Epoke Investment II A/S

Jægersborg Alle 4, 5, DK-2920 Charlottenlund

Annual Report for 1 March 2021 - 28 February 2022

CVR No 33 96 47 30

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/08 22

Anders Møberg Eriksen
Chairman of the General Meeting

Contents

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 2021 - 28 February 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

Charlottenlund, 15 August 2022

Executive Board

Thomas Marstrand
Executive Officer

Board of Directors

Søren Klarskov Vilby 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 2022 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 2021 - 28 February 2022 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 2021 - 28 February 2022, 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

Independent Auditor's Report

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 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, 15 August 2022
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	Søren Klarskov Vilby, 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				
	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	229.622	228.818	226.399	259.294	224.102
Profit/loss before financial income and expenses	13.238	10.895	11.483	11.846	229
Net financials	-1.315	-1.521	-1.451	-2.170	-2.935
Net profit/loss for the year	7.585	6.654	5.494	6.930	-3.924
Balance sheet					
Balance sheet total	146.579	186.128	173.105	176.509	194.134
Equity	90.807	126.957	121.065	115.437	107.165
Cash flows					
Cash flows from:					
- operating activities	59.506	1.759	5.562	12.049	12.204
- investing activities	-1.880	-1.226	10.468	-2.365	-3.336
including investment in property, plant and equipment	-1.880	-1.409	10.468	-2.365	-3.336
- financing activities	-52.079	-1.605	-3.862	-1.307	-11.337
Change in cash and cash equivalents for the year	5.547	-1.072	12.168	8.377	-2.469
Number of employees	174	181	187	196	178
Ratios					
Gross margin	37,8%	39,1%	42,8%	38,2%	38,0%
Profit margin	5,8%	4,8%	5,1%	4,6%	0,1%
Return on assets	9,0%	5,9%	6,6%	6,7%	0,1%
Solvency ratio	62,0%	68,2%	69,9%	65,4%	55,2%
Return on equity	7,0%	5,4%	4,6%	6,2%	-7,3%

In connection with changes to accounting policies, the comparative figures back to 2017/18 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 2021/22 shows a profit of TDKK 7,585 against TDKK 6,654 in prior year, the main share of which attributale to exports.

Management expects improved financial performance for the next financial year and expects profit for the year to be between TDKK 8,000 and TDKK 9,000.

Profit for the year before net financials is TDKK 13,238 against TDKK 10,895 for last year.

Epoke is a firmly based enterprise with a solvency ratio of 61% at 28 February 2022.

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.

Management's Review

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.

Subsequent events

The Russian invasion of Ukraine has affected a disruption of the supply chain due to a high content of sub supply from Polish sub supplier's dependency on Russian steel for steel-based components. The war has had an impact on increased price on purchased components and raw material in general.

The group further face long lead times on certain components.

Income Statement 1 March - 28 February

	Note	Koncern 2021/22 TDKK	Koncern 2020/21 TDKK	Moderselskab 2021/22 TDKK	Moderselskab 2020/21 TDKK
Revenue		**229.622**	**228.818**	**0**	**0**
Other operating income		373	2.244	0	0
Expenses for raw materials and consumables		-120.180	-123.871	0	0
Other external expenses		-22.934	-17.696	-40	-53
Gross profit/loss		**86.881**	**89.495**	**-40**	**-53**
Staff expenses	1	-69.215	-72.881	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-4.428	-5.719	0	0
Profit/loss before financial income and expenses		**13.238**	**10.895**	**-40**	**-53**
Income from investments in subsidiaries		0	0	7.221	6.268
Financial income	3	180	614	518	547
Financial expenses	4	-1.495	-2.135	-11	-8
Profit/loss before tax		**11.923**	**9.374**	**7.688**	**6.754**
Tax on profit/loss for the year	5	-4.338	-2.720	-103	-100
Net profit/loss for the year		**7.585**	**6.654**	**7.585**	**6.654**

Balance Sheet 28 February

Assets

	Note	Koncern		Moderselskab	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Completed development projects		0	0	0	0
Acquired licenses		33	0	0	0
Goodwill		2.882	3.676	0	0
Intangible assets	6	**2.915**	**3.676**	**0**	**0**
Land and buildings		18.424	17.746	0	0
Plant and machinery		3.585	5.221	0	0
Other fixtures and fittings, tools and equipment		1.841	2.639	0	0
Leasehold improvements		0	0	0	0
Property, plant and equipment	7	**23.850**	**25.606**	**0**	**0**
Investments in subsidiaries	8	0	0	73.810	110.824
Other investments	9	0	4	0	0
Deposits	9	61	61	0	0
Fixed asset investments		**61**	**65**	**73.810**	**110.824**
Fixed assets		**26.826**	**29.347**	**73.810**	**110.824**
Inventories	10	**74.867**	**72.829**	**0**	**0**
Trade receivables		29.745	33.026	0	0
Receivables from group enterprises		0	0	12.922	15.052
Other receivables		558	41.399	0	0
Deferred tax asset	14	0	877	0	0
Corporation tax		0	0	5.358	2.253
Prepayments	11	1.423	1.097	0	0
Receivables		**31.726**	**76.399**	**18.280**	**17.305**
Cash at bank and in hand		**13.160**	**7.553**	**1**	**1**
Currents assets		**119.753**	**156.781**	**18.281**	**17.306**
Assets		**146.579**	**186.128**	**92.091**	**128.130**

