Riwal Scandinavia Holding A/S

P.L. Brandts Allé 1, 5220 Odense SØ

CVR no. 31 84 72 73

Annual report 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Riwal Scandinavia Holding A/S for the financial year 1 January - 31 December 2018.

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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Odense, 31 May 2019
Executive Board:

Claus Juel Kromann

Board of Directors:

Søren Rosenkrands Chairman	Elisabeth Rozetta Desiree Meijer	Rene Timmers
Pedro Vicente Torres Michelena	Claus Juel Kromann	

Independent auditor's report

To the shareholders of Riwal Scandinavia Holding A/S

Opinion

We have audited the financial statements of Riwal Scandinavia Holding A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

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 as to 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 the 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.

Independent auditor's report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

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

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

Odense, 31 May 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Brian Skovhus Jakobsen
State Authorised Public Accountant
mne27701

Management's review

Company details

Name	Riwal Scandinavia Holding A/S
Address, Postal code, City	P.L. Brandts Allé 1, 5220 Odense SØ
CVR no.	31 84 72 73
Established	24 September 2008
Registered office	Odense Kommune
Financial year	1 January - 31 December
Board of Directors	Søren Rosenkrands, Chairman Elisabeth Rozetta Desiree Meijer Rene Timmers Pedro Vicente Torres Michelena Claus Juel Kromann
Executive Board	Claus Juel Kromann
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Financial highlights

DKKt	2018	2017	2016	2015	2014
Key figures					
Gross margin	7	-58	-73	-65	-35
Profit before interest, tax and amortisation of goodwill (EBITA)	7	-58	-73	-65	-35
Net financials	-791	-763	-841	-712	-697
Profit/loss for the year	**35,460**	**32,885**	**35,679**	**31,395**	**20,800**
Fixed assets	247,824	198,996	163,120	126,638	94,452
Total assets	**248,573**	**208,153**	**173,804**	**137,267**	**105,008**
Investment in property, plant and equipment	0	0	0	0	0
Equity	**157,825**	**196,969**	**164,794**	**129,024**	**97,649**
Financial ratios					
Equity ratio	63.5%	94.6%	94.8%	94.0%	93.0%
Return on equity	20.0%	18.2%	24.3%	27.7%	23.8%

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Management's review

Business review

Riwal Scandinavia Holding A/S is the Parent of Riwal Danmark A/S, Riwal Sverige AB and Riwal Norge A/S and is part of the Riwal Group, which has subsidiaries in 16 countries and a lift fleet of more than 18,000 units. With the Nordic headquarter located in Odense and branch offices in Aarhus, Aalborg, Esbjerg, Glostrup, Malmö, Gothenburg and Oslo, Riwal Scandinavia Holding A/S employs well over 160 people.

Financial review

The income statement for 2018 shows a profit of DKK 35,460,199 against a profit of DKK 32,884,676 last year, and the balance sheet at 31 December 2018 shows equity of DKK 157,825,165.

End of 2018 the company AH Lift ApS was acquired to extend the geographical coverage of the Nordic business. We refer to note 5 in the statement for further information.

In the annual report for 2017, Management expected a profit above the level of 2017 caused by the positive development in the construction sector. Management considers the Company's financial performance for the year satisfactory.

Special risks

Riwal Scandinavia Holding A/S' strategy is i.a. based on providing our customers with the highest degree of safety in connection with rental or sale. Moreover, in Riwal we are working with risks and safety within our impact on the external environment. We consider our largest external impact on the environment to be fuel consumption relating to our nationwide transportation of the rental fleet. Moreover, oil spill from repair and service of the fleet and from any breakdowns.

To manage the environmental circumstances, the ISO and DRA quality schemes are used.

Corporate Social Responsibility

Our Business

Riwal has grown into the largest specialist in the area of working safely and efficiently at heights in 16 different countries. By continuously investing in people, quality and innovation, Riwal has become a leading international player. With its international characteristic, Riwal can offer its customers the best possible service wherever they are.

Some companies try to be all things to all people. Not Riwal. We have very consciously chosen to specialise in one very specific area - "powered access equipment", by which we mean aerial work platforms, telehandlers and forklifts. Altogether, we have a fleet of about 16,000 units. We sincerely believe that with this single-minded focus, we can deliver superior service to our customers, and that our superior service offer translates to safety, efficiency, and profitability for our customers.

Solutions For Working at Height

In a nutshell, we provide solutions for working at height, and we are in the business of making certain that our customers can do that safely and efficiently. The overwhelming majority of our business is in rentals, supplemented by services, like training, that we provide to rental customers.

Sales

In addition, we sell quality equipment for working at height from many of the leading brands. We are the official dealer of JLG, Genie, Holland Lift and Teupen in selected countries. We also sell high quality used equipment straight from our rental fleet.

