
Epoke Investment II A/S

Jægersborg Alle 4, 5, DK-2920 Charlottenlund

Annual Report for 1 March 2022 - 28 February 2023

CVR No 33 96 47 30

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2023

Anders Møberg Eriksen
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 Epoke Investment II A/S for the financial year 1 March 2022 - 28 February 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 28 February 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Charlottenlund, 28 June 2023

Executive Board

Thomas Marstrand
Executive Officer

Board of Directors

Carsten Bjerg
Chairman

Johanne Christiane Frazer
Riegels Østergård

Thomas Marstrand

Kristian la Cour

Independent Auditor's Report

To the Shareholder of Epoke Investment II A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 28 February 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 March 2022 - 28 February 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Epoke Investment II A/S for the financial year 1 March 2022 - 28 February 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Odense, 28 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
statsautoriseret revisor
mne23318

Brian Petersen
statsautoriseret revisor
mne33722

Company Information

The Company

Epoke Investment II A/S
Jægersborg Alle 4, 5
DK-2920 Charlottenlund

CVR No: 33 96 47 30
Financial period: 1 March - 28 February
Municipality of reg. office: Gentofte

Board of Directors

Carsten Bjerg, Chairman
Johanne Christiane Frazer Riegels Østergård
Thomas Marstrand
Kristian la Cour

Executive Board

Thomas Marstrand

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

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

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	238,447	229,622	228,818	226,399	259,294
Profit/loss before financial income and expenses	21,171	13,238	10,895	11,483	11,846
Net financials	-780	-1,315	-1,521	-1,451	-2,170
Net profit/loss for the year	18,411	7,585	6,654	5,494	6,930
Balance sheet					
Balance sheet total	166,282	146,579	186,128	173,105	176,509
Equity	109,164	90,807	126,957	121,065	115,437
Cash flows					
Cash flows from:					
- operating activities	-7,026	59,503	1,759	5,562	12,049
- investing activities	-449	-1,880	-1,226	10,468	-2,365
including investment in property, plant and equipment	-449	-1,880	-1,409	10,468	-2,365
- financing activities	5,043	-52,079	-1,605	-3,862	-1,307
Change in cash and cash equivalents for the year	-2,432	5,544	-1,072	12,168	8,377
Number of employees	153	174	181	187	196
Ratios					
Gross margin	37.8%	37.8%	39.1%	42.8%	38.2%
Profit margin	8.9%	5.8%	4.8%	5.1%	4.6%
Return on assets	12.7%	9.0%	5.9%	6.6%	6.7%
Solvency ratio	65.6%	62.0%	68.2%	69.9%	65.4%
Return on equity	18.4%	7.0%	5.4%	4.6%	6.2%

In connection with changes to accounting policies, the comparative figures back to 2018/19 have not been restated. See the description under accounting policies.

Management's Review

Key activities

The primary activities of Epoke A/S are to develop, manufacture, market and sell Epoke, Brodd and Snowline machinery.

The Group's products are sold through own companies in Denmark, Germany and Poland. Sales and marketing in other markets are based on partnerships with dealers and the subsidiaries based in the respective countries.

Focusing on the customer and in co-operation with dealers, Epoke Group markets Epoke winter road maintenance products together with Snowline snow removal equipment and Brodd sweepers. Epoke Group aims to become the industry's best-known brand and to be a market leader in selected segments.

Epoke Group develops and manufactures state-of-the-art salt and liquid spreaders together with Snowline snowremoval equipment and Brodd sweepers that meet the customers' requirements in terms of service, quality and economic life costs.

Development in the year

The income statement of the group for 2022/23 shows earnings before interest, tax, depreciation and amortization (EBITDA) of TDKK 24,593 against TDKK 17,666 in the prior year, the main share which is attributable to exports.

Management expects improved financial performance for the next financial year and expects earnings before interest, tax, depreciation and amortization (EBITDA) for the year to be between TDKK 30,000 and TDKK 35,000.