Balance Sheet 28 February

Liabilities and equity

	Note	Koncern		Moderselskab	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Share capital	12	3.250	3.250	3.250	3.250
Revaluation reserve		-770	-813	0	0
Reserve for net revaluation under the equity method		0	0	0	9.850
Reserve for hedging transactions		51	51	0	0
Retained earnings		88.276	124.469	87.557	113.857
Equity		**90.807**	**126.957**	**90.807**	**126.957**
Provision for deferred tax	14	401	0	0	0
Other provisions	15	3.975	2.931	0	0
Provisions		**4.376**	**2.931**	**0**	**0**
Credit institutions		0	6.624	0	0
Other payables		5.941	6.305	0	0
Long-term debt	16	**5.941**	**12.929**	**0**	**0**
Current portion of non-current liabilities other than provisions		0	959	0	0
Credit institutions	16	84	20	0	0
Prepayments received from customers		2.864	3.078	0	0
Trade payables		18.733	12.894	0	0
Payables to group enterprises		0	0	236	228
Corporation tax		2.217	3.732	103	905
Other payables	16	21.557	22.628	945	40
Short-term debt		**45.455**	**43.311**	**1.284**	**1.173**
Debt		**51.396**	**56.240**	**1.284**	**1.173**
Liabilities and equity		**146.579**	**186.128**	**92.091**	**128.130**

Distribution of profit	13
Contingent assets, liabilities and other financial obligations	19
Related parties	20
Accounting Policies	21

Statement of Changes in Equity

Koncern

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 March	3.250	-813	0	51	124.469	126.957
Exchange adjustments	0	43	0	0	0	43
Cash capital increase	0	0	0	0	500	500
Extraordinary dividend paid	0	0	0	0	-45.000	-45.000
Other equity movements	0	0	0	0	722	722
Net profit/loss for the year	0	0	0	0	7.585	7.585
Equity at 28 February	**3.250**	**-770**	**0**	**51**	**88.276**	**90.807**

Moderselskab

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Total
Equity at 1 March	3.250	0	9.850	0	113.857	126.957
Cash capital increase	0	0	0	0	500	500
Extraordinary dividend paid	0	0	0	0	-45.000	-45.000
Dividend from group enterprises	0	0	-9.850	0	9.850	0
Other equity movements	0	0	0	0	722	722
Net profit/loss for the year	0	0	0	0	7.628	7.628
Equity at 28 February	**3.250**	**0**	**0**	**0**	**87.557**	**90.807**

Cash Flow Statement 1 March - 28 February

	Note	Koncern 2021/22 TDKK	Koncern 2020/21 TDKK
Net profit/loss for the year		7.585	6.654
Adjustments	17	10.811	9.629
Change in working capital	18	47.003	-9.851
Cash flows from operating activities before financial income and expenses		**65.399**	**6.432**
Financial income		179	614
Financial expenses		-1.495	-2.135
Cash flows from ordinary activities		**64.083**	**4.911**
Corporation tax paid		-4.577	-3.152
Cash flows from operating activities		**59.506**	**1.759**
Purchase of property, plant and equipment		-1.880	-1.409
Sale of property, plant and equipment		0	183
Cash flows from investing activities		**-1.880**	**-1.226**
Repayment of loans from credit institutions		-6.620	-1.605
Repayment of other long-term debt		-959	0
Cash capital increase		500	0
Dividend paid		-45.000	0
Cash flows from financing activities		**-52.079**	**-1.605**
Change in cash and cash equivalents		**5.547**	**-1.072**
Cash and cash equivalents at 1 March		7.533	8.605
Cash and cash equivalents at 28 February		**13.080**	**7.533**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		13.160	7.553
Overdraft facility		-80	-20
Cash and cash equivalents at 28 February		**13.080**	**7.533**

Notes to the Financial Statements

		Koncern		Moderselskab	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Wages and salaries	62.752	66.897	0	0
	Pensions	4.071	4.493	0	0
	Other social security expenses	2.392	1.491	0	0
		69.215	**72.881**	**0**	**0**
	Including remuneration to the Board of Directors of:				
	Board of Directors	320	320	0	0
		320	**320**	**0**	**0**
	Average number of employees	**174**	**181**	**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	794	1.547	0	0
	Depreciation of property, plant and equipment	3.634	4.172	0	0
		4.428	**5.719**	**0**	**0**

3	**Financial income**				
	Interest received from group enterprises	0	0	516	547
	Other financial income	180	614	2	0
		180	**614**	**518**	**547**

