BPW Finans A/S

Vranderupvej 2, DK-6000 Kolding

Annual Report for 1 January - 31 December 2021

CVR No 19 20 11 12

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

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Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BPW Finans 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows 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

Thorsten Winterberg

Board of Directors

Tobias Wiedeking Chairman	Per Værndal	Thorsten Winterberg
Axel Kierkegaard		

Independent Auditor's Report

To the of BPW Finans A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BPW Finans 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

Management's responsibilities for the 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, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 and the Group's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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

Independent Auditor’s Report

audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Poul Madsen
statsautoriseret revisor
mne10745

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Company Information

The Company	BPW Finans A/S Vranderupvej 2 DK-6000 Kolding Telephone: + 45 75525200 E-mail: bpw@bpw.dk Website: www.bpw.dk CVR No: 19 20 11 12 Financial period: 1 January - 31 December Municipality of reg. office: Kolding
Board of Directors	Tobias Wiedeking, Chairman Per Værndal Thorsten Winterberg Axel Kierkegaard
Executive Board	Thorsten Winterberg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

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

	Group				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	2,516,124	1,956,968	2,323,730	2,390,013	2,296,554
Gross profit/loss	351,908	318,308	285,526	333,495	341,765
Operating profit/loss	-17,594	-26,414	-81,082	18,297	26,107
Net financials	-4,309	-9,923	467	-5,185	-4,804
Net profit/loss for the year	10,437	-8,977	-59,649	3,739	16,044
Balance sheet					
Balance sheet total	1,950,278	1,482,680	1,513,386	1,358,793	1,307,700
Equity	707,201	583,146	606,614	658,263	568,406
Cash flows					
Cash flows from:					
- investing activities	-265,702	-82,442	-182,391	-11,929	-41,312
including investment in property, plant and equipment	-43,258	-40,029	-46,208	-24,124	-36,520
Number of employees	778	674	731	671	705
Ratios					
Gross margin	14.0%	16.3%	12.3%	14.0%	14.9%
Profit margin	0.9%	0.6%	-2.8%	0.9%	1.5%
Return on assets	1.2%	0.7%	-4.2%	1.6%	2.6%
Solvency ratio	36.3%	39.3%	40.1%	48.4%	43.5%
Return on equity	1.6%	-1.5%	-9.4%	0.6%	2.9%

For definitions, see under accounting policies.

Management's Review

Key activities

The group's main activities include the production and marketing of components, spare parts and body accessories for semi-trailers and trucks. In addition, the sale of industrial components to selected industrial segments.

The group's products are primarily sold on the European market.

Development in the year

It is the view of the management that all important statements for judging the financial position and the result of the year appear from the annual report and this statement.

In the fiscal year, the Group realized a Net Profit of TDKK 10.437 against a deficit in 2020 of TDKK 8.977. The equity then amounts to TDKK 707.201 corresponding to a solidity of 36,3 %.

Management considers the result for 2021 to be satisfactory.

Operating risks

The Company's expectations for the future remain negative because of the Covid-19 outbreak and the actions taken by governments in most of the world to mitigate the effects of the outbreak, cf. also the mention of post-balance sheet day events in Note 1. In the UK, we expect a negative effect of the Covid-19 effects in 2022.

Foreign exchange risks

Management considers that there are no specific business or financial risks beyond what may be considered common to the industry.

Beside DKK, the group's companies trade mainly in EUR and GBP. Foreign cross boarder exchange risks shall be hedged on an individual basis.

Targets and expectations for the year ahead

Despite the Covid-19 pandemic and the war in Ukraine, an improvement in the Group's profit for 2022 compared to 2021 is expected due to an improvement in the performance of some group companies.

Research and development

Investments in product and market development will continue in 2022.

Management's Review

External environment

Management considers that the group's activities do not have a negative impact on the external environment.

Statement of corporate social responsibility

Business model and risk analysis

The parent company BPW Finans A/S acts as an administratively shared service center for the parent company and the 3 Danish subsidiaries as well as a subsidiary in Germany. Thus, the production of the parent company consists exclusively of administrative services and financial services provided by the parent company's 15 employees. All deliveries from the parent company are delivered in close cooperation between management and employees.

BPW Finans A/S also acts as the parent company of several foreign subsidiaries that are not subject to reporting under sections §99a and §99b of the Danish Financial Statements Act.

