



Grant Thornton

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# **Boston Group A/S**

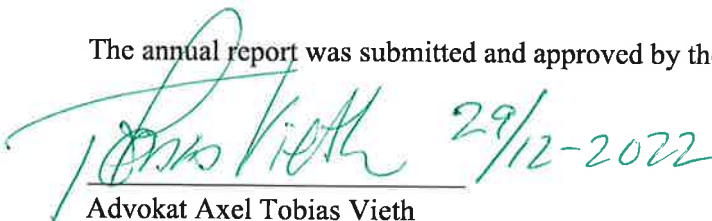
**Lucernemarken 9, 3520 Farum**

**Company reg. no. 19 19 60 03**

## **Annual report**

**1 July 2021 - 30 June 2022**

The annual report was submitted and approved by the general meeting on the 29 December 2022.

 29/12-2022

Advokat Axel Tobias Vieth  
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

## **Management's statement**

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Today, the Board of Directors and the Managing Director have approved the annual report of Boston Group A/S for the financial year 1 July 2021 - 30 June 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations and cash flows for the financial year 1 July 2021 – 30 June 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Farum, 21 December 2022


### **Managing Director**

Christian Banzhaf  
CEO

### **Board of directors**

  
Axel Tobias Vieth

  
Christian Banzhaf

  
Jan Brus Albæk

## **Independent auditor's report**

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### **To the Shareholders of Boston Group A/S**

#### **Opinion**

We have audited the financial statements of Boston Group A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2022, and of the results of the Company's operations and cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

#### **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.

#### **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 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.

## Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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.

## Independent auditor's report

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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 Financial Statements Act.

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

Copenhagen, 21 December 2022

### Grant Thornton

State Authorised Public Accountants  
Company reg. no. 34 20 99 36



Michael Beuchert  
State Authorised Public Accountant  
mne32794



Jan Nielsen  
State Authorised Public Accountant  
mne9567

## Company information

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<b>The company</b>	Boston Group A/S Lucernemarken 9 3520 Farum
	Company reg. no. 19 19 60 03 Financial year: 1 July - 30 June
<b>Board of directors</b>	Axel Tobias Vieth Christian Banzhaf Jan Brus Albæk
<b>Managing Director</b>	Christian Banzhaf, CEO
<b>Auditors</b>	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
<b>Secondary names</b>	Boston Distribution A/S

## Financial highlights

DKK in thousands.	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
<b>Income statement:</b>					
Gross profit	28.893	28.076	24.009	19.830	15.779
Profit from operating activities	19.598	20.413	18.244	14.127	9.736
Net financials	-3.107	-137	-163	-137	-523
Net profit or loss for the year	12.880	15.833	14.018	10.911	7.184
<b>Statement of financial position:</b>					
Balance sheet total	145.782	94.943	59.972	46.500	37.012
Investments in property, plant and equipment	72	22	0	608	0
Equity	29.236	20.355	18.522	15.505	13.594
<b>Employees:</b>					
Average number of full-time employees	16	14	12	12	13
<b>Key figures in %:</b>					
Acid test ratio	129,7	143,9	189,3	217,8	235,5
Solvency ratio	20,1	21,4	30,9	33,3	36,7
Return on equity	51,9	81,5	82,4	75,0	52,8

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

**Acid test ratio** 
$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

**Solvency ratio** 
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

**Return on equity** 
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$



## **Management's review**

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### **The principal activities of the company**

The primary activities of the Group are trading in IT and other equipment.

### **Development in activities and financial matters**

The gross profit for the year totals DKK 28.893.000 against DKK 28.076.000 last year. Income or loss from ordinary activities after tax totals DKK 12.880.000 against DKK 15.833.000 last year.

The decrease in the net result is mainly due to one off consultancy costs and increased finance costs. The company has increased its working capital mainly due higher demands for inventory levels to meet increased demand for the company's products. Management considers the net profit or loss for the year satisfactory.

Management is still working with focus on optimising both costs and product range. Several interesting new producers have been added. The development of and focus on the business within professional and commercial drones has, as expected, grown a lot and is expected to contribute to a further growth in the result for the coming year.

Management expects continued revenue growth as a result of continued marketing and product range optimization. In addition, management expects an increase in profit for the coming year.

### *Investments*

Management does not expect any major investments in the coming financial year.

### *Financial resources*

Management expects that the credit facilities for the company will be sufficient to meet the finance needs.

### **Know how resources**

The company has in depth knowledge of its products and sales and marketing resources in the Nordics.

