repair and repair of hail damages, and therefore, pierre.dk's strategy for Denmark and Sweden will remain unchanged, and will thus still act as subsupplier to car dealerships and offer the market's highest painting quality on time.

Denmark

The level of activities in Denmark has been on the increase in 2016; however, the competition as to auto painting services is still high, and the insurance companies thus still take advantage of the situation to put pressure on the hourly painting rate.

pierre.dk is still of the opinion that the industry will consolidate in coming years as the insurance companies' price strategy puts pressure on many small auto painting companies' financials at the same time as pierre.dk increases the Company's market share. In the long run, this will lead to a reduction of production capacity in the painting industry, and the balance between demand and production capacity will improve implying a more fair painting price development.

In December 2016, pierre.dk took over Lakspecialisten's six painting centres, which were implemented in pierre.dk's production and administrative set-up.

pierre.dk has succeeded in maintaining its concept and strategy and offer the market's highest quality on time at competitive prices. An achievement which is attributable to the Company's continuous focus on process optimisation and streamlining of production processes as well as minimum administrative functions.

In 2016, pierre.dk developed and implemented a new IT system to control the process from booking to invoicing. Moreover, the Company has changed its ERP system. The new IT systems contribute to future-proofing pierre.dk's simple and efficient reporting and control systems just as the systems allow pierre.dk optimum flexibility as to servicing and communicating with the Company's customers.

Management's review

Operating review

Sweden

In 2016, the general demand for auto painting in Sweden was at the same level as in 2015.

In May 2011, pierre.dk was established in Sweden through the acquisition of Sweden's largest auto painting certre, Lundblads Billackering AB. Since then, the Company has made 12 more acquisitions. At present, the Company thus has the below-mentioned auto painting centres:

- pierre Billackering Vänersborg (Lundblads Billackering AB)
- pierre Billackering Karlskrona (Carlskrona Billackering AB)
- pierre Billackering Helsingborg (Vesträ Berga Lack AB)
- pierre Billackering Skara (Skara Billackering AB)
- pierre Billackering Malmø (Potech AB)
- pierre Billackering Skövde (Skövde Billackering AB)
- pierre Bilackering Västerås (Dingtuna Billackering AB)
- pierre Billackering Lidköping (Cetec Lakering AB)
- pierre Billackering Uppsala (Aros Billackering AB)
- pierre Billackering Borås (BillackSpecialisten i Borås)
- pierre Billackering Kalmar (Ölands Billackering AB)
- pierre Billackering Lund (Löddes Billackering AB)
- pierre Billackering Stockholm (PEWE Billackering AB)

In the financial year, heavy investments were made in the streamlining of the Swedish branches to fit pierre.dk's concept. Improvements have already been noted in Sweden following the processes, which will continue in the coming years. In 2017, the new IT systems will be implemented and the establishment of a joint call centre will be initiated.

Germany

In the financial year, pierre.dk acquired another two accident repair centres in Germany, and its production units now include:

- pierre Autolackierung Hamborg (Lucassen Fahzeuglackierung)
- pierre Autolackierung Soltau (Autolackiererei Elbers)
- pierre Autolackierung Hannover (Karosserie & Lackierzentrum Meyer)
- pierre Autolackierung Hamborg (Diebenau KG)
- Pierre Autolackierung Bayreuth (Lackiererie Schott)

The German market conditions imply that pierre.dk will perform both bodywork and painting work as the German market structure is under considerable direct control by the insurance companies, which means that the market for auto painting companies, which operate solely as subsupplier to car dealerships, is less common. If the company chooses not to offer bodywork, the opportunities for pierre.dk to expand in Germany will therefore be limited.

pierre.dk's subsidiary, pierre Autolackierung GmbH, was sold to the group entity, IRS Body and Paint GmbH, in the financial year, to unite IRSH's German accident centre with the Group.

Management's review

Operating review

The decision in Germany to perform bodywork as well as auto painting work will not affect pierre.dk's strategy for Sweden and Denmark, as pierre.dk will continue the good working relationship in these markets and only perform auto painting for the Company's car dealerships' customers.