None of the 3 Danish subsidiaries that operate the development, production, and trade of components for the transport industry and related industries are separately reporting obligations under ÅRL §99a and §99b.

Climate change and environmental approach

The activities in question do not have a significant use of resources and thus do not have significant negative effects on the environment. As a result of this organizing, management considers that there are no particular risks in the areas of environment and climate, and therefore the parent company has not developed written policies in these areas.

Human rights, employee relations and social relations approach

The parent company has a relatively low number of employees and as a result of this management considers that there are no particular risks in the areas of social and employee relations and respect for human rights, and therefore the parent company has not developed written policies in these areas.

Anti-corruption and bribery approach

The activities in question lays within areas with low or none bribery and corruption. As a result of this organizing, management considers that there are no particular risks in the areas of anti-corruption and bribery, and therefore the parent company has not developed written policies in these areas.

Statement on gender composition

BPW Finans A/S is obliged to explain the underrepresented gender according to ÅRL §99b, which includes an account of the gender composition of the Board of Directors. BPW Finans A/S has chosen to explain only the situation of the parent company, which by virtue of its size is itself subject to the requirements of section 99b of the Danish Financial Statements Act.

Management’s Review

The gender balance in other management layers has not been explained, as the parent company BPW Finans A/S has less than 50 employees and is therefore not covered by these rules.

To ensure its competitiveness, the parent company relies on always hiring the most qualified employee in the specific job. This applies to both the board of directors, management, and other employees. Where qualifications are identical, the parent company's intention will be to ensure gender balance as far as possible. Against this background, the parent company's aim is to have a balanced distribution between the sexes at the different employee levels.

Specifically, by the end of 2024, the parent company aims to have a minimum of 1 woman on the board.

Statement on data ethics

It is the Group's assessment, that it does not have data that has not been adequately handled within GDPR legislation, why it is considered that there currently is no need of a data ethics policy.

Income Statement 1 January - 31 December

	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
		TDKK	TDKK	TDKK	TDKK
Revenue	2	**2,516,124**	**1,956,968**	**17,648**	**16,025**
Other operating income		40,178	37,315	0	0
Expenses for raw materials and consumables		-1,982,737	-1,520,292	0	0
Other external expenses		-221,657	-155,683	-4,196	-4,795
Gross profit/loss		**351,908**	**318,308**	**13,452**	**11,230**
Staff expenses	3	-300,351	-278,174	-11,790	-10,436
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-28,973	-29,233	-3,049	-3,229
Profit/loss before financial income and expenses		**22,584**	**10,901**	**-1,387**	**-2,435**
Income from investments in subsidiaries		0	0	26,521	-9,367
Financial income	4	9,048	7,523	13,673	10,256
Financial expenses	5	-13,357	-17,446	-28,167	-7,321
Profit/loss before tax		**18,275**	**978**	**10,640**	**-8,867**
Tax on profit/loss for the year	6	-7,838	-9,955	-203	-110
Net profit/loss for the year		**10,437**	**-8,977**	**10,437**	**-8,977**

Balance Sheet 31 December

Assets

	Note	Group 2021 TDKK	Group 2020 TDKK	Parent 2021 TDKK	Parent 2020 TDKK
Acquired licenses		8,785	7,705	3,104	3,767
Goodwill		1,622	1,451	0	0
Prepayment		0	840	0	0
Intangible assets	7	**10,407**	**9,996**	**3,104**	**3,767**
Land and buildings		126,328	127,568	12,377	13,430
Plant and machinery		43,453	56,435	0	0
Other fixtures and fittings, tools and equipment		20,090	2,088	0	0
Property, plant and equipment in progress		16,071	15,447	0	0
Property, plant and equipment	8	**205,942**	**201,538**	**12,377**	**13,430**
Investments in subsidiaries	9	0	0	639,483	499,579
Investments in associates	10	22,420	22,420	22,420	22,420
Receivables from group enterprises	11	495,599	249,642	495,599	293,895
Other investments	11	0	14,945	0	14,945
Other receivables	11	334	731	0	0
Fixed asset investments		**518,353**	**287,738**	**1,157,502**	**830,839**
Fixed assets		**734,702**	**499,272**	**1,172,983**	**848,036**

