Ermax A/S

Vranderupvej 2, DK-6000 Kolding

Annual Report for 1 January - 31 December 2021

CVR No 15 27 73 35

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10/5 2022

Axel Kierkegaard
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ermax A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kolding, 10 May 2022

Executive Board

Kristian Løvstrøm Olsen
Executive Officer

Board of Directors

Axel Kierkegaard Chairman	Torben Pagh	Markus Schell

Independent Auditor's Report

To the Shareholder of Ermax A/S

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

We have audited the Financial Statements of Ermax A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of 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 misstate-

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Trekantområdet, 10 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Madsen	Jan Bunk Harbo Larsen
statsautoriseret revisor	statsautoriseret revisor
mne10745	mne30224

Company Information

The Company	Ermax A/S Vranderupvej 2 DK-6000 Kolding Telephone: + 45 7552 5200 Website: www.ermax.dk CVR No: 15 27 73 35 Financial period: 1 January - 31 December Municipality of reg. office: Kolding
Board of Directors	Axel Kierkegaard , Chairman Torben Pagh Markus Schell
Executive Board	Kristian Løvstrøm Olsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	26.390	14.362	13.696	34.490	30.635
Operating profit/loss	5.782	-7.323	-10.540	789	-4.937
Net financials	-342	-245	83	-621	-1.331
Net profit/loss for the year	4.411	-5.898	-8.077	287	-4.916
Balance sheet					
Balance sheet total	50.186	55.485	50.398	113.495	99.094
Equity	31.078	26.559	32.530	74.646	57.044
Investment in property, plant and equipment	-1.776	-4.316	-647	-2.093	-2.070
Ratios					
Return on assets	12,0%	-13,2%	-20,8%	0,9%	-5,0%
Solvency ratio	61,9%	47,9%	64,5%	65,8%	57,6%
Return on equity	15,3%	-20,0%	-15,1%	0,4%	-8,2%

For definitions, see under accounting policies.

Management's Review

Key activities

Development, production and distribution of lighting and cabling systems within the segments trailers, agriculture, chassis, off-road and busses.

Development in the year

The company´s financial situation and result of the year 2021 is stated in the annual report and this statement.

The financial profit after taxes of TDKK 4.411 is acceptable and accordingly to the growth strategy.

The external influences towards supply and demand, have in 2021 had a positive effect towards turnover growth and new business.

During 2021 internal processes have been optimized together with focus on increased market share.

The company´s equity of TDKK 31.078 and solidity of 61,9 %, makes the company well equipped for future growth.

Operating risks

A market with material shortages leads to increased prices and supply challenges, as well as a risk of having difficulties in passing on price increases to customers. In addition, the war in Ukraine may affect the material shortage further. Both risks may influence the turnover in a negative direction.

Targets and expectations for the year ahead

Growth is expected within defined segments based on product range and technical solutions.

External environment

In the production strategy the company follows a decided "Code of Conduct". Overall high focus is kept on the general well-being of the staff through professional and social activities.

Intellectual capital resources

As a compact company the management is aware of the dependence of few employees with special knowledge.

Income Statement 1 January - 31 December

	Note	2021	2020
		TDKK	TDKK
Gross profit/loss		**26.390**	**14.362**
Staff expenses	2	-18.565	-20.104
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.806	-1.572
Other operating expenses		-18	0
Profit/loss before financial income and expenses		**6.001**	**-7.314**
Financial income	3	168	226
Financial expenses	4	-510	-471
Profit/loss before tax		**5.659**	**-7.559**
Tax on profit/loss for the year	5	-1.248	1.661
Net profit/loss for the year		**4.411**	**-5.898**

Balance Sheet 31 December

Assets

	Note	2021	2020
		TDKK	TDKK
Acquired licenses		45	120
Intangible assets	6	**45**	**120**
Land and buildings		414	428
Other fixtures and fittings, tools and equipment		5.625	5.584
Property, plant and equipment	7	**6.039**	**6.012**
Other receivables		0	403
Fixed asset investments		**0**	**403**
Fixed assets		**6.084**	**6.535**
Inventories		**33.912**	**35.045**
Trade receivables		3.043	1.324
Receivables from group enterprises		5.948	8.163
Other receivables		1	8
Deferred tax asset	8	986	4.336
Prepayments		212	57
Receivables		**10.190**	**13.888**
Cash at bank and in hand		**0**	**17**
Currents assets		**44.102**	**48.950**
Assets		**50.186**	**55.485**

