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# ***Triscan A/S***

Engmarken 11, DK-8220 Brabrand

## **Annual Report for 1 January - 31 December 2019**

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CVR No 27 75 59 68

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
13/5 2020

Anders Borchers Iversen  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Triscan A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations and cash flows for 2019.

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

Brabrand, 13 May 2020

## Executive Board

Michael Juul Hansen  
CEO

## Board of Directors

John Blom Iversen  
Chairman

Bente Jørgensen

Anders Borchert Iversen

Michael Juul Hansen

# Independent Auditor's Report

To the Shareholders of Triscan A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Triscan A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

# Independent Auditor's Report

in a manner that gives a true and fair view.

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

Skive, 13 May 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bjørn Jakobsen

statsautoriseret revisor

mne24813

## Company Information

### The Company

Triscan A/S  
Engmarken 11  
DK-8220 Brabrand

Telephone: + 45 86225811  
E-mail: auto@triscan.dk  
Website: www.triscan.dk

CVR No: 27 75 59 68  
Financial period: 1 January - 31 December  
Municipality of reg. office: Aarhus

### Board of Directors

John Blom Iversen, Chairman  
Bente Jørgensen  
Anders Borchert Iversen  
Michael Juul Hansen

### Executive Board

Michael Juul Hansen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Reservevej 81  
Postboks 19  
DK-7800 Skive

### Bankers

Nordea A/S  
Skt. Clemens Torv 2-6  
8000 Aarhus

Sydbank A/S  
Store Torv 12  
8000 Aarhus

# Financial Highlights

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

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	42.635	50.296	49.253	54.281	54.996
Operating profit/loss	3.556	10.334	11.542	14.617	11.937
Net financials	-566	-1.228	-775	-1.363	-1.089
Net profit/loss for the year	2.634	7.084	8.548	10.422	8.079
<b>Balance sheet</b>					
Balance sheet total	147.418	181.185	171.166	148.903	134.816
Equity	29.382	26.839	37.454	29.496	19.078
<b>Cash flows</b>					
Cash flows from:					
- operating activities	15.144	-2.717	3.237	5.790	6.893
- investing activities	-695	-7.874	-3.053	-1.626	-359
including investment in property, plant and equipment	-1.531	-7.826	-1.475	-2.360	-654
- financing activities	-18.747	12.151	-5.955	-9.775	-1.500
Change in cash and cash equivalents for the year	-4.298	1.560	-5.771	-5.611	5.034
Number of employees	80	88	83	83	79
<b>Ratios</b>					
Return on assets	2,5%	5,7%	6,8%	8,8%	9,7%
Solvency ratio	19,9%	14,8%	21,9%	19,8%	14,2%
Return on equity	9,4%	22,0%	25,5%	42,9%	19,8%
Solvency ratio incl. subordinate loan capital	40,3%	31,4%	39,4%	40,1%	36,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures 2016 back to 2015 have not been restated. See the description under accounting policies.



# Management's Review

## **Key activities**

The company manufacture, sells and distributes auto spare parts in the independent European after-market and invest in manufacturing companies as a part of our sourcing strategy.

## **Development in the year**

The Company's activities in Germany has with effect from 1 January 2019 been transferred to the subsidiary Triscan GmbH.

The income statement of the Company including subsidiaries for 2019 shows a consolidated profit before tax of DKK 3,637,023 and a profit after tax of DKK 2,633,962 as tax in subsidiaries has reduced the income of investments with DKK 578,271 , and at 31 December 2019 the balance sheet of the Company shows equity of DKK 29,382,130.

The result for 2019 is below our expectations. Earnings are affected by a lower level of activities at our domestic customers contrary to an increasing and positive development in our international sales.

## **Special risks - operating risks and financial risks**

### ***Foreign exchange risks***

Significant parts of the company's purchases are made abroad, and part of the company's sales are in foreign currency, which is why the company is affected by price developments in the main currencies.