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Inventories	12	**482,315**	**399,319**	**23**	**190**
Trade receivables		546,686	392,231	27	0
Receivables from group enterprises		10,510	10,621	207,450	115,821
Other receivables	19	51,148	39,759	0	0
Deferred tax asset	15	7,786	12,332	0	0
Corporation tax		0	0	0	119
Prepayments	13	8,259	6,753	581	250
Receivables		**624,389**	**461,696**	**208,058**	**116,190**
Cash at bank and in hand		**108,872**	**122,393**	**9,166**	**0**
Currents assets		**1,215,576**	**983,408**	**217,247**	**116,380**
Assets		**1,950,278**	**1,482,680**	**1,390,230**	**964,416**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Share capital		179,114	75,000	179,114	75,000
Reserve for net revaluation under the equity method		0	0	264,694	228,904
Reserve for hedging transactions		0	-464	0	-464
Reserve for exchange rate conversion		-4,869	-14,026	0	0
Retained earnings		532,956	522,636	263,393	279,706
Equity		**707,201**	**583,146**	**707,201**	**583,146**
Provision for deferred tax	15	1,607	716	313	220
Provisions for pensions and similar obligations	16	22,173	21,218	0	0
Other provisions	17	14,773	14,416	0	0
Provisions		**38,553**	**36,350**	**313**	**220**
Payables to group enterprises		654,626	368,771	559,217	359,842
Long-term debt	18	**654,626**	**368,771**	**559,217**	**359,842**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Credit institutions		76,941	91,574	0	1,228
Trade payables		117,677	92,795	6,123	6,254
Payables to group enterprises	18	241,361	183,882	116,206	10,476
Corporation tax		3,077	3,003	0	0
Other payables	19	110,842	123,159	1,170	3,250
Short-term debt		**549,898**	**494,413**	**123,499**	**21,208**
Debt		**1,204,524**	**863,184**	**682,716**	**381,050**
Liabilities and equity		**1,950,278**	**1,482,680**	**1,390,230**	**964,416**

Subsequent events	1
Distribution of profit	14
Contingent assets, liabilities and other financial obligations	23
Related parties	24
Fee to auditors appointed at the general meeting	25
Accounting Policies	26

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	75,000	0	-464	-14,026	522,636	583,146
Exchange adjustments	0	0	0	9,157	0	9,157
Cash capital increase	104,114	0	0	0	0	104,114
Fair value adjustment of hedging instruments, beginning of year	0	0	751	0	0	751
Tax on adjustment of hedging instruments for the year	0	0	-165	0	0	-165
Other equity movements	0	0	0	0	-239	-239
Transfers, reserves	0	0	-122	0	122	0
Net profit/loss for the year	0	0	0	0	10,437	10,437
Equity at 31 December	**179,114**	**0**	**0**	**-4,869**	**532,956**	**707,201**

Parent

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	75,000	228,904	-464	0	279,706	583,146
Exchange adjustments	0	9,157	0	0	0	9,157
Cash capital increase	104,114	0	0	0	0	104,114
Fair value adjustment of hedging instruments, beginning of year	0	0	751	0	0	751
Tax on adjustment of hedging instruments for the year	0	0	-165	0	0	-165
Other equity movements	0	0	0	0	-239	-239
Transfers, reserves	0	0	-122	0	122	0
Net profit/loss for the year	0	26,633	0	0	-16,196	10,437
Equity at 31 December	**179,114**	**264,694**	**0**	**0**	**263,393**	**707,201**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021	Group 2020
		TDKK	TDKK
Net profit/loss for the year		10,437	-8,977
Adjustments	21	48,479	33,552
Change in working capital	22	-175,405	118,192
Cash flows from operating activities before financial income and expenses		**-116,489**	**142,767**
Financial income		9,049	7,651
Financial expenses		-13,355	-17,575
Cash flows from ordinary activities		**-120,795**	**132,843**
Corporation tax paid		-2,491	-5,021
Cash flows from operating activities		**-123,286**	**127,822**
Purchase of intangible assets		-5,745	-4,194
Purchase of property, plant and equipment		-43,258	-40,029
Fixed asset investments made etc		-230,614	-51,058
Sale of property, plant and equipment		13,915	12,839
Cash flows from investing activities		**-265,702**	**-82,442**
Repayment of loans from credit institutions		-14,633	-39,782
Raising of loans from group enterprises		285,855	11,409
Cash capital increase		104,245	0
Cash flows from financing activities		**375,467**	**-28,373**
Change in cash and cash equivalents		**-13,521**	**17,007**
Cash and cash equivalents at 1 January		122,393	105,386
Cash and cash equivalents at 31 December		**108,872**	**122,393**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		108,872	122,393
Cash and cash equivalents at 31 December		**108,872**	**122,393**

Notes to the Financial Statements

1 Subsequent events

The war in Ukraine will not directly affect the company and it’s operations but the group 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 group.