### **Environmental issues**

The company complies with the all legal requirements regarding the environment.

**Income statement 1 July - 30 June**

All amounts in DKK.

<u>Note</u>	<u>2021/22</u>	<u>2020/21</u>
<b>Gross profit</b>	<b>28.893.170</b>	<b>28.076.433</b>
1 Staff costs	-9.172.427	-7.518.201
Depreciation and impairment of property and equipment	-122.875	-145.550
<b>Operating profit</b>	<b>19.597.868</b>	<b>20.412.682</b>
Other financial income from subsidiaries	0	34.611
Other financial income	3.819	18.355
2 Other financial expenses	-3.110.882	-190.179
<b>Pre-tax net profit or loss</b>	<b>16.490.805</b>	<b>20.275.469</b>
3 Tax on net profit or loss for the year	-3.610.387	-4.442.478
<b>4 Net profit or loss for the year</b>	<b>12.880.418</b>	<b>15.832.991</b>

**Balance sheet at 30 June**

All amounts in DKK.

<b>Assets</b>		<u>2022</u>	<u>2021</u>
<u>Note</u>			
<b>Non-current assets</b>			
5	Other fixtures and fittings, tools and equipment	230.080	280.670
	Total property, plant, and equipment	<u>230.080</u>	<u>280.670</u>
6	Deposits	416.073	407.993
	Total investments	<u>416.073</u>	<u>407.993</u>
	<b>Total non-current assets</b>	<b><u>646.153</u></b>	<b><u>688.663</u></b>
<b>Current assets</b>			
	Finished goods and goods for resale	116.212.621	75.784.564
	Prepayments for goods	6.309.353	0
	Total inventories	<u>122.521.974</u>	<u>75.784.564</u>
	Trade receivables	14.870.421	12.501.025
	Receivables from subsidiaries	97.743	2.647
7	Deferred tax assets	107.333	100.436
	Other receivables	2.187.914	1.626.713
8	Prepayments	265.700	507.985
	Total receivables	<u>17.529.111</u>	<u>14.738.806</u>
	Cash and cash equivalents	<u>5.084.923</u>	<u>3.730.503</u>
	<b>Total current assets</b>	<b><u>145.136.008</u></b>	<b><u>94.253.873</u></b>
	<b>Total assets</b>	<b><u>145.782.161</u></b>	<b><u>94.942.536</u></b>

**Balance sheet at 30 June**

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2022</u>	<u>2021</u>
<b>Equity</b>			
9	Contributed capital	500.000	500.000
	Retained earnings	28.735.734	19.855.315
	<b>Total equity</b>	<b>29.235.734</b>	<b>20.355.315</b>
<b>Provisions</b>			
10	Other provisions	4.667.234	9.086.213
	<b>Total provisions</b>	<b>4.667.234</b>	<b>9.086.213</b>
<b>Liabilities other than provisions</b>			
	Bank loans	18.130.118	0
	Trade payables	56.193.831	43.666.089
	Payables to subsidiaries	30.831.029	14.120.160
	Income tax payable	3.617.284	4.463.203
	Other payables	3.106.931	3.251.556
	Total short term liabilities other than provisions	111.879.193	65.501.008
	<b>Total liabilities other than provisions</b>	<b>111.879.193</b>	<b>65.501.008</b>
	<b>Total equity and liabilities</b>	<b>145.782.161</b>	<b>94.942.536</b>
<b>11</b>	<b>Charges and security</b>		
<b>12</b>	<b>Contingencies</b>		
<b>13</b>	<b>Related parties</b>		

**Statement of changes in equity**

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All amounts in DKK.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 July 2021	500.000	19.855.316	20.355.316
Retained earnings for the year	0	12.880.418	12.880.418
Distributed extraordinary dividend adopted during the financial year	0	-16.000.000	-16.000.000
Group contribution	0	12.000.000	12.000.000
	<b>500.000</b>	<b>28.735.734</b>	<b>29.235.734</b>

## Statement of cash flows 1 July - 30 June

All amounts in DKK.

