



Tel.: +45 39 15 52 00  
koebenhavn@bdo.dk  
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab  
Havneholmen 29  
DK-1561 København V  
CVR no. 20 22 26 70

**SODAL A/S**  
**FERRARIVEJ 2A, 7100 VEJLE**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 28 February 2023**

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**Bart Lambrechts**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 28 47 90 69**

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**COMPANY DETAILS**

<b>Company</b>	SODAL A/S Ferrarivej 2A 7100 Vejle
	CVR No.: 28 47 90 69 Established: 1 February 2005 Municipality: Vejle Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Bart Lambrechts Dirk A. Coorevits Jurgen Vandervelden
<b>Executive Board</b>	Bart Lambrechts
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Soudal A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Vejle, 28 February 2023

Executive Board

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Bart Lambrechts

Board of Directors

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Bart Lambrechts

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Dirk A. Coorevits

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Jurgen Vandervelden

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of SOUDAL A/S

#### Opinion

We have audited the Financial Statements of SOUDAL A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

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

#### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Copenhagen, 28 February 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Søren Søndergaard Jensen  
State Authorised Public Accountant  
MNE no. mne32069

## MANAGEMENT COMMENTARY

### **Principal activities**

The principal activities comprise is wholesale trade with joint filler ect.

### **Significant events after the end of the financial year**

No events have occurred after the end of the financial year of material importance for the Company's financial position.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2022 DKK	2021 DKK
<b>GROSS PROFIT</b> .....		<b>6.788.545</b>	<b>6.709.081</b>
Staff costs.....	1	-5.361.899	-5.246.271
Depreciation, amortisation and impairment.....		-415.051	-510.182
<b>OPERATING PROFIT</b> .....		<b>1.011.595</b>	<b>952.628</b>
Other financial expenses.....		-47.883	-47.785
<b>PROFIT BEFORE TAX</b> .....		<b>963.712</b>	<b>904.843</b>
Tax on profit/loss for the year.....	2	-226.664	-207.592
<b>PROFIT FOR THE YEAR</b> .....		<b>737.048</b>	<b>697.251</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		737.048	697.251
<b>TOTAL</b> .....		<b>737.048</b>	<b>697.251</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Production plants and machinery.....		709.940	1.339.794
Other plants, machinery, tools and equipment.....		29.743	65.098
<b>Property, plant and equipment.....</b>	<b>3</b>	<b>739.683</b>	<b>1.404.892</b>
Rent deposit and other receivables.....		275.670	275.670
<b>Financial non-current assets.....</b>	<b>4</b>	<b>275.670</b>	<b>275.670</b>
<b>NON-CURRENT ASSETS.....</b>		<b>1.015.353</b>	<b>1.680.562</b>
Finished goods and goods for resale.....		5.069.071	5.033.344
<b>Inventories.....</b>		<b>5.069.071</b>	<b>5.033.344</b>
Trade receivables.....		7.062.670	5.639.137
Receivables from group enterprises.....		884.892	1.378.207
Deferred tax assets.....		49.487	31.520
Other receivables.....		12.239	25.577
Tax receivables joint taxation.....		107.985	151.148
Prepayments and accrued income.....		155.045	146.646
<b>Receivables.....</b>		<b>8.272.318</b>	<b>7.372.235</b>
<b>Cash and cash equivalents.....</b>		<b>877.185</b>	<b>535.153</b>
<b>CURRENT ASSETS.....</b>		<b>14.218.574</b>	<b>12.940.732</b>
<b>ASSETS.....</b>		<b>15.233.927</b>	<b>14.621.294</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital.....		500.000	500.000
Retained profit.....		4.087.232	3.350.184
<b>EQUITY.....</b>		<b>4.587.232</b>	<b>3.850.184</b>
Trade payables.....		430.251	430.892
Payables to group enterprises.....		6.936.319	6.943.108
Corporation tax.....		206.616	269.568
Other liabilities.....		3.073.509	3.127.542
<b>Current liabilities.....</b>		<b>10.646.695</b>	<b>10.771.110</b>
<b>LIABILITIES.....</b>		<b>10.646.695</b>	<b>10.771.110</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>15.233.927</b>	<b>14.621.294</b>
 Contingencies etc.	 5		

## EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2022.....	500.000	3.350.184	3.850.184
Proposed profit allocation.....		737.048	737.048
<b>Equity at 31 December 2022.....</b>	<b>500.000</b>	<b>4.087.232</b>	<b>4.587.232</b>

## NOTES

	2022 DKK	2021 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	11	11	
Wages and salaries.....	4.754.455	4.630.376	
Pensions.....	338.940	337.073	
Social security costs.....	70.919	80.683	
Other staff costs.....	197.585	198.139	
	<b>5.361.899</b>	<b>5.246.271</b>	
<b>Tax on profit/loss for the year</b>			<b>2</b>
Calculated tax on taxable income of the year.....	244.631	274.420	
Adjustment of deferred tax.....	-17.967	-66.828	
	<b>226.664</b>	<b>207.592</b>	
<b>Property, plant and equipment</b>			<b>3</b>
	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 1 January 2022.....	2.259.837	233.932	
Additions.....	0	14.237	
Disposals.....	-589.485	-14.237	
<b>Cost at 31 December 2022.....</b>	<b>1.670.352</b>	<b>233.932</b>	
Depreciation and impairment losses at 1 January 2022.....	920.042	168.834	
Reversal of depreciation of assets disposed of.....	-339.326	0	
Depreciation for the year.....	379.696	35.355	
<b>Depreciation and impairment losses at 31 December 2022....</b>	<b>960.412</b>	<b>204.189</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>709.940</b>	<b>29.743</b>	
<b>Financial non-current assets</b>			<b>4</b>
		Rent deposit and other receivables	
Cost at 1 January 2022.....		275.670	
<b>Cost at 31 December 2022.....</b>		<b>275.670</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>275.670</b>	

NOTES

	<b>Note</b>
<b>Contingencies etc.</b>	<b>5</b>

**Contingent liabilities**

	2022 DKK	2021 DKK
Lease liabilities (operating leases):		
Payment for the year.....	72.059	0
Total residual lease payment.....	681.047	0
Rental commitments with a period of non-terminably expiring:		
Between 1 and 5 years.....	1.796.571	0

The company's current lease can be terminated with 6 months' notice. However, the lease is non-cancellable until 31 December 2025. The total liability amounts to TDKK 1,796

**Joint liabilities**

The company is jointly and severally liable together with the other associated companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income amounts to DKK ('000) 84 at the Balance Sheet date.

## ACCOUNTING POLICIES

The Annual Report of Soudal A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

## INCOME STATEMENT

### Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

### Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts and operating lease expenses, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay, pensions, and other costs for social security etc., for the company's employees. Repayments from public authorities are deducted from staff costs.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities, as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the Income Statement by the amounts that relate to the financial year.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

## BALANCE SHEET

### Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

**ACCOUNTING POLICIES**

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	3-5 years	0 %
Other plant, fixtures and equipment.....	3-5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Financial non-current assets**

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

**Impairment of fixed assets**

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

**Inventories**

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and direct production cost.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

**Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

**Accruals, assets**

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Amortised cost for short-term liabilities usually corresponds to the nominal value.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.