2 Revenue

The distribution of net revenue by business area does not differ significantly from each other, as the groupss net revenue consists solely of production and marketing of components, spare parts and body accessories for semi-trailers and trucks and associated services.

Geographical segments

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
EU countries	1,668,262	1,295,582	17,648	16,025
Other European countries	843,376	657,479	0	0
Other countries	4,486	3,907	0	0
	2,516,124	**1,956,968**	**17,648**	**16,025**

3 Staff expenses

	Group 2021	Group 2020	Parent 2021	Parent 2020
Wages and salaries	253,587	230,521	10,762	9,120
Pensions	17,083	17,922	746	752
Other social security expenses	29,437	29,208	38	41
Other staff expenses	244	523	244	523
	300,351	**278,174**	**11,790**	**10,436**
Including remuneration to the Executive Board and Board of Directors	**4,234**	**3,636**	**780**	**1,580**
Average number of employees	**778**	**674**	**12**	**12**

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
4 Financial income				
Interest received from group enterprises	8,043	6,787	8,190	10,071
Interest received from associates	19	0	19	0
Other financial income	896	736	5,464	185
Exchange gains	90	0	0	0
	9,048	**7,523**	**13,673**	**10,256**

5 Financial expenses				
Interest paid to group enterprises	9,329	8,176	9,335	7,084
Other financial expenses	4,028	3,981	18,922	365
Exchange adjustments, expenses	0	5,289	-90	-128
	13,357	**17,446**	**28,167**	**7,321**

6 Tax on profit/loss for the year				
Current tax for the year	2,006	9,661	0	0
Deferred tax for the year	5,722	294	93	110
Adjustment of tax concerning previous years	275	0	275	0
	8,003	**9,955**	**368**	**110**
which breaks down as follows:				
Tax on profit/loss for the year	7,838	9,955	203	110
Tax on changes in equity	165	0	165	0
	8,003	**9,955**	**368**	**110**

Notes to the Financial Statements

7 Intangible assets

Group

	Acquired licenses	Goodwill
	TDKK	TDKK
Cost at 1 January	40,745	37,028
Exchange adjustment	32	1,257
Additions for the year	5,001	744
Disposals for the year	-1,979	0
Cost at 31 December	43,799	39,029
Impairment losses and amortisation at 1 January	33,040	35,577
Exchange adjustment	-22	1,258
Amortisation for the year	1,996	572
Impairment losses and amortisation at 31 December	35,014	37,407
Carrying amount at 31 December	**8,785**	**1,622**

Parent

	Acquired licenses	Goodwill
	TDKK	TDKK
Cost at 1 January	8,044	6,998
Additions for the year	1,333	0
Cost at 31 December	9,377	6,998
Impairment losses and amortisation at 1 January	4,277	6,998
Amortisation for the year	1,996	0
Impairment losses and amortisation at 31 December	6,273	6,998
Carrying amount at 31 December	**3,104**	**0**

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	239,894	197,910	116,119	15,447
Exchange adjustment	2,163	2,163	1,917	577
Additions for the year	2,579	17,638	22,994	47
Disposals for the year	-53	-11,097	-1,074	0
Transfers for the year	0	-1,432	1,432	0
Cost at 31 December	244,583	205,182	141,388	16,071
Impairment losses and depreciation at 1 January	112,326	141,475	114,031	0
Exchange adjustment	716	1,654	1,326	0
Depreciation for the year	5,213	29,718	6,218	0
Reversal of impairment and depreciation of sold assets	0	-10,574	-821	0
Transfers for the year	0	-544	544	0
Impairment losses and depreciation at 31 December	118,255	161,729	121,298	0
Carrying amount at 31 December	**126,328**	**43,453**	**20,090**	**16,071**