<u>Note</u>	<u>2021/22</u>	<u>2020/21</u>
Net profit or loss for the year	12.880.418	15.832.991
14 Adjustments	2.421.352	3.609.429
15 Change in working capital	<u>-37.137.703</u>	<u>-15.946.156</u>
Cash flows from operating activities before net financials	-21.835.933	3.496.264
Interest received, etc.	3.815	52.964
Interest paid, etc.	<u>-3.110.882</u>	<u>-190.179</u>
Cash flows from ordinary activities	-24.943.000	3.359.049
Income tax paid	<u>-4.463.203</u>	<u>-4.066.961</u>
<b>Cash flows from operating activities</b>	<b><u>-29.406.203</u></b>	<b><u>-707.912</u></b>
Purchase of property, plant, and equipment	-72.285	-22.400
Sale of property, plant, and equipment	0	7.840
Purchase of fixed asset investments	<u>-8.080</u>	<u>-7.823</u>
<b>Cash flows from investment activities</b>	<b><u>-80.365</u></b>	<b><u>-22.383</u></b>
Repayments of long-term payables	28.710.869	12.182.823
Dividend paid	-16.000.000	-14.000.000
Changes in short-term bank loans	<u>18.130.118</u>	<u>0</u>
<b>Cash flows from investment activities</b>	<b><u>30.840.987</u></b>	<b><u>-1.817.177</u></b>
<b>Change in cash and cash equivalents</b>	<b>1.354.419</b>	<b>-2.547.472</b>
Cash and cash equivalents at 1 July 2021	<u>3.730.504</u>	<u>6.277.976</u>
<b>Cash and cash equivalents at 30 June 2022</b>	<b><u>5.084.923</u></b>	<b><u>3.730.504</u></b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	<u>5.084.923</u>	<u>3.730.504</u>
<b>Cash and cash equivalents at 30 June 2022</b>	<b><u>5.084.923</u></b>	<b><u>3.730.504</u></b>

**Notes**

All amounts in DKK.

	<u>2021/22</u>	<u>2020/21</u>
<b>1. Staff costs</b>		
Salaries and wages	7.885.499	6.758.351
Pension costs	1.169.321	639.054
Other costs for social security	117.607	120.796
	<u><b>9.172.427</b></u>	<u><b>7.518.201</b></u>
Executive board and board of directors	<u>1.303.112</u>	<u>1.164.148</u>
Average number of employees	<u>16</u>	<u>14</u>
<b>2. Other financial expenses</b>		
Financial costs, group enterprises	2.917.710	30.552
Other financial costs	193.172	159.627
	<u><b>3.110.882</b></u>	<u><b>190.179</b></u>
<b>3. Tax on net profit or loss for the year</b>		
Tax on net profit or loss for the year	3.617.284	4.463.203
Adjustment of deferred tax for the year	-6.897	-20.725
	<u><b>3.610.387</b></u>	<u><b>4.442.478</b></u>
<b>4. Proposed appropriation of net profit</b>		
Extraordinary dividend adopted during the financial year	16.000.000	14.000.000
Transferred to retained earnings	0	1.832.991
Allocated from retained earnings	-3.119.582	0
<b>Total allocations and transfers</b>	<u><b>12.880.418</b></u>	<u><b>15.832.991</b></u>

**Notes**

All amounts in DKK.

	<u>30/6 2022</u>	<u>30/6 2021</u>
<b>5. Other fixtures and fittings, tools and equipment</b>		
Cost 1 July 2021	1.821.238	1.798.838
Additions during the year	<u>72.285</u>	<u>22.400</u>
<b>Cost 30 June 2022</b>	<b><u>1.893.523</u></b>	<b><u>1.821.238</u></b>
Depreciation and writedown 1 July 2021	-1.540.568	-1.395.018
Amortisation and depreciation for the year	<u>-122.875</u>	<u>-145.550</u>
<b>Depreciation and writedown 30 June 2022</b>	<b><u>-1.663.443</u></b>	<b><u>-1.540.568</u></b>
<b>Carrying amount, 30 June 2022</b>	<b><u>230.080</u></b>	<b><u>280.670</u></b>
<b>6. Deposits</b>		
Cost 1 July 2021	407.993	400.170
Additions during the year	<u>8.080</u>	<u>7.823</u>
<b>Cost 30 June 2022</b>	<b><u>416.073</u></b>	<b><u>407.993</u></b>
<b>Carrying amount, 30 June 2022</b>	<b><u>416.073</u></b>	<b><u>407.993</u></b>
<b>7. Deferred tax assets</b>		
Deferred tax assets 1 July 2021	100.436	79.711
Deferred tax of the net profit or loss for the year	6.897	0
Deferred tax recognised directly in equity	<u>0</u>	<u>20.725</u>
	<b><u>107.333</u></b>	<b><u>100.436</u></b>
<b>8. Prepayments</b>		
Prepayments consists of prepayments for insurance and other subscriptions. The amount for the year amounts to 265,700.		
<b>9. Contributed capital</b>		
Contributed capital 1 July 2021	<u>500.000</u>	<u>500.000</u>
	<b><u>500.000</u></b>	<b><u>500.000</u></b>



**Notes**

All amounts in DKK.