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
4 Financial expenses				
Interest paid to group enterprises	0	0	8	7
Other financial expenses	1.495	2.135	3	1
	1.495	**2.135**	**11**	**8**
5 Tax on profit/loss for the year				
Current tax for the year	3.065	2.684	103	108
Deferred tax for the year	1.273	44	0	0
Adjustment of tax concerning previous years	0	-8	0	0
Adjustment of deferred tax concerning previous years	0	0	0	-8
	4.338	**2.720**	**103**	**100**

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	29.921
Amortisation for the year	0	0	794
Impairment losses and amortisation at 28 February	759	0	30.715
Carrying amount at 28 February	**0**	**33**	**2.882**

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	48.980	42.425	15.467	83
Additions for the year	3.321	1.544	3.106	0
Disposals for the year	-1.625	-1.730	-3.192	0
Cost at 28 February	50.676	42.239	15.381	83
Impairment losses and depreciation at 1 March	31.234	37.204	12.828	83
Depreciation for the year	1.018	1.450	767	0
Reversal of impairment and depreciation of sold assets	0	0	-55	0
Impairment losses and depreciation at 28 February	32.252	38.654	13.540	83
Carrying amount at 28 February	**18.424**	**3.585**	**1.841**	**0**

8 Investments in subsidiaries

	Moderselskab	
	2021/22	2020/21
	TDKK	TDKK
Cost at 1 March	100.974	100.974
Cost at 28 February	100.974	100.974
Value adjustments at 1 March	9.850	4.344
Exchange adjustment	43	0
Net profit/loss for the year	7.221	7.019
Dividend to the Parent Company	-45.000	0
Other equity movements, net	722	-762
Amortisation of goodwill	0	-751
Value adjustments at 28 February	-27.164	9.850
Carrying amount at 28 February	**73.810**	**110.824**

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Afled Thomsen GmbH	Eichenzell, Germany	100%
Epoke Machinenbau GmbH & Co. KG	Eichenzell, Germany	100%
Epoke Sp. z.o.o.	Warzawa, 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**

	Koncern		Moderselskab	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
10 Inventories				
Raw materials and consumables	37.775	25.448	0	0
Work in progress	17.093	11.774	0	0
Finished goods and goods for resale	19.999	35.607	0	0
	74.867	**72.829**	**0**	**0**

11 Prepayments

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

Notes to the Financial Statements

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.

The group holds 7.226.575 treasury shares with a nominal value of TDKK 72, corresponding to 2.2%. The treasury shares were acquired as part of purchasing shares from employees that have resigned from the Group.

13 Distribution of profit

Extraordinary dividend paid	45.000	0
Transfer for the year to other reserves	-43	0
Retained earnings	-37.372	6.654
	7.585	**6.654**

14 Provision for deferred tax

	Koncern		Moderselskab	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 March	-877	-921	0	0
Amounts recognised in the income statement for the year	1.273	44	0	0
Amounts recognised in equity for the year	5	0	0	0
Provision for deferred tax at 28 February	**401**	**-877**	**0**	**0**

15 Other provisions

Provision for service liability	2.670	1.626	0	0
Provision for warranties	1.150	1.150	0	0
Other provisions	155	155	0	0
	3.975	**2.931**	**0**	**0**

Notes to the Financial Statements

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	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	0	2.847	0	0
Between 1 and 5 years	0	3.777	0	0
Long-term part	0	6.624	0	0
Other short-term debt to credit institutions	84	20	0	0
	84	**6.644**	**0**	**0**
Other payables				
After 5 years	5.941	5.800	0	0
Between 1 and 5 years	0	505	0	0
Long-term part	5.941	6.305	0	0
Other short-term payables	21.560	22.628	945	38
	27.501	**28.933**	**945**	**38**

17 Cash flow statement - adjustments

	Koncern	
	2021/22	2020/21
	TDKK	TDKK
Financial income	-180	-614
Financial expenses	1.495	2.135
Depreciation, amortisation and impairment losses, including losses and gains on sales	4.428	5.720
Tax on profit/loss for the year	4.338	2.720
Other adjustments	730	-332
	10.811	**9.629**

Notes to the Financial Statements

18 Cash flow statement - change in working capital

	Koncern	
	2021/22	2020/21
	TDKK	TDKK
Change in inventories	-2.036	16.125
Change in receivables	43.799	-36.037
Change in other provisions	1.043	-174
Change in trade payables, etc	4.197	10.235
	47.003	**-9.851**

19 Contingent assets, liabilities and other financial obligations

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 by the Group amounts to TDKK 2,217. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

20 Related parties

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.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Epoke Investment II A/S for 2021/22 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 2021/22 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

21 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.

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

21 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 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

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Provisions

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

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

Deferred tax assets and liabilities

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

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

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

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 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	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$

Notes to the Financial Statements

21 Accounting Policies (continued)

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

pwc