Notes to the Financial Statements

8 Property, plant and equipment (continued)

Parent

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK
Cost at 1 January	49,147	39	49,186
Kostpris at 31 December	49,147	39	49,186
Impairment losses and depreciation at 1 January	35,717	39	35,756
Depreciation for the year	1,053	0	1,053
Impairment losses and depreciation at 31 December	36,770	39	36,809
Carrying amount at 31 December	**12,377**	**0**	**12,377**

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent 2021	Parent 2020
	TDKK	TDKK
Cost at 1 January	270,675	269,322
Additions for the year	104,114	1,353
Cost at 31 December	374,789	270,675
Value adjustments at 1 January	228,904	252,297
Exchange adjustment	9,157	-14,025
Net profit/loss for the year	29,201	-10,057
Amortisation of goodwill	-352	-352
Change in intercompany profit on inventories	-2,328	1,041
Other adjustments	112	0
Value adjustments at 31 December	264,694	228,904
Carrying amount at 31 December	**639,483**	**499,579**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Ermax A/S	Kolding, Denmark	DKK 5,000,000	100%
HBN-Teknik A/S	Ringsted, Denmark	DKK 8,000,000	100%
Besko A/S	Aarhus, Denmark	DKK 5,600,000	100%
Hesterberg & Söhne GmbH & Co. KG	Ennepetal, Germany	EUR 7,450,000	100%
Hestal Umformung GmbH	Ennepetal, Germany	EUR 26,000	100%
BPW Ltd.	Leicester, UK	GBP 5,000,000	100%
Transpec Ltd.	Dublin, Ireland	EUR 750,000	100%
BPW Polska Sp.Z.o.o.	Lomianki, Poland	PLN 15,000,000	100%
BPW Benelux N.V.	Herstal, Belgium	EUR 2,000,000	100%
EMS-FP&S Limited (subsidiary of BPW Limited)	Norwich, UK	GBP 1,225,177	100%
Besko Nutzfahrzeugteile GmbH (subsidiary of Besko A/S)	Büdelsdorf, Germany	EUR 4,000,000	100%
TVP Benelux B.V. (subsidiary of BPW Benelux N.V.)	Veghel, Netherlands	EUR 500,000	100%
Marpeto Polska Sp. Z.o.o. (subsidiary of BPW Polska Sp.Z.o.o.)	Lomianki, Poland	PLN 15,000,000	100%

Notes to the Financial Statements

10 Investments in associates

	Group 2021	Group 2020	Parent 2021	Parent 2020
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	22,420	0	22,420	0
Additions for the year	0	22,420	0	22,420
Cost at 31 December	22,420	22,420	22,420	22,420
Value adjustments at 1 January	0	0	0	0
Value adjustments at 31 December	0	0	0	0
Carrying amount at 31 December	**22,420**	**22,420**	**22,420**	**22,420**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Hendrickson Austria GmbH	Judenburg, Austria	EUR 1,900,000	50%

11 Other fixed asset investments

	Group			Parent	
	Receivables from group enterprises	Other investments	Other receiv-ables	Receivables from group enterprises	Other investments
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	249,642	14,945	731	249,642	14,945
Additions for the year	245,957	0	0	245,957	0
Disposals for the year	0	0	-397	0	0
Cost at 31 December	495,599	14,945	334	495,599	14,945
Impairment losses for the year	0	14,945	0	0	14,945
Impairment losses at 31 December	0	14,945	0	0	14,945
Carrying amount at 31 December	**495,599**	**0**	**334**	**495,599**	**0**

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
12 Inventories				
Raw materials and consumables	31,996	31,613	0	0
Work in progress	14,021	10,352	0	0
Finished goods and goods for resale	436,298	357,354	23	190
	482,315	**399,319**	**23**	**190**

13 Prepayments

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

	Parent	
	2021	2020
	TDKK	TDKK
14 Distribution of profit		
Reserve for net revaluation under the equity method	26,633	-9,367
Retained earnings	-16,196	390
	10,437	**-8,977**

15 Deferred tax asset

Deferred tax asset at 1 January	11,616	12,128	-220	-116
Amounts recognised in the income statement for the year	-5,557	-294	72	-110
Other adjustments	120	-218	-165	6
Deferred tax asset at 31 December	**6,179**	**11,616**	**-313**	**-220**

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 Group having implemented efficiency measures which are expected to have an effect in the coming years.