Balance Sheet 31 December

Liabilities and equity

	Note	2021	2020
		TDKK	TDKK
Share capital		5.000	5.000
Retained earnings		26.078	21.559
Equity		**31.078**	**26.559**
Credit institutions		10	0
Trade payables		4.979	4.336
Payables to group enterprises		12.752	19.345
Other payables		1.367	5.245
Short-term debt		**19.108**	**28.926**
Debt		**19.108**	**28.926**
Liabilities and equity		**50.186**	**55.485**
Subsequent events	1		
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	10		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	5.000	21.559	26.559
Fair value adjustment of hedging instruments, end of year	0	139	139
Tax on adjustment of hedging instruments for the year	0	-31	-31
Net profit/loss for the year	0	4.411	4.411
Equity at 31 December	**5.000**	**26.078**	**31.078**

Notes to the Financial Statements

1 Subsequent events

The war in Ukraine will not directly affect the group and it’s operations but the company will be indirectly affected by it, and the uncertainties that have followed.

It is too early to conclude the full economic impact of the war for the company.

2 Staff expenses

	2021 TDKK	2020 TDKK
Wages and salaries	15.968	17.900
Pensions	1.985	1.223
Other social security expenses	91	107
Other staff expenses	521	874
	18.565	**20.104**
Including remuneration to the Executive Board and Board of Directors	**1.997**	**2.362**
Average number of employees	**27**	**31**

3 Financial income

	2021 TDKK	2020 TDKK
Other financial income	9	4
Exchange gains	159	222
	168	**226**

4 Financial expenses

	2021 TDKK	2020 TDKK
Interest paid to group enterprises	499	468
Other financial expenses	11	3
	510	**471**

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
5 Tax on profit/loss for the year		
Current tax for the year	0	-22
Deferred tax for the year	1.279	-1.661
	1.279	**-1.683**
which breaks down as follows:		
Tax on profit/loss for the year	1.248	-1.661
Tax on changes in equity	31	-22
	1.279	**-1.683**

6 Intangible assets

	Acquired licenses
	TDKK
Cost at 1 January	13.091
Disposals for the year	-3.711
Cost at 31 December	9.380
Impairment losses and amortisation at 1 January	12.971
Amortisation for the year	75
Reversal of amortisation of disposals for the year	-3.711
Impairment losses and amortisation at 31 December	9.335
Carrying amount at 31 December	**45**

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	835	22.353
Additions for the year	0	1.776
Disposals for the year	0	-7.150
Cost at 31 December	835	16.979
Impairment losses and depreciation at 1 January	407	16.769
Depreciation for the year	14	1.717
Reversal of impairment and depreciation of sold assets	0	-7.132
Impairment losses and depreciation at 31 December	421	11.354
Carrying amount at 31 December	**414**	**5.625**

8 Deferred tax asset

	2021	2020
	TDKK	TDKK
Deferred tax asset at 1 January	4.336	2.831
Amounts recognised in the income statement for the year	-1.248	1.661
Amounts utilized of tax losses in joint taxation	-2.102	-156
Deferred tax asset at 31 December	**986**	**4.336**

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next two to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to have an effect in the coming years.

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK

9 Distribution of profit

	2021 TDKK	2020 TDKK
Retained earnings	4.411	-5.898
	4.411	**-5.898**

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2021 TDKK	2020 TDKK
Future lease and rent commitments until expiration	1.896	3.174

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of BPW Finans A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Including to group enterprises

	2021 TDKK	2020 TDKK
Rental and lease obligations	939	939

Notes to the Financial Statements

11 Related parties

	Basis
Controlling interest	
BPW Bergische Achsen, Wiehl, Germany	Ultimate parent
Other related parties	
Axel Kierkegaard	Board member
Torben Pagh	Board member
Markus Schell	Board member

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
BPW Finans A/S	Kolding, Denmark

The Group Annual Report of BPW Finans A/S may be obtained at the following address:

BPW Finans A/S, Vranderupvej 2, 6000 Kolding, CVR-nr. 19201112

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Ermax A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in TDKK.

Cash flow statement

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

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Notes to the Financial Statements

12 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

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

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

Hedge accounting

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

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

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

Notes to the Financial Statements

12 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

12 Accounting Policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with danish group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 20 years.

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

Other buildings	50	years
Other fixtures and fittings, tools and equipment	3-5	years

Notes to the Financial Statements

12 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

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

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

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Notes to the Financial Statements

12 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$