### ***Interest rate risks***

Interest-bearing debt constitutes a non-insignificant part of the company's debt. Therefore, continuous monitoring is carried out for optimization purposes.

## **Targets and expectations for the year ahead**

Sales and earnings in the first quarter of 2020 were at a satisfactory level, but the remaining year will be impacted negatively by effects of the Covid-19 situation.

## **Research and development**

The company is continuously developing and improving the products. The costs associated with this are expensed on an ongoing basis through the income statement.

## **External environment**

Triscan A/S undertakes to carry out all its activities in such a way that the environmental impact is minimized and that health and safety of the employee at all times is best possible.

# **Management's Review**

## **Intellectual capital resources**

It is essential for the company's continued growth to maintain qualified labor. In order to ensure a competitive efficiency, the company uses the most modern technological aids. This requires a high level of competence, and we continue investments in further empowerment of the staff.

## **Statement of corporate social responsibility**

Triscan A/S with affiliates works according to a defined code that clarifies the behavior of employees and managers in relation to ethical and legal challenges. This ensures uncompromising access to high ethics and morals in all circumstances.

## **Subsequent events**

Except for the Covid-19 situation described in Note 1, no other circumstances have occurred after the balance sheet date that have a material impact on the assessment of the annual report.

## Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>42.634.847</b>	<b>50.296.260</b>
Staff expenses	2	-36.125.846	-38.207.507
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-2.884.159	-1.741.709
Other operating expenses		0	-108.023
<b>Profit/loss before financial income and expenses</b>		<b>3.624.842</b>	<b>10.239.021</b>
Income from investments in subsidiaries		1.351.331	529.562
Financial income	4	34.273	123.155
Financial expenses	5	-1.951.694	-1.880.759
<b>Profit/loss before tax</b>		<b>3.058.752</b>	<b>9.010.979</b>
Tax on profit/loss for the year	6	-424.790	-1.927.070
<b>Net profit/loss for the year</b>		<b>2.633.962</b>	<b>7.083.909</b>

# Balance Sheet 31 December

## Assets

	Note	2019 DKK	2018 DKK
Goodwill		2.000.000	2.250.000
<b>Intangible assets</b>	7	<b>2.000.000</b>	<b>2.250.000</b>
Other fixtures and fittings, tools and equipment		8.472.835	10.427.562
<b>Property, plant and equipment</b>	8	<b>8.472.835</b>	<b>10.427.562</b>
Investments in subsidiaries	9	3.682.325	2.421.433
Other investments	10	465.282	465.282
Deposits	10	1.531.657	1.510.081
<b>Fixed asset investments</b>		<b>5.679.264</b>	<b>4.396.796</b>
<b>Fixed assets</b>		<b>16.152.099</b>	<b>17.074.358</b>
<b>Inventories</b>	11	<b>98.878.049</b>	<b>113.560.636</b>
Trade receivables		26.802.834	39.260.905
Receivables from group enterprises		808.963	2.926.906
Other receivables		1.692.081	1.812.110
Prepayments	12	2.513.520	1.681.542
<b>Receivables</b>		<b>31.817.398</b>	<b>45.681.463</b>
<b>Cash at bank and in hand</b>		<b>570.603</b>	<b>4.868.120</b>
<b>Currents assets</b>		<b>131.266.050</b>	<b>164.110.219</b>
<b>Assets</b>		<b>147.418.149</b>	<b>181.184.577</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		666.667	666.667
Reserve for net revaluation under the equity method		1.359.216	98.324
Retained earnings		27.356.247	26.073.615
<b>Equity</b>		<b>29.382.130</b>	<b>26.838.606</b>
Provision for deferred tax	14	672.000	730.000
<b>Provisions</b>		<b>672.000</b>	<b>730.000</b>
Subordinate loan capital		30.000.000	30.000.000
Lease obligations		2.514.474	3.251.102
Payables to group enterprises		20.000.000	20.000.000
Other payables		1.031.292	0
<b>Long-term debt</b>	15	<b>53.545.766</b>	<b>53.251.102</b>
Credit institutions		19.677.866	39.928.470
Lease obligations	15	718.463	863.494
Trade payables		16.381.043	23.441.118
Payables to group enterprises	15	9.833.606	7.448.224
Payables to owners and Management		3.968.858	3.620.431
Payables to group enterprises relating to corporation tax		482.790	1.854.160
Other payables	15	12.755.627	23.208.972
<b>Short-term debt</b>		<b>63.818.253</b>	<b>100.364.869</b>
<b>Debt</b>		<b>117.364.019</b>	<b>153.615.971</b>
<b>Liabilities and equity</b>		<b>147.418.149</b>	<b>181.184.577</b>
Subsequent events	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	18		
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## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	666.667	98.324	26.073.616	26.838.607
Exchange adjustments relating to foreign entities	0	-1.303	0	-1.303
Other equity movements	0	-89.136	0	-89.136
Net profit/loss for the year	0	1.351.331	1.282.631	2.633.962
<b>Equity at 31 December</b>	<b>666.667</b>	<b>1.359.216</b>	<b>27.356.247</b>	<b>29.382.130</b>