Notes to the Financial Statements

16 Provisions for pensions and similar obligations

The pension obligations of Danish companies are covered by insurance. Certain foreign companies are also covered by insurance. Foreign companies that are not or are only partly covered by insurance (defined benefit plans) recognise the actuarial liability at present value at the balance sheet date. The provisions are expected to mature as follows: within one year TDKK 347, between one and five years TDKK 133 and more than five years TDKK 21.693.

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK

17 Other provisions

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 TDKK 14,773 (2020: TDKK 14,416) have been recognised for expected warranty claims.

	Group 2021 TDKK	Group 2020 TDKK	Parent 2021 TDKK	Parent 2020 TDKK
Other provisions	14,773	14,416	0	0
	14,773	**14,416**	**0**	**0**

18 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises

	Group 2021 TDKK	Group 2020 TDKK	Parent 2021 TDKK	Parent 2020 TDKK
After 5 years	461,057	264,152	461,057	264,152
Between 1 and 5 years	193,569	104,619	98,160	95,690
Long-term part	654,626	368,771	559,217	359,842
Within 1 year	115,636	6,250	115,636	6,250
Other short-term debt to group enterprises	125,725	177,632	570	4,226
Short-term part	241,361	183,882	116,206	10,476
	895,987	**552,653**	**675,423**	**370,318**

Notes to the Financial Statements

19 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Assets	255	0	0	0
Liabilities	0	595	0	595

Forward exchange contracts have been concluded to hedge future sale of goods in other currencies than DKK. At the balance sheet date, the fair value of the forward exchange contracts amounts to TDKK 255.

20 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

21 Cash flow statement - adjustments

	Group	
	2021	2020
	TDKK	TDKK
Financial income	-9,048	-7,523
Financial expenses	13,357	17,446
Depreciation, amortisation and impairment losses, including losses and gains on sales	28,973	29,233
Tax on profit/loss for the year	7,838	9,955
Other adjustments (incl. exchange rate conversions)	7,359	-15,559
	48,479	**33,552**

Notes to the Financial Statements

	Group 2021	Group 2020
	TDKK	TDKK

22 Cash flow statement - change in working capital

	2021	2020
Change in inventories	-82,996	15,905
Change in receivables	-166,842	84,752
Change in other provisions	1,312	-9,493
Change in trade payables, etc	73,121	27,028
	-175,405	**118,192**

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK

23 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2021	Group 2020	Parent 2021	Parent 2020
Future lease and rent commitments until expiration	89,640	46,974	560	261

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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.

Owner mortgage deeds nom. TDKK 7,800 with a mortgage on the property Bragesvej 16, Ringsted, lies within the company.

Notes to the Financial Statements

24 Related parties

	Basis
Controlling interest	
BPW Bergische Achsen, Wiehl, Tyskland	Ultimate parent
Other related parties	
Tobias Wiedeking	Board member
Per Værndal	Board member
Axel Kierkegaard	Board member
Thorsten Winterberg	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 Bergische Achsen	Wiehl, Germany

The Group Annual Report of BPW Bergische Achsen may be obtained at the following address:

Ohlerhammer, 51674 Wiehl, Germany

	Group 2021	Group 2020	Parent 2021	Parent 2020
	TDKK	TDKK	TDKK	TDKK
25 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	675	739	167	186
Other assurance engagements	19	5	0	5
Tax advisory services	101	9	101	9
Other services	125	200	50	121
	920	**953**	**318**	**321**
Other auditors				
Audit fee	1,211	1,096	0	0
Other assurance engagements	120	155	0	0
Tax advisory services	103	163	0	0
	1,434	**1,414**	**0**	**0**
	2,354	**2,367**	**318**	**321**

Notes to the Financial Statements

26 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, BPW Finans A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

26 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

26 Accounting Policies (continued)

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.

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. The Group has not disclosed the distribution of revenue by business segments, as the business segments do not differ from each other.

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 Group.

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.

Notes to the Financial Statements

26 Accounting Policies (continued)

Other external expenses

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

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 Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

26 Accounting Policies (continued)

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 8 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:

Production buildings	25 - 50	years
Plant and machinery	3 - 10	years
Other fixtures and fittings, tools and equipment	3 - 10	years

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.

Notes to the Financial Statements

26 Accounting Policies (continued)

Investments in subsidiaries and associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other 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 di-

Notes to the Financial Statements

26 Accounting Policies (continued)

rect 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 recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

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.

Notes to the Financial Statements

26 Accounting Policies (continued)

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

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

26 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$