Epoke Investment III A/S

Jægersborg Alle 4, DK-2920

Annual Report for
1 March 2023 - 29 February 2024

CVR No. 43 31 59 27

The Annual Report was presented and adopted at the Annual General Meeting of the company on 28/6 2024

Kristian la Cour
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 III A/S for the financial year 1 March 2023 - 29 February 2024.

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 29 February 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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, 24 June 2024

Executive Board

Thomas Marstrand

Board of Directors

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

Independent Auditor's report

To the shareholder of Epoke Investment III 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 29 February 2024 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 2023 - 29 February 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Epoke Investment III A/S for the financial year 1 March 2023 - 29 February 2024, 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 Financial 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.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent 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.

Independent Auditor's report

Vejle, 24 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Forthoft Lind
State Authorised Public Accountant
mne34169

Brian Petersen
State Authorised Public Accountant
mne33722

Company information

The Company	Epoke Investment III A/S Jægersborg Alle 4 2920 CVR No: 43 31 59 27 Financial period: 1 March 2023 - 29 February 2024 Municipality of reg. office: Gentofte
Board of Directors	Carsten Bjerg Johanne Christiane Frazer Riegels Østergård Thomas Marstrand Kristian la Cour
Executive Board	Thomas Marstrand
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	Group	
	2023/24	2022/23
	TDKK 12 months	TDKK 9 months
Key figures		
Profit/loss		
Revenue	250,464	195,759
Gross profit	110,610	87,509
Profit/loss of primary operations	42,598	30,578
Profit/loss of financial income and expenses	-3,165	-2,283
Net profit/loss for the year	31,148	24,415
Balance sheet		
Balance sheet total	193,145	180,921
Investment in property, plant and equipment	623	449
Equity	106,353	63,312
Cash flows		
Cash flows from:		
- operating activities	49,500	10,458
- investing activities	6,857	-103,449
- financing activities	-12,891	103,639
Change in cash and cash equivalents for the year	43,466	10,648
Number of employees	131	153
Ratios		
Gross margin	44.2%	44.7%
Profit margin	17.0%	15.6%
Return on assets	22.1%	16.9%
Solvency ratio	55.1%	35.0%
Return on equity	36.7%	77.1%

Management's review

Key activities

The primary activities of the Epoke Group are to develop, manufacture, market and sell Epoke and Snowline machinery. The Group's products are sold through own companies in Denmark and Germany. Sales and marketing in other markets are based on partnerships with dealers 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. 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 snow removal equipment 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 2023/24 shows a profit of TDKK 31,148, and at 29 February 2024 the balance sheet of the Group shows a positive equity of TDKK 106,353.

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 30,000 and TDKK 35,000. Earnings before interest, tax, depreciation and amortization (EBITDA) was realised at TDKK 47.929 in 2023/24.

Targets and expectations for the year ahead

Management expects earnings before interest, tax, depreciation and amortization (EBITDA) to be on level with last year adjusted for the positive one-off effect of closing down the sweeper activity.

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

The Group holds a clean environment approval 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.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 29 February 2024 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023/24 have to some extent been positively affected by closing down the sweeper activity (in the range of TDKK 5,000).

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 2023 - 29 February 2024

	Note	Group 2023/24 TDKK 12 months	Group 2022/23 TDKK 9 months	Parent company 2023/24 TDKK 12 months	Parent company 2022/23 TDKK 9 months
Revenue		250,464	195,759	0	0
Other operating income		6,072	907	0	0
Expenses for raw materials and consumables		-121,345	-90,320	0	0
Other external expenses		-24,581	-18,837	-51	-34
Gross profit		**110,610**	**87,509**	**-51**	**-34**
Staff expenses	1	-62,681	-54,353	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-5,331	-2,578	0	0
Profit/loss before financial income and expenses		**42,598**	**30,578**	**-51**	**-34**
Income from investments in subsidiaries		0	0	33,111	25,836
Financial income		864	461	0	0
Financial expenses	3	-4,029	-2,744	-2,466	-1,788
Profit/loss before tax		**39,433**	**28,295**	**30,594**	**24,014**
Tax on profit/loss for the year	4	-8,285	-3,880	554	401
Net profit/loss for the year	5	**31,148**	**24,415**	**31,148**	**24,415**

Balance sheet 29 February 2024

Assets

		Group		Parent company	
	Note	2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Acquired trademarks		43	25	0	0
Goodwill		19,520	22,290	0	0
Intangible assets	6	**19,563**	**22,315**	**0**	**0**
Land and buildings		5,924	14,132	0	0
Plant and machinery		1,783	2,848	0	0
Other fixtures and fittings, tools and equipment		720	883	0	0
Property, plant and equipment	7	**8,427**	**17,863**	**0**	**0**
Investments in subsidiaries	8	0	0	148,695	128,834
Deposits	9	61	61	0	0
Fixed asset investments		**61**	**61**	**148,695**	**128,834**
Fixed assets		**28,051**	**40,239**	**148,695**	**128,834**
Inventories	10	**75,691**	**96,354**	**0**	**0**
Trade receivables		30,953	31,642	0	0
Other receivables		2,260	637	0	0
Corporation tax receivable from group enterprises		0	0	8,894	5,345
Prepayments	11	2,076	1,401	0	0
Receivables		**35,289**	**33,680**	**8,894**	**5,345**
Cash at bank and in hand		**54,114**	**10,648**	**0**	**0**
Current assets		**165,094**	**140,682**	**8,894**	**5,345**
Assets		**193,145**	**180,921**	**157,589**	**134,179**

Balance sheet 29 February 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Share capital		1,028	800	1,028	800
Reserve for net revaluation under the equity method		0	0	47,197	25,834
Reserve for hedging transactions		0	-3	0	0
Retained earnings		105,325	62,515	58,128	36,678
Equity		**106,353**	**63,312**	**106,353**	**63,312**
Provision for deferred tax	12	0	398	0	0
Other provisions	13	2,551	3,839	0	0
Provisions		**2,551**	**4,237**	**0**	**0**
Subordinate loan capital		0	11,726	0	11,726
Credit institutions		26,750	40,000	26,750	40,000
Other payables		6,129	5,924	0	0
Long-term debt	14	**32,879**	**57,650**	**26,750**	**51,726**
Credit institutions	14	13,000	13,013	13,000	13,000
Prepayments received from customers		547	879	0	0
Trade payables		18,392	21,555	0	0
Payables to group enterprises		0	0	3,178	5,034
Corporation tax		7,915	744	7,911	744
Payables to group enterprises relating to corporation tax		0	0	29	0
Other payables	14,15	11,508	19,531	368	363
Short-term debt		**51,362**	**55,722**	**24,486**	**19,141**
Debt		**84,241**	**113,372**	**51,236**	**70,867**
Liabilities and equity		**193,145**	**180,921**	**157,589**	**134,179**

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Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 March	800	-3	62,515	63,312
Capital increase	228	0	11,665	11,893
Fair value adjustment of hedging instruments, beginning of year	0	4	-4	0
Tax on adjustment of hedging instruments for the year	0	-1	1	0
Net profit/loss for the year	0	0	31,148	31,148
Equity at 29 February	**1,028**	**0**	**105,325**	**106,353**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 March	800	25,834	36,678	63,312
Capital increase	228	0	11,665	11,893
Net profit/loss for the year	0	21,363	9,785	31,148
Equity at 29 February	**1,028**	**47,197**	**58,128**	**106,353**

Cash flow statement 1 March 