Safety and Sustainability

Management's review

Safety is our highest priority. Aerial work platforms are a safer way to work at height, and to make certain that our equipment is operated in the safest way possible, we offer training on both operations and safety. We also believe that renting powered access equipment is a sustainable solution - for the environment, but even more, for the long-term business success of our customers. Customers do not need to own, store, and maintain equipment on their sites that they only use occasionally, nor do they need to maintain the in-house expertise and insight that we can provide as specialists. They get state-of-the-art equipment and can focus on their core business rather than expending valuable resources on what is not central to them.

Riwal Scandinavia Holding A/S is located in Denmark wherefrom the Nordic countries are managed.

Our Strategy

Our vision: To be the first choice for jobs done at height

Our Mission: Through engaged people, deliver the best customer experience.

We've built our strategy around three essential "pillars":

The Riwal team

We rent machines, but our people are our most important asset. We believe that we can only deliver the best customer experience if we have the right people in place, with the right attitude. We've built Riwal as a company with an innovative, international, open character with the confidence that that is what attracts talented and ambitious employees. And the talented people who are members of our team are what make Riwal the company we are.

The fleet

Our fleet contributes to the best customer experience because an aerial work platform with the correct specifications is always available at the location and time required by the customer.

The customer

We make a point to know and understand our customers, and what they need for any particular job, and to work with them to find the most effective, efficient, safest solution. Their interests are our interests, and to serve those interests, we will go out of our way to deliver on our promises, to ensure that they get exactly what they are expecting, when they are expecting it. And if ever there is a problem, to resolve it as quickly as we possibly can.

The Riwal Way

The Riwal Way is a business approach that we've adopted to ensure that we deliver the same level of quality to every customer on every transaction wherever in the world that customer may be. We've identified the key drivers of a best customer experience, and built and refined our processes and operations to be as efficient and effective as they possibly can be to ensure that we deliver that best customer experience each and every time.

We've also built in measurement and analysis of our performance so that we can continuously improve our products and services. Then we've trained all of our people to make The Riwal Way their way of doing business. But that doesn't mean The Riwal Way is set in stone. On the contrary, continuous improvement is central to The Riwal Way. Getting better is the only way to be certain that we will continue to deliver the best customer experience in the industry

International Standards

Riwal is internationally certified according to ISO9001 (quality), ISO14001 (Environment) and OHSAS18001 (Occupational health and safety). To support those standards, we have added a risk based thinking into our strategy and processes, so we continuously transform ourselves from being compliant to become preventive so that we better can impact and control our business development at an early stage.

Management's review

Statutory CSR report

At Riwal, we are conscious of our social responsibility. We know, as one of the leading players in our industry , that we have an important voice and we recognize the social responsibility that our role and size require of us. CSR is therefore an integrated part of the Riwal Group and is an indispensable factor in our strategic decisions. We want to create the greatest possible value for our customers, stakeholders and for society as a whole.

Our vision for social responsibility is first of all the 3 P´s:

People - our most valuable resource

Planet - continuously reduce our impact on the planet

Profit - creating profit by constant focus and improving activities

Operational policy:

With an industry-leading expertise, Riwal offers solutions that contribute to the best customer experience through safety, operational skills and process improvements. We have committed ourselves to be best-in-class through relevant policies within safety and environment supported by Riwal Code of Conduct. From there, we have extracted the most important content and created an operational policy, signed by Management:

"At Riwal, we are aware of our responsibility, and strive to actively contribute to sustainable development, where social responsibility and a high degree of employee and costumer caring, complies with a healthy business development.

We have a high focus on quality, safety and environment and have a risk-based approach to our processes. We are working with continuous improvement, and we are constantly working on ensuring that the company's activities and resource consumption are the least harmful to the environment.

Riwal is responsible for providing a healthy and safe working environment where a natural balance between work and private life is experienced. This ensures employee well-being and eliminates load of occupational health.

The management is committed to prevent occupational injuries and work-related diseases, as well as to continuously improve work environment performance.

We are bound to comply with all applicable environmental and occupational health and safety laws at any time."

Environment, Climate and Energy

As a market leader, we closely follow how our activities affect our surroundings, and we constantly seek improvement measures and further development, in order to continuously reduce our environmental and climate impact.

Our certification, ISO14001 (environment), ensures that we work systematically to improve our environmental performance and we comply with applicable legislation at all time.

This is done, among other things, by improving the energy efficiency in our internal processes, our transport and the use of our equipment. We are replacing our fleet with the latest technology that continuously reduces $CO2$ emissions, and each year we set new targets according to the ALARA (As Low As Reasonable Achievable) and ALARP principles (As Low As Reasonable Practicable). We constantly seek to reduce fuel consumption and operates in environmentally friendly solutions.