The past year and follow-up on development expectations from last year

Management expectations in the last annual report was earnings before interest, tax, depreciation and amortization (EBITDA) between TDKK 20,000 and TDKK 22,000.

Earnings before interest, tax, depreciation and amortization (EBITDA) was realised at TDKK 24,593 in 2022/23.

Management's Review

Use of financial instruments

The group's receivables and loans are primarily denominated in DKK. The group does not apply financial instruments for the purpose of speculating.

Excess liquidity is deposited in money market accounts or the like. Therefore the group is exposed to no material financial risks.

The group follows a board-approved fiscal policy that operates with a low risk profile so that exchange rates, interest rates and credit risks only occur based on commercial conditions. The Group has an interest rate swap in order to hedge the interest risk involved in bank loans until maturity.

The group is among other things using steel and stainless steel as raw material in its products; thus, the group is exposed to the development in steel and stainless steel prices.

Research and development

The Group is among the absolute market leaders when it comes to spreaders for winter road clearance. The Group has won this position through persistent and targeted development efforts as regards spreaders and related electronic products.

The Group protects its development projects by taking out patents, if appropriate. The group intends to sustain its position by continuously adding the resources required and staying focused on road clearance.

The product portfolio is characterized by high performance, low service costs, high quality of products and in particular innovative solutions.

External environment

Epoke A/S holds a clean environment approval dated 7th April 2022 and is ISO 14001 certified. Epoke A/S is compliant with applicable environmental law etc. and has not received any complaints or claims relating to non-compliance with environmental rules on the part of its foreign subsidiaries.

Intellectual capital resources

The group aims to be an attractive workplace with motivated and committed staff. To ensure continued motivation and strong commitment on the part of staff, work at Epoke A/S is performed based on corporate values enabling the individual staff member to make his or her own decisions. The management philosophy is freedom with responsibility.

The group has formulated a senior policy and is locally known for its efforts to retain senior staff as well as other social activities.

Management's Review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 March - 28 February

	Note	Koncern		Moderselskab	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Revenue		238,447	229,622	0	0
Other operating income		907	373	0	0
Expenses for raw materials and consumables		-123,777	-120,180	0	0
Other external expenses		-25,505	-22,934	-38	-40
Gross profit/loss		90,072	86,881	-38	-40
Staff expenses	1	-65,479	-69,215	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-3,422	-4,428	0	0
Profit/loss before financial income and expenses		21,171	13,238	-38	-40
Income from investments in subsidiaries		0	0	18,165	7,221
Financial income	3	461	180	385	518
Financial expenses	4	-1,241	-1,495	-27	-11
Profit/loss before tax		20,391	11,923	18,485	7,688
Tax on profit/loss for the year	5	-1,980	-4,338	-74	-103
Net profit/loss for the year		18,411	7,585	18,411	7,585

Balance Sheet 28 February

Assets

	Note	Koncern		Morderselskab	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Completed development projects		0	0	0	0
Acquired licenses		25	33	0	0
Goodwill		2,617	2,882	0	0
Intangible assets	6	2,642	2,915	0	0
Land and buildings		14,132	18,424	0	0
Plant and machinery		2,848	3,585	0	0
Other fixtures and fittings, tools and equipment		883	1,841	0	0
Leasehold improvements		0	0	0	0
Property, plant and equipment	7	17,863	23,850	0	0
Investments in subsidiaries	8	0	0	91,921	73,810
Deposits	9	61	61	0	0
Fixed asset investments		61	61	91,921	73,810
Fixed assets		20,566	26,826	91,921	73,810
Inventories	10	96,354	74,867	0	0
Trade receivables		31,642	29,745	0	0
Receivables from group enterprises		5,034	0	16,681	12,922
Other receivables		637	558	0	0
Corporation tax		0	0	0	5,358
Prepayments	11	1,401	1,423	0	0
Receivables		38,714	31,726	16,681	18,280
Cash at bank and in hand		10,648	13,160	900	1
Currents assets		145,716	119,753	17,581	18,281
Assets		166,282	146,579	109,502	92,091