## Cash Flow Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Net profit/loss for the year		2.633.962	7.083.909
Adjustments	16	3.869.031	5.004.843
Change in working capital	17	12.412.959	-11.625.072
<b>Cash flows from operating activities before financial income and expenses</b>		<b>18.915.952</b>	<b>463.680</b>
Financial income		34.273	123.155
Financial expenses		-1.951.702	-1.880.757
<b>Cash flows from ordinary activities</b>		<b>16.998.523</b>	<b>-1.293.922</b>
Corporation tax paid		-1.854.160	-1.422.662
<b>Cash flows from operating activities</b>		<b>15.144.363</b>	<b>-2.716.584</b>
Purchase of property, plant and equipment		-1.531.204	-7.825.951
Fixed asset investments made etc		-21.576	-272.066
Sale of property, plant and equipment		857.779	224.452
<b>Cash flows from investing activities</b>		<b>-695.001</b>	<b>-7.873.565</b>
Repayment of loans from credit institutions		-20.250.603	14.028.709
Reduction of lease obligations		-881.659	-366.762
Change of payables with group enterprises		2.385.383	11.809.244
Lease obligations incurred		0	4.383.071
Dividend paid		0	-17.703.689
<b>Cash flows from financing activities</b>		<b>-18.746.879</b>	<b>12.150.573</b>
<b>Change in cash and cash equivalents</b>		<b>-4.297.517</b>	<b>1.560.424</b>
Cash and cash equivalents at 1 January		4.868.120	3.307.696
<b>Cash and cash equivalents at 31 December</b>		<b>570.603</b>	<b>4.868.120</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		570.603	4.868.120
<b>Cash and cash equivalents at 31 December</b>		<b>570.603</b>	<b>4.868.120</b>

# Notes to the Financial Statements

## 1 Subsequent events

The consequences of COVID-19, which many governments around the world have decided to "Shutting down the countries" will have a major impact on the world economy. Management considers the consequences of COVID-19 as an event that occurred after the balance sheet date 31. December 2019, and therefore have no impact on the 2019 financial statements (nonregulatory event).

The company has decided to temporarily close parts of the sales and administration department to minimize the spread of COVID-19. The affected employees have been sent home with salary and compensation will be sought under the state aid schemes.

The changed operations will have a negative impact on both the company's revenue and profit in 2020 compared to the budget. At present, it is not possible to quantify the effect. Management considers it has sufficient liquidity.