Through risk assessments, we work continuously with our environmental aspects, and initiatives are implemented in our process flows. We calculate our Carbon Footprint every year, and we have implemented the "Waste Hierarchy" in our daily operations to reduce waste and promote circular economy.

Environment aspects

We have identified our environmental aspects and the impact as followed:

Management's review

Can't Show Holding, Billede til ledelsesberetning.JPG

Social responsibility, human rights, anticorruption and bribery

Instead of procedures we have internal and external Code of Conducts (CoC).

It does not mean that we find it less important than other areas, where procedures are in place, we just think that CoC is a better and more specific toll to use toward many different people - Riwal employees, Riwal suppliers/contractors and subcontractors.

All employees in Riwal are presented to Riwal Code of Conduct, and all employees are obliged to comply with our CoC, and naturally contribute to comply with this.

As a responsible company we want to have an influence on our suppliers responsibility as well, and have developed specific procedures for supplier evaluation containing supplier CoC, which supports the principles of the UN´s Global Compact.

We evaluate the suppliers before contracting, and we have pre-evaluations after 4 and 12 month. Among other, they are evaluated due to their CSR performance, and how well they are complying with our CoC

We have zero-tolerance towards bribery, anticorruption and child labor, and we expect the same from our business relations.

We believe that the above represent a minimal risk in the Nordic countries and for that reason we also think that the CoC covers the subjects well enough.

Our ethical guidelines cover our basic standards and core values that apply to all of us - all the time.

Social relations – responsibility/work environment

Our employees are the most valuable asset, and we encourage them to participate in the development of the jobs, the processes and the work environment

We do not tolerate non-social activities or any kind of workplace discrimination or situations, where people are discriminated due to their gender, sexual relation, ethnicity religion or other beliefs. We have several proactive tools in order to comply with those psycho-social matters; On a bi-annual basis a Group Engagement Survey is conducted and every third year a work place assessments is also prepared. Furthermore we have a well functioned and active safety organization. In 2018, the results of the Engagement survey showed a score of 3.7 points where a maximum of 5.0 is achievable an improvement of 5% compared to 2016. The work place assessment identified around 300 points to be further looked into.

We strongly believe in an organization with transparency and equality, and have a high degree of engagement, teamwork and integrity.

Non-financial KPI´s

In Riwal, we have implemented The Riwal Way. The idea behind The Riwal Way is to create standardized, repeatable systems for every aspect of our business to ensure high quality and service for each customer.

Management's review

To support this, we are monitoring several leading KPI´s which gives us a unique opportunity to control the development in business units, departments e.g. The KPI´s are monitored continuously.

Riwal works very seriously with sustainability, and our CSR activities 2019 will expand further. We want to be a frontrunner to the contribution to a sustain environment. Every day.

Evaluation

We see the impact in our daily business with the focus applied on the various elements of the CSR perspective. We have implemented the CSR perspective in the on-boarding of new employees and we find the achievements made satisfactory. We will also in 2019 and in the years ahead continue to improve and further develop our CSR 'footprint'.

Account of the gender composition of Management

Riwal Scandinavia Holding A/S supports diversity among the Group's employees in the Scandinavian companies, including gender composition on the Board of Directors and at other management levels. In 2015, a woman was elected to the Board of Directors of Riwal Scandinavia Holding A/S and the Group's other companies. In 2016, a male member of the Board of Directors resigned from the Board of Directors, whereby the Board of Directors now consists of the five male members and one female member. During 2018 there has not been any election for the Board. Towards 2020, the Board of Directors will be working to attain gender equality on the Board of Directors. The board access that a 40% representation of the underrepresented gender is an equal gender composition. Riwal Scandinavia Holding A/S has prepared a policy for attracting the underrepresented gender at other management levels, and the Board of Directors believes that the most dynamic team is often obtained by having an equal gender distribution. Accordingly, the Group continues to focus on gender distribution at other management levels. The Management team consists of 9 male members and three female members. When recruiting and developing employees who want a career with management responsibility, apart from professional qualifications and experience, the Group also focuses on the overall aim of securing an equal gender distribution at other management levels.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Expectations for next year are positive. We expect a profit at the same level as 2018.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Other external expenses	6,624	-57,655
	Gross margin	6,624	-57,655
	Income from investments in group enterprises	36,067,941	33,524,583
2	Financial income	259,719	274,881
3	Financial expenses	-1,050,603	-1,037,620
	Profit before tax	35,283,681	32,704,189
4	Tax for the year	176,518	180,487
	Profit for the year	35,460,199	32,884,676