Balance Sheet 28 February

Liabilities and equity

	Note	Koncern		Morderselskab	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital	12	3,250	3,250	3,250	3,250
Revaluation reserve		0	-770	0	0
Reserve for hedging transactions		-3	51	0	0
Retained earnings		105,917	88,276	105,914	87,557
Equity		109,164	90,807	109,164	90,807
Provision for deferred tax	14	398	401	0	0
Other provisions	15	3,839	3,975	0	0
Provisions		4,237	4,376	0	0
Other payables		5,924	5,941	0	0
Long-term debt	16	5,924	5,941	0	0
Credit institutions		13	84	0	0
Prepayments received from customers		879	2,864	0	0
Trade payables		21,555	18,733	0	0
Payables to group enterprises		0	0	245	236
Corporation tax		0	2,217	0	103
Payables to group enterprises relating to corporation tax		4,944	0	74	0
Other payables	16,17	19,566	21,557	19	945
Short-term debt		46,957	45,455	338	1,284
Debt		52,881	51,396	338	1,284
Liabilities and equity		166,282	146,579	109,502	92,091
Subsequent events	22				
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Accounting Policies	23				

Statement of Changes in Equity

Koncern

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 March	3,250	51	87,506	90,807
Fair value adjustment of hedging instruments, beginning of year	0	-65	0	-65
Fair value adjustment of hedging instruments, end of year	0	-3	0	-3
Tax on adjustment of hedging instruments for the year	0	14	0	14
Net profit/loss for the year	0	0	18,411	18,411
Equity at 28 February	3,250	-3	105,917	109,164

Moderselskab

Equity at 1 March	3,250	0	87,557	90,807
Other equity movements	0	0	-54	-54
Net profit/loss for the year	0	0	18,411	18,411
Equity at 28 February	3,250	0	105,914	109,164

Cash Flow Statement 1 March - 28 February

	Note	Koncern	
		2022/23	2021/22
		TDKK	TDKK
Net profit/loss for the year		18,411	7,585
Adjustments	18	6,182	10,811
Change in working capital	19	-31,601	47,000
Cash flows from operating activities before financial income and expenses		-7,008	65,396
Financial income		462	179
Financial expenses		-1,240	-1,495
Cash flows from ordinary activities		-7,786	64,080
Corporation tax paid		760	-4,577
Cash flows from operating activities		-7,026	59,503
Purchase of property, plant and equipment		-449	-1,880
Cash flows from investing activities		-449	-1,880
Repayment of loans from credit institutions		9	-6,620
Repayment of other long-term debt		0	-959
Raising of loans from group enterprises		5,034	0
Cash capital increase		0	500
Dividend paid		0	-45,000
Cash flows from financing activities		5,043	-52,079
Change in cash and cash equivalents		-2,432	5,544
Cash and cash equivalents at 1 March		13,080	7,536
Cash and cash equivalents at 28 February		10,648	13,080
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10,648	13,160
Overdraft facility		0	-80
Cash and cash equivalents at 28 February		10,648	13,080

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
1 Staff expenses				
Wages and salaries	59,122	62,752	0	0
Pensions	4,080	4,071	0	0
Other social security expenses	2,277	2,392	0	0
	65,479	69,215	0	0
Including remuneration to the Board of Directors of:				
Board of Directors	500	320	0	0
	500	320	0	0
Average number of employees	153	174	0	0
Remuneration to the Executive Board for the current year has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.				
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	250	794	0	0
Depreciation of property, plant and equipment	3,156	3,634	0	0
Gain and loss on disposal	16	0	0	0
	3,422	4,428	0	0
3 Financial income				
Interest received from group enterprises	55	0	385	516
Other financial income	406	180	0	2
	461	180	385	518