Financial performance and financial position

In this financial year, the pierre.dk Group changed its financial year to the calendar year, and consequently, the financial year covers 16 months. pierre.dk realised an EBITDA of DKK 51.6 million, which translated into 12 months and corrected for transaction costs totals DKK 38.6 million - the highest in the pierre.dk Group's history.

The pierre.dk Group realised a profit before tax of DKK 19.7 million. Profit before tax, which translated into 12 months and corrected for transaction costs totals DKK 15.9 million - also the highest in the pierre.dk Group's history.

The Company's equity has increased due to the merger with pierre.dk Investment ApS and due to cash capital increases, just as pierre.dk distributed dividends totalling DKK 56.3 million. At 31 December 2016, equity amounted to DKK 55.3 million, and equity ratio totals 17%.

pierre.dk is financed primarily through long-term credits from the parent company, Intelligent Repair Solution Holding GmbH.

Management considers the profit and the financial position satisfactory.

Outlook

Through the present concept and continued controlled growth, the Company will extend the Company's market position within auto painting in Denmark and Sweden.

According to the strategy, also in Denmark, a corresponding nation-wide sister chain under the name "pierre Billackering AB" will be established, and more painting centres will presumably be established/acquired in 2017 and the years ahead.

According to expectations, more than 140,000 auto paint damage repairs will be made in 2017. The increase in the level of activities is expected to be realised through organic growth by acquisitions of painting centres.

pierre.dk expects to enjoy positive results of operation in 2017.

The pierre.dk Group's market leader position in Denmark and Sweden as well as the Company's know-how and concept can with advantage be used in many other countries. The fierce competition in the Danish market implied that pierre.dk's production process and Danish auto painters generally are one of the world's most effective while delivering the highest auto painting quality.

Pierre.dk will continue focusing on improvements of the central processes within sale, production, acquisition and administration. Maintaining the security of supply, the market's highest quality and competitive prices, will contribute to ensuring that pierre.dk also in future can hold on to the "yellow jersey".

Foreign currency and interest rate risks

The Company has raised a loan in EURO and is thus affected by exchange rate fluctuations.

The Company's financing includes intra-group fixed-rate loan and consequently, the Company is not affected by fluctuations in the interest level.

The Group's operations are recognised in SEK as well as in DKK, and the Group is thus affected by exchange rate fluctuations vis-a-vis other currencies.

The Group's financing includes intra-group fixed-rate loan and consequently, the Group is not affected by fluctuations in the interest level.

Management's review

Operating review

Environment

pierre.dk is certified to ISO 9001:2008 and OHSAS 18001:2008 standards by the accredited company, Bureau Veritas Danmark, which means that we constantly strive at reducing our impact on the external environment, improving the internal working environment and at ensuring high quality in the work performed by our repair shops - in close cooperation with our suppliers and external specialists.

Events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Consolidated financial statements and parent company financial statements for the period 1 September 2015 – 31 December 2016

Income statement

Note	DKK'000	Group 2015/16 (16 months)	Group 2014/15	Parent company 2015/16 (16 months)	Parent company 2014/15
	Gross profit	231,578	134,155	149,412	94,452
	Other operating expenses	-2,603	0	-2,603	0
2	Staff costs	-177,330	-102,221	-113,553	-71,054
	Profit before depreciation/amortisation	51,645	31,934	33,256	23,398
	Depreciation and amortisation	-26,172	-17,050	-19,679	-14,547
	Profit before financial income and expenses	25,473	14,884	13,577	8,851
	Profit from investments	0	0	7,808	4,130
3	Other financial income	545	107	1,663	348
4	Financial expenses	-6,291	-2,547	-5,690	-2,046
	Profit before tax	19,727	12,444	17,358	11,283
5	Tax for the year	-3,814	-3,225	-1,445	-2,064
	Profit for the year	15,913	9,219	15,913	9,219

Proposed profit appropriation

DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
Distributed extraordinary dividends	56,340	0	56,340	0
Reserve for net revaluation acc. to the equity method	0	0	7,808	2,386
Transferred to retained earnings	-40,427	9,219	-48,235	6,833
Total dividends distributed	15,913	9,219	15,913	9,219