	<u>30/6 2022</u>	<u>30/6 2021</u>
<p>The capital consists of 500 shares that have a nominal value of 1,000 kr. each. No shares carries any special rights. No changes occurred in the last 5 years.</p>		
<b>10. Other provisions</b>		
Other provisions 1 July 2021	9.086.213	10.194.185
Change in other provisions for the year	<u>-4.418.979</u>	<u>-1.107.972</u>
	<b><u>4.667.234</u></b>	<b><u>9.086.213</u></b>
<p>Maturity is expected to be:</p>		
1-5 years	<u>4.667.234</u>	<u>9.086.213</u>
	<b><u>4.667.234</u></b>	<b><u>9.086.213</u></b>

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 4,667,234 have been recognised for expected warranty claims.

Provision for returned goods DKK 3,566,322

Provision for complaints DKK 1,100,912

**11. Charges and security**

The company has provided a floating charge of DKK 15,000 thousand over the company's simple claims as security for company's bank commitments.

The company has provided a floating charge of DKK 5,000 thousand over the company's simple claims and inventory as security for company's bank commitments.

The carrying amount hereof was at 30 June 2022;

	<u>DKK in thousands</u>
Inventories	116.213
Trade receivables	14.870

The company has provided a guarantee for Boston Nordic Group A/S, Boston Group AB (Sweden) and Boston Group AS (Norway) involvements with Nordea Bank.

## Notes

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All amounts in DKK.

### 12. Contingencies

#### Contingent liabilities

	DKK in thousands
Lease liabilities	79.900
Rent liabilities	814.147
<b>Total contingent liabilities</b>	<b>894.047</b>

#### Lease liabilities

In addition to finance leases, the company has entered into operational leases. The leases have 3 months to maturity and total outstanding lease payments total DKK 79,900.

The company has a rent obligation, which is irrevocable up to 31 December 2021 after which the notice period is 12 month.

#### Joint taxation

With Boston Nordic Group A/S, company reg. no 13907277 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

## Notes

All amounts in DKK.

### 13. Related parties

#### Controlling interest

Boston Nordic Group A/S	Majority shareholder
Nordic Warehouse Solutions A/S	Subsidiary
Boston Group AS	Subsidiary
Boston Group AB	Subsidiary
Boston Group OY	Subsidiary
Jan Brus Albæk	Boardmember
LawyerAxel Tobias Vieth	Boardmember

#### Transactions

The company has the following related party transactions:

	<u>2021/22</u>
The sale of goods to group companies	391.085.362
Other expenses to group companies and management	15.820.891
The sale of services to group companies	2.240.938
Interest paid to group companies	2.704.328
Receivables fra group companies	97.743
Debt to group companies	30.831.029

### 14. Adjustments

	<u>2021/22</u>	<u>2020/21</u>
Depreciation, amortisation, and impairment	122.875	145.550
Profit from disposal of non-current assets	0	-7.840
Other financial income	-3.819	-52.966
Other financial expenses	3.110.882	190.179
Tax on net profit or loss for the year	3.610.387	4.442.478
Other provisions	-4.418.973	-1.107.972
	<u><b>2.421.352</b></u>	<u><b>3.609.429</b></u>

### 15. Change in working capital

Change in inventories	-46.737.409	-48.954.342
Change in receivables	-2.069.993	11.341.334
Change in trade payables and other payables	11.669.699	21.666.852
Other changes in working capital	0	0
	<u><b>-37.137.703</b></u>	<u><b>-15.946.156</b></u>

## Accounting policies

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The annual report for Boston Group A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

## **Accounting policies**

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### **Income statement**

#### **Gross profit**

**In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.**

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, as well as salary reimbursements received and profit from the disposal of intangible and tangible assets.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

#### **Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

#### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

## Accounting policies

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### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

### Statement of financial position

#### Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

#### Leases

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

## Accounting policies

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### Investments

#### Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

#### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

## **Accounting policies**

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Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

### **Prepayments**

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand.

### **Equity**

#### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Boston Group A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.



## Accounting policies

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### Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

### Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

### Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

### Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

## **Accounting policies**

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### **Cash flows from financing activities**

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.