Notes to the Financial Statements

	Koncern		Morderselskab	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
4 Financial expenses				
Interest paid to group enterprises	0	0	8	8
Other financial expenses	1,241	1,495	19	3
	1,241	1,495	27	11

5 Tax on profit/loss for the year

Current tax for the year	4,880	3,065	74	103
Deferred tax for the year	-3	1,273	0	0
Adjustment of tax concerning previous years	-2,911	0	0	0
	1,966	4,338	74	103

which breaks down as follows:

Tax on profit/loss for the year	1,980	4,338	74	103
Tax on changes in equity	-14	0	0	0
	1,966	4,338	74	103

6 Intangible assets

Koncern

	Completed development projects	Acquired licenses	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 March	759	33	33,597
Cost at 28 February	759	33	33,597
Impairment losses and amortisation at 1 March	759	0	30,715
Amortisation for the year	0	8	265
Impairment losses and amortisation at 28 February	759	8	30,980
Carrying amount at 28 February	0	25	2,617

Notes to the Financial Statements

7 Property, plant and equipment

Koncern

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK	TDKK
Cost at 1 March	47,676	42,239	15,381	83
Exchange adjustment	-189	175	-186	0
Additions for the year	0	222	227	0
Disposals for the year	0	-18	-330	0
Cost at 28 February	<u>47,487</u>	<u>42,618</u>	<u>15,092</u>	<u>83</u>
Impairment losses and depreciation at 1 March	32,252	38,654	13,540	83
Exchange adjustment	90	-72	103	0
Depreciation for the year	1,013	1,206	798	0
Impairment and depreciation of sold assets for the year	0	0	-232	0
Reversal of impairment and depreciation of sold assets	0	-18	0	0
Impairment losses and depreciation at 28 February	<u>33,355</u>	<u>39,770</u>	<u>14,209</u>	<u>83</u>
Carrying amount at 28 February	<u>14,132</u>	<u>2,848</u>	<u>883</u>	<u>0</u>

Moderselskab

8 Investments in subsidiaries

	2022/23	2021/22
	TDKK	TDKK
Cost at 1 March	<u>100,974</u>	<u>100,974</u>
Cost at 28 February	<u>100,974</u>	<u>100,974</u>

Notes to the Financial Statements

	Moderselskab	
	2022/23	2021/22
	TDKK	TDKK
8 Investments in subsidiaries (continued)		
Value adjustments at 1 March	-27,164	9,850
Exchange adjustment	0	43
Net profit/loss for the year	18,165	7,221
Dividend to the Parent Company	0	-45,000
Other equity movements, net	-54	722
Value adjustments at 28 February	-9,053	-27,164
Carrying amount at 28 February	91,921	73,810

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Afled Thomsen GmbH	Eichenzell, Germany	100%
Epoke Maschinenbau GmbH & Co. KG	Eichenzell, Germany	100%
Epoke Sp. z.o.o.	Warszawa, Poland	100%
Brodd Sweden AB	Sweden	100%
Brodd Polonia Sp. z.o.o.	Poland	100%
Ejendomsselskabet Skibelund ApS	Charlottenlund, Denmark	100%
Epoke A/S	Vejen, Denmark	100%

9 Other fixed asset investments

	Koncern
	Deposits
	TDKK
Cost at 1 March	61
Cost at 28 February	61
Carrying amount at 28 February	61

Notes to the Financial Statements

	Koncern		Moderselskab	
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK	TDKK	TDKK
10 Inventories				
Raw materials and consumables	45,762	37,775	0	0
Work in progress	20,628	17,093	0	0
Finished goods and goods for resale	29,964	19,999	0	0
	<u>96,354</u>	<u>74,867</u>	<u>0</u>	<u>0</u>

11 Prepayments

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

12 Share capital

The share capital consists of 325,000,000 shares of a nominal value of TDKK 3,250. No shares carry any special rights.