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
5	**Investments**		
	Investments in group enterprises	247,823,902	198,995,833
		247,823,902	198,995,833
	Total fixed assets	247,823,902	198,995,833
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	0	8,273,555
	Corporation tax receivable	172,537	180,487
	Other receivables	0	703,055
		172,537	9,157,097
	Cash	576,946	0
	Total non-fixed assets	749,483	9,157,097
	TOTAL ASSETS	248,573,385	208,152,930
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	3,382,638	3,382,638
	Net revaluation reserve according to the equity method	137,783,499	176,319,180
	Retained earnings	16,659,028	17,266,770
	Dividend proposed	0	0
	Total equity	157,825,165	196,968,588
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Subordinate loan capital	0	6,725,303
		0	6,725,303
	Current liabilities other than provisions		
	Payables to group enterprises	90,707,636	4,401,591
	Other payables	40,584	57,448
		90,748,220	4,459,039
	Total liabilities other than provisions	90,748,220	11,184,342
	TOTAL EQUITY AND LIABILITIES	248,573,385	208,152,930

1 Accounting policies
7 Contractual obligations and contingencies, etc.
8 Collateral
9 Related parties
10 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2017	3,382,638	143,504,557	17,906,677	0	164,793,872
11	Transfer, see "Appropriation of profit"	0	33,524,583	-639,907	0	32,884,676
	Adjustment of investments through forreign exchange adjustments	0	-709,960	0	0	-709,960
	Equity at 1 January 2018	3,382,638	176,319,180	17,266,770	0	196,968,588
11	Transfer, see "Appropriation of profit"	0	-38,438,059	-607,742	74,506,000	35,460,199
	Adjustment of investments through forreign exchange adjustments	0	-97,622	0	0	-97,622
	Dividend distributed	0	0	0	-74,506,000	-74,506,000
	Equity at 31 December 2018	3,382,638	137,783,499	16,659,028	0	157,825,165

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Riwal Scandinavia Holding A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

With reference to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Goodwill is amortized on a straight-line basis of 10 years.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio $\dfrac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Return on equity $\dfrac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2018	2017
2	**Financial income**		
	Interest receivable, group entities	204,727	215,647
	Other financial income	54,992	59,234
		259,719	274,881
3	**Financial expenses**		
	Interest expenses, group entities	1,013,248	1,018,845
	Other financial expenses	37,355	18,775
		1,050,603	1,037,620
4	**Tax for the year**		
	Estimated tax charge for the year	-172,537	-180,487
	Tax adjustments, prior years	-3,981	0
		-176,518	-180,487

5 **Investments**

DKK	Investments in group enterprises
Cost at 1 January 2018	22,676,653
Additions on merger/corporate acquisition	87,000,000
Additions	363,750
Cost at 31 December 2018	110,040,403
Value adjustments at 1 January 2018	176,319,180
Foreign exchange adjustments	-97,622
Dividend received	-74,506,000
Profit/loss for the year	36,067,941
Value adjustments at 31 December 2018	137,783,499
Carrying amount at 31 December 2018	247,823,902

Goodwill included in carrying amount at 31 December 2018 amount to 51.518.973 DKK.

Name	Domicile	Interest	Equity DKK	Profit/loss DKK
Subsidiaries				
Riwal Danmark A/S	Odense	100.00%	143,455,803	30,310,432
Riwal Norge AS	Norge	100.00%	16,238,645	5,270,354
Riwal Sverige AB	Sverige	100.00%	1,108,413	466,651
AH-Lift ApS	Hvidovre	100.00%	35,481,027	0

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2018	2017
6 Share capital		
Analysis of the share capital:		
3,380 A shares of DKK 1,000.78 nominal value each	3,382,638	3,382,638
	3,382,638	3,382,638

The company was formed with a share capital of € 454.564 allocated on shares of € 134,49 each.

The Company's share capital has remained DKK 3,382,638 over the past 5 years.

7 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with its subsidiaries and acts as as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.

9 Related parties

Riwal Scandinavia Holding A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Riwal Holding Group B.V.	Dordrecht, Netherlands	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Riwal Holding Group B.V.	Dordrecht, Netherlands	Wilgen Bos 2, 3311 JX Dordrecht, Netherlands

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2018	2017
10	**Fee to the auditors appointed by the Company in general meeting**		
	Total fees to EY	37,585	10,000
	Statutory audit	24,585	0
	Other assistance	13,000	10,000
		37,585	10,000

	DKK	2018	2017
11	**Appropriation of profit**		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	74,506,000	0
	Net revaluation reserve according to the equity method	-38,438,059	33,524,583
	Retained earnings/accumulated loss	-607,742	-639,907
		35,460,199	32,884,676