	2019 DKK	2018 DKK
<b>2 Staff expenses</b>		
Wages and salaries	34.681.113	37.039.319
Pensions	2.595.806	2.593.271
Other social security expenses	648.877	600.008
Other staff expenses	106.561	238.725
	<b>38.032.357</b>	<b>40.471.323</b>
Transfer to production wages	-1.906.511	-2.263.816
	<b>36.125.846</b>	<b>38.207.507</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>3.899.412</b>	<b>4.282.864</b>
<b>Average number of employees</b>	<b>80</b>	<b>88</b>

## 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	250.000	250.000
Depreciation of property, plant and equipment	2.634.159	1.491.709
	<b>2.884.159</b>	<b>1.741.709</b>



## Notes to the Financial Statements

	2019 DKK	2018 DKK
<b>4 Financial income</b>		
Interest received from group enterprises	10.444	51.141
Other financial income	23.829	72.014
	<b>34.273</b>	<b>123.155</b>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	957.654	917.349
Other financial expenses	744.292	702.348
Exchange loss	249.748	261.062
	<b>1.951.694</b>	<b>1.880.759</b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	482.790	1.854.160
Deferred tax for the year	-58.000	72.910
	<b>424.790</b>	<b>1.927.070</b>
<b>7 Intangible assets</b>		Goodwill
		DKK
Cost at 1 January		5.000.000
Cost at 31 December		5.000.000
Impairment losses and amortisation at 1 January		2.750.000
Amortisation for the year		250.000
Impairment losses and amortisation at 31 December		3.000.000
<b>Carrying amount at 31 December</b>		<b>2.000.000</b>
Amortised over		20 years

# Notes to the Financial Statements

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	23.516.325
Additions for the year	1.531.304
Disposals for the year	<u>-907.880</u>
Cost at 31 December	<u>24.139.749</u>
Impairment losses and depreciation at 1 January	13.088.763
Depreciation for the year	2.634.159
Reversal of impairment and depreciation of sold assets	<u>-56.008</u>
Impairment losses and depreciation at 31 December	<u>15.666.914</u>
<b>Carrying amount at 31 December</b>	<b><u>8.472.835</u></b>
Depreciated over	<u>3-10 years</u>
Including assets under finance leases amounting to	<u>3.146.308</u>

## 9 Investments in subsidiaries

	2019	2018
	DKK	DKK
Cost at 1 January	<u>2.323.109</u>	<u>2.323.109</u>
Cost at 31 December	<u>2.323.109</u>	<u>2.323.109</u>
Value adjustments at 1 January	98.324	-435.490
Exchange adjustment	-1.303	4.252
Net profit/loss for the year	1.351.331	529.562
Other adjustments	<u>-89.136</u>	<u>0</u>
Value adjustments at 31 December	<u>1.359.216</u>	<u>98.324</u>
<b>Carrying amount at 31 December</b>	<b><u>3.682.325</u></b>	<b><u>2.421.433</u></b>

# Notes to the Financial Statements

## 9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Triscan Manufacturing A/S	Brabrand	DKK 500.000	100%	414.523	-13.028
Triscan GmbH	Iserlohn	EUR 25.000	100%	3.267.802	1.364.359

## 10 Other fixed asset investments

	Other investments DKK	Deposits DKK
Cost at 1 January	465.282	1.510.081
Additions for the year	0	21.576
Cost at 31 December	465.282	1.531.657
<b>Carrying amount at 31 December</b>	<b>465.282</b>	<b>1.531.657</b>

## 11 Inventories

	2019 DKK	2018 DKK
Finished goods and goods for resale	93.301.247	102.287.924
Goods in transit	5.576.802	11.272.712
	<b>98.878.049</b>	<b>113.560.636</b>

## 12 Prepayments

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

	2019 DKK	2018 DKK
<b>13 Distribution of profit</b>		
Reserve for net revaluation under the equity method	1.351.331	94.072
Retained earnings	1.282.631	6.989.837
	<b>2.633.962</b>	<b>7.083.909</b>