13 Distribution of profit

	Moderselskab	
	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
Extraordinary dividend paid	0	45,000
Transfer for the year to other reserves	0	-43
Retained earnings	18,411	-37,372
	<u>18,411</u>	<u>7,585</u>

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
14 Provision for deferred tax				
Provision for deferred tax at 1 March	401	-877	0	0
Amounts recognised in the income statement for the year	-3	1,273	0	0
Amounts recognised in equity for the year	0	5	0	0
Provision for deferred tax at 28 February	398	401	0	0
15 Other provisions				
Provision for service liability	2,534	2,670	0	0
Provision for warranties	1,150	1,150	0	0
Other provisions	155	155	0	0
	3,839	3,975	0	0

16 Long-term debt

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

The debt falls due for payment as specified below:

	Koncern		Moderselskab	
	2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
Other payables				
After 5 years	5,924	5,941	0	0
Long-term part	5,924	5,941	0	0
Other short-term payables	19,566	21,557	19	945
	25,490	27,498	19	945

Notes to the Financial Statements

17 Derivative financial instruments

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

	Koncern		Moderselskab	
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK	TDKK	TDKK
Liabilities	-4	-64	0	0

Interest rate swap has been entered into in order to hedge the interest risk involved in bank loans until maturity. The fair value of the interest rate swap amounts to DKK -4k at 28.02.2023 and has been recognised as other payable. The interest rate swap guarantees a fixed interest rate.

18 Cash flow statement - adjustments

	Koncern	
	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
Financial income	-461	-180
Financial expenses	1,241	1,495
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,422	4,428
Tax on profit/loss for the year	1,980	4,338
Other adjustments	0	730
	<u>6,182</u>	<u>10,811</u>

Notes to the Financial Statements

	Koncern	
	2022/23	2021/22
	TDKK	TDKK
19 Cash flow statement - change in working capital		
Change in inventories	-21,487	-2,036
Change in receivables	-6,992	43,799
Change in other provisions	-135	1,043
Change in trade payables, etc	-2,933	4,194
Fair value adjustments of hedging instruments	-54	0
	-31,601	47,000

	Koncern		Moderselskab	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
20 Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with bankers:

Mortgage deeds registered to the mortgagor totalling kDKK 38,000, providing security on land and buildings at a total carrying amount of	3,722	0	0	0
Floating charge registered to the bank totalling kDKK 30,000, providing security on inventory, trade receivables, as well as plant and equipment at a total carrying amount of	110,024	0	0	0

Contingent liabilities

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 Epoke Investment III A/S, 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

21 Related parties

	<u>Basis</u>
Controlling interest	
Epoke Investment III A/S	Parent

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.

No such transactions were conducted during the financial year.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Epoke Investment III A/S

Consolidated Financial Statements

Selskabet indgår i koncernrapporten for moderselskabet

<u>Name</u>	<u>Place of registered office</u>
Epoke Investment III A/S	Gentofte

22 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Epoke Investment II A/S for 2022/23 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 Consolidated and Parent Company Financial Statements for 2022/23 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

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

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

Business combinations

Leases

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

23 Accounting Policies (continued)

Hedge accounting

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

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

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

Income Statement

Revenue

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

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	7 - 33 years	
Plant and machinery	3 - 10 years	
Other fixtures and fittings, tools and equipment	3 - 5 years	
Leasehold improvements	7 years	

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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 with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Fixed asset investments

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

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

Other fixed asset investments

Other fixed asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings

Notes to the Financial Statements

23 Accounting Policies (continued)

and equipment used in the manufacturing process as well as costs of factory administration and management.

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Provisions

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

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

Deferred tax assets and liabilities

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

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

ferred 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.

Financial debts

Loans, such as mortgage loans and 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.

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term

Notes to the Financial Statements

23 Accounting Policies (continued)

debt as well as payments to and from shareholders.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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