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Balance sheet

Note	DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
	ASSETS				
	Fixed assets				
	Intangible assets				
6	Goodwill	51,633	41,683	38,401	34,679
		51,633	41,683	38,401	34,679
	Property, plant and equipment				
7	Fixtures and fittings, tools and equipment	187,688	140,652	136,654	105,573
		187,688	140,652	136,654	105,573
	Investments				
8	Investments	0	0	19,439	12,353
	Non-current receivables	6,619	0	0	0
	Deposits	5,566	4,253	5,566	3,971
		12,185	4,253	25,005	16,324
	Total fixed assets	251,506	186,588	200,060	156,576
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	6,310	6,513	4,283	4,252
		6,310	6,513	4,283	4,252
	Receivables				
	Trade receivables	35,650	28,031	26,772	22,047
	Other receivables	5,756	3,142	2,501	1,844
	Receivables, group entities	24,171	0	65,208	1,662
9	Prepayments	249	449	249	281
		65,826	31,622	94,730	25,834
	Cash	5,320	481	2,014	175
	Total non-fixed assets	77,456	38,616	101,027	30,261
	TOTAL ASSETS	328,962	225,204	301,087	186,837

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Balance sheet

Note	DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	500	500	500	500
11	Reserve for net revaluation acc. to the equity method	0	0	18,533	10,996
12	Retained earnings	54,816	89,217	36,283	78,221
	Total equity	55,316	89,717	55,316	89,717
	Provisions				
13	Provision for deferred tax	21,865	18,276	16,486	15,135
	Total provisions	21,865	18,276	16,486	15,135
	Liabilities				
	Non-current liabilities				
14	Payables to banking institutions	0	30,270	0	12,378
15	Lease liabilities	6,521	16,105	5,478	14,947
16	Other non-current liabilities	13,522	3,307	10,500	0
	Payables to group entities	189,981	0	186,021	
		210,024	49,682	201,999	27,325
	Current liabilities				
17	Current portion of non-current liabilities	9,517	21,196	6,628	16,612
	Banking institutions	0	24,937	0	23,042
	Trade payables	10,364	7,386	8,719	5,498
	Income taxes payable	11	1,293	0	1,361
	Other payables	21,865	12,717	11,939	8,147
		41,757	67,529	27,286	54,660
	Total liabilities	251,781	117,211	229,285	81,985
	TOTAL EQUITY AND LIABILITIES	328,962	225,204	301,087	186,837

18 **Mortgages and collateral**
19 **Contingent liabilities**
20 **Related parties**

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Statement of changes in equity

DKK'000	Group			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 September 2015	500	89,217	0	89,717
Capital increase	0	6,874	0	6,874
Transferred via appropriation of profit/loss	0	-40,427	0	-40,427
Foreign exchange adjustments, foreign subsidiary	0	-848	0	-848
Equity at 31 December 2016	500	54,816	0	55,316

DKK'000	Parent				
	Share capital	Net revaluation acc. to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 September 2015	500	10,996	78,221	0	89,717
Capital increase	0	0	6,874	0	6,874
Transferred via appropriation of profit/loss	0	7,808	-48,235	0	-40,427
Foreign exchange adjustments, foreign subsidiary	0	-271	0	0	-271
Foreign exchange adjustment taken to equity	0	0	-577	0	-577
Equity at 31 December 2016	500	18,533	36,283	0	55,316

Consolidated financial statements and parent company financial statements for the period 1 September 2015 – 31 December 2016