## Notes to the Financial Statements

	2019 DKK	2018 DKK
<b>14 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	730.000	657.090
Amounts recognised in the income statement for the year	-58.000	72.910
<b>Provision for deferred tax at 31 December</b>	<b>672.000</b>	<b>730.000</b>
<b>15 Long-term debt</b>		
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:		
<b>Subordinate loan capital</b>		
Between 1 and 5 years	30.000.000	30.000.000
Long-term part	30.000.000	30.000.000
Within 1 year	0	0
	<b>30.000.000</b>	<b>30.000.000</b>
<b>Lease obligations</b>		
After 5 years	0	159.015
Between 1 and 5 years	2.514.474	3.092.087
Long-term part	2.514.474	3.251.102
Within 1 year	718.463	863.494
	<b>3.232.937</b>	<b>4.114.596</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	20.000.000	20.000.000
Long-term part	20.000.000	20.000.000
Other short-term debt to group enterprises	9.833.606	7.448.224
	<b>29.833.606</b>	<b>27.448.224</b>
<b>Other payables</b>		
Between 1 and 5 years	1.031.292	0
Long-term part	1.031.292	0
Other short-term payables	12.755.627	23.208.972
	<b>13.786.919</b>	<b>23.208.972</b>

## Notes to the Financial Statements

	2019	2018
	DKK	DKK
<b>16 Cash flow statement - adjustments</b>		
Financial income	-34.273	-123.155
Financial expenses	1.951.694	1.880.759
Depreciation, amortisation and impairment losses, including losses and gains on sales	2.878.151	1.849.731
Income from investments in subsidiaries	-1.351.331	-529.562
Tax on profit/loss for the year	424.790	1.927.070
	<b>3.869.031</b>	<b>5.004.843</b>

### 17 Cash flow statement - change in working capital

Change in inventories	14.682.588	-6.171.878
Change in receivables	13.864.067	-5.144.907
Change in trade payables, etc	-16.133.696	-308.287
	<b>12.412.959</b>	<b>-11.625.072</b>

### 18 Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	460.261	430.136
Between 1 and 5 years	144.341	511.407
	<b>604.602</b>	<b>941.543</b>

#### Other contingent liabilities

The company has entered a commitment on rental of buildings with a non-cancellation agreement from 8 months to 9 years with a total obligation on DKK 45.326.679 as per 31 December 2019.

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

# Notes to the Financial Statements

## 19 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Iverson Invest ApS	Controlling shareholder
John Blom Iversen	Majority shareholder of Iverson Invest ApS
<b>Other related parties</b>	
Triscan Manufacturing A/S	Subsidiary
Triscan GmbH	Subsidiary
Triscan Holding A/S	Parent Company
Triscan Invest ApS	Related group company

### 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 consolidated report for the parent company

Name	Place of registered office
Iverson Invest ApS	Egå

The consolidated report for Iverson Invest ApS can be obtained from the following address:

Skæring Højsagervej 16  
8250 Egå

# Notes to the Financial Statements

## 20 Accounting Policies

The Annual Report of Triscan A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Iverson Invest ApS, the Company has not prepared consolidated financial statements.

### 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.

### Leases

Leases in terms of which the Company 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 Company.

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

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

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.

### Hedge accounting

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

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

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



# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Income Statement

#### Revenue

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

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

#### Expenses for raw materials and consumables

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

#### Other external expenses

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

#### Gross profit/loss

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

#### Staff expenses

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

#### Amortisation, depreciation and impairment losses

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

#### Other operating income and expenses

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

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Income from investments in subsidiaries

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.

## 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 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. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Inventory equipment	10 years
Vehicles	5 years
Other equipment	3-5 years

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

### **Impairment of fixed assets**

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

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

### **Investments in subsidiaries**

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.

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**

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 and other investments measured at the lower of cost and recoverable amount.

### **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

# Notes to the Financial Statements

## **20 Accounting Policies** (continued)

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.

### **Receivables**

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

### **Prepayments**

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

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

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

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

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

### **Current tax receivables and liabilities**

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

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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 Company'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 Company'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

## 20 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

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Solvency ratio incl. subordinate loan capital	$\frac{\text{Equity at year end} + \text{subordinate loan capital} \times 100}{\text{Total assets at year end}}$