Cash flow statement

DKK'000	Group 2015/16 (16 months)	Group 2014/15	Parent company 2015/16 (16 months)	Parent company 2014/15
Cash flows from operations				
Profit before financial income and expenses	25,473	14,885	13,577	8.851
Depreciation and amortisation	24,024	16,207	18,726	14.001
	49,497	31,092	32,303	22.852
Changes in inventories	178	-1,093	-31	-22
Changes in receivables	-10,189	-2,376	-5,289	474
Changes in suppliers, etc.	12,341	-777	7,082	-2,567
	51,827	26,846	34,065	20,737
Financial income and financial expenses	-5,745	-2,441	-4,027	-1,698
Foreign exchange adjustment before tax	-620	-122	-578	-143
Income tax paid	-1,459	94	-1,517	-46
Cash flows from operations	44,003	24,377	27,943	18,850
Cash flows from investing activities				
Acquisition of intangible assets	-45,574	-5,485	-29,583	-200
Acquisition of property, plant and equipment	-94,978	-20,963	-56,978	-6,757
Acquisition and adjustment of investments	3,960	0	3,960	3,592
Small acquisitions	-1,787	-1,001	-1,403	-900
Changes in deposits	-8,018	-286	-1,595	-4
Disposal of fixed assets	18,348	933	1,231	885
Disposal of subsidiary	-3,509	0	-3,509	0
Cash flows from investing activities	-131,558	-26,802	-87,877	-3,384
Cash flows from financing activities				
Net lending, credit institution	-36,684	1,103	-15,994	-9,863
Net lending, leasing companies	-9,504	-4,277	-9,469	-5,669
Net lending, group entities	174,579	0	122,167	0
Net lending, others	11,329	3,213	10,500	-309
Capital increase	6,874	0	6,874	0
Capital increase, merger	27,252	0	27,252	0
Dividends paid	-56,340	0	-56,340	0
Cash flows from financing activities	117,506	39	84,990	-15,841
Changes in cash flows	29,951	-2,386	25,056	-375
Cash and cash equivalents beginning of year	-24,631	-22,070	-23,042	-22,492
Cash and cash equivalents end of year	5,320	-24,456	2,014	-22,867

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Notes

1 **Accounting policies**

The annual report of pierre.dk Autolakering A/S for 2015/16 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities enterprises under the Danish Financial Statements Act.

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

The parent company and the Group have changed the financial reporting period, and the financial statements thus cover the period 1 September 2015 - 31 December 2016 to adjust to the parent company's financial year.
The comparative figures have not been restated.

Effective 1 January 2016, the Company has early adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement of property, plant and equipment in the following areas:

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values of property, plant and equipment. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, pierre.dk Autolakering A/S, and subsidiaries in which pierre.dk Autolakering A/S directly or indirectly holdsmore than 50 % of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including unamortised goodwill, and anticipated disposal costs.

Foreign currency translation

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

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

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Notes

1 **Accounting policies (continued)**

Foreign exchange adjustments of balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are taken directly to equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer has taken place before year end and the income can be reliably measured and is expected to be received.

Income from investments in subsidiaries

The proportionate shareof the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated and the parent company income statement after elimination of the proportionate share of intra-group profits/gains.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life of 3-20 years, longest for strategically acquired entities.

Strategic corporate acquisitions are based on a selective additional choice considering the location of the individual entities and their market position, and are thus acquired to either establish the Company on a market or to strengthen its position as market leader. The useful life of goodwill acquired for such strategical purposes is estimated to 20 years.

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Notes

1 **Accounting policies (continued)**

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets and any residual value. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-25 years

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

Leases

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

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

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

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Notes

1 **Accounting policies (continued)**

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of pierre.dk Autolakering A/S is adopted are not taken to the net revaluation reserve.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

When there is an indication of impairment, each asset or group of assets is impaired. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which is in general equal to the nominal value.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Prepayments

Prepayments recognised under assets comprise costs incurred concerning subsequent financial years.

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Notes

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Corporate income tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost,

Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements for the period 1 September 2015 – 31 December 2016

Notes

1 **Accounting policies (continued)**

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity at year end excl. non-controlling interests x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$

Cash flow statement

The cash flow statement shows the Group's and the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in the amount and composition of the Group's share capital and related costs as well as contracting of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash, operating credits and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Notes

	DKK'000	Group 2015/16 (16 months)	Group 2014/15	Parent company 2015/16 (16 months)	Parent company 2014/15
2	**Staff costs**				
	Wages and salaries	153,176	86,545	105,381	63,609
	Pension contributions	9,963	6,531	8,094	5,083
	Social contributions	15,141	7,301	1,937	1,271
	Staff costs	2,050	1,844	1,141	1,091
		180,330	102,221	116,553	71,054
	Remuneration of the Executive Board and the Board of Directors	7,107	2,870	6,312	2,870
	Number of employees	325	249	176	170
3	**Other financial income**				
	Interest, banking institutions	0	11	0	0
	Interest income, group entities	0	2	1,142	257
	Other financial income	545	94	521	91
		545	107	1,663	348
4	**Financial expenses**				
	Interest expenses, group entities	2,959	0	3,606	7
	Other financial expenses	3,332	2,547	2,084	2,039
		6,291	2,547	5,690	2,046
5	**Tax on profit for the year**				
	Tax on profit for the year	61	1,059	0	1,059
	Deferred tax on profit for the year	3,659	2,145	1,351	1,005
	Tax previous years	94	21	94	0
		3,814	3,225	1,445	2,064
6	**Goodwill**				
	Cost, opening	53,496	49,142	45,909	46,741
	Foreign exchange adjustment	-70	-59	0	0
	Additions	23,480	5,445	7,604	200
	Disposals	-8,956	-1,032	0	-1,032
	Cost, closing	67,950	53,496	53,513	45,909
	Amortisation opening	11,813	9,858	11,230	9,472
	Foreign exchange adjustment	-16	-11	0	0
	Amortisation for the year	4,677	2,998	3,882	2,790
	Amortisation, disposals	-157	-1,032	0	-1,032
	Amortisation closing	16,317	11,813	15,112	11,230
	Carrying amount	51,633	41,683	38,401	34,679

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Notes

DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
7 Fixtures and fittings, tools and equipment				
Cost, opening	201,289	191,611	160,828	164,564
Foreign exchange adjustment	-422	-668	0	0
Additions	83,413	20,875	45,752	6,757
Disposals	-20,896	-10,529	-2,300	-10,493
Cost, closing	263,384	201,289	204,280	160,828
Depreciation opening	60,637	58,134	55,255	54,552
Foreign exchange adjustment	-106	-109	0	0
Depreciation for the year	17,803	12,308	13,465	10,375
Depreciation, disposals	-2,638	-9,696	-1,094	-9,672
Depreciation closing	75,696	60,637	67,626	55,255
Carrying amount	187,688	140,652	136,654	105,573
Leased assets with a carrying amount of	22,578	35,022	22,578	35,022

DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
8 Investments in subsidiaries				
Cost, opening	0	0	1,357	607
Additions	0	0	0	750
Disposals	0	0	-938	0
Cost, closing	0	0	419	1,357
Value adjustments, opening	0	0	10,996	7,107
Foreign exchange adjustments, opening equity	0	0	-271	-241
Profit for the year	0	0	7,808	4,130
Reversal on disposal	0	0	487	0
Value adjustments, closing	0	0	19,020	10,996
Carrying amount closing	0	0	19,439	12,353

Name and registered office	Ownership interest
Pierre Billackering AB, Sweden	100%

9 Prepayments

Prepayments comprise accrual of expenses relating to subsequent years.

Consolidated financial statements and parent company financial statements for the period 1 September 2015 - 31 December 2016

Notes

DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
10 Share capital				
Share capital	500	500	500	500
	500	500	500	500

The share capital comprises five shares of DKK 100,000 each. The share capital is not divided into classes.

The share capital has not been subject to any changes for the past five years.

DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
11 Reserve for net revaluation acc. to the equity method				
Net revaluation opening	0	0	10,996	7,107
Equity entries	0	0	-271	-241
Net revaluation for the year	0	0	7,808	4,130
	0	0	18,533	10,996
12 Retained earnings				
Retained earnings beginning of year	89,217	80,348	78,221	73,241
Equity entries	-848	-350	-577	-109
Capital increase	6,874	0	6,874	0
Extraordinary dividends paid	-56,340	0	-56,340	0
Retained earnings for the year	15,913	9,219	8,105	5,089
	54,816	89,217	36,283	78,221
13 Provision for deferred tax				
Provision for deferred tax opening	18,276	16,145	15,135	14,130
Foreign exchange adjustment opening	-40	0	0	0
Deferred tax on profit for the year	3,629	2,131	1,351	1,005
	21,865	18,276	16,486	15,135
Goodwill	1,927	819	1,271	522
Fixtures and fittings	21,209	17,508	16,486	14,738
Other areas	-1,271	-051	-1,271	-125
	21,865	18,276	16,486	15,135
14 Payables to banking institutions				
Due after 5 years	0	7,642	0	1,714
Falling due between 2 and 5 years	0	22,628	0	10,664
	0	30,270	0	12,378
Due within 1 year	0	12,783	0	9,984
	0	43,053	0	22,362

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Notes

DKK'000	Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
15 Lease obligations				
Due after 5 years	1,301	1,301	1,301	1,301
Falling due between 2 and 5 years	5,220	14,804	4,177	13,646
	6,521	16,105	5,478	14,947
Due within 1 year	6,909	6,846	6,628	6,628
	13,430	22,951	12,106	21,575
16 Other non-current liabilities				
Falling due between 2 and 5 years	13,522	3,307	10,500	0
	13,522	3,307	10,500	0
Due within 1 year	2,608	1,567	0	0
	16,130	4,874	10,500	0
17 Current portion of non-current liabilities				
Bank debt	0	12,783	0	9,984
Leasing debt	6,909	6,846	6,628	6,628
Other non-current liabilities	2,608	1,567	0	0
	9,517	21,196	6,628	16,612

18 Mortgages and collateral

Parent

The Company has not assumed any guarantee and warranty commitments other than those assumed in the Company's normal cause of business.

An owner's mortgage of DKK 1,500 thousand secured on the Aarhus S-branches' fixtures and fittings, goodwill and lease rights at a carrying amount of DKK 964 thousand has been provided as collateral for balances with banking institution.

The Company has provided shares in subsidiary at a carrying amount of DKK 19,400 thousand as collateral for the ultimate parent company's liabilities to banking institution.

Group

The Group has provided its cash with banking institution at a carrying amount of DKK 3,334 thousand as collateral for the ultimate parent company's liabilities to banking institution.

The Group has provided its receivable at a carrying amount of DKK 8,878 thousand as collateral for the ultimate parent company's liabilities to banking institution.

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19 Contingent liabilities

Parent

The Company has entered into operating leases at an average annual lease payment of DKK 382 thousand. The leases have a remaining contract period of 3-9 months and a total nominal residual lease liability of DKK 186 thousand.

The Company has entered into non-terminable leases with a lease liability totalling DKK 79,760 thousand and a remaining contract period of up to 11 years.

The Company is jointly taxed with the other Danish group entities. As a consolidated entities, together with the other consolidated entities included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed entities' total known net liabilities to SKAT are stated in the financial statements of the administrative company, LDETRA Holding ApS, CVR no. 30719484. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the Company's liability will increase.

At 24 May 2016, the Company withdrew from the joint taxation unit.

Group

The Group entities have entered into operating leases at an average annual lease payment of DKK 497 thousand. The remaining contract period of the leases is 3-9 months, and the total nominal residual lease payment amounts to DKK 301 thousand.

The Group has entered into non-terminable leases with a lease liability of DKK 79,760 thousand. and a remaining contract period of up to 11 years.

20 Related parties

Related parties exercising control

Related parties	Address/Registered office	Basis for exercising control
Intelligent Repair Solutions Holding GmbH	Rellingen, Germany	Shareholding

Information on consolidated financial statements

Parent company	Registered office	Consolidated financial statements are obtainable from
Intelligent Repair Solutions Holding GmbH	Rellingen, Germany	Siemenstrasse 55 a

The following shareholders are listed in the Company's register of shareholders as holding minimum 5% of the share capital:

Intelligent Repair Solutions Holding GmbH
25462 Rellingen, Germany

Transactions with subsidiaries that are not carried out on an arm's length basis

There have been no transactions with subsidiaries that are not carried out on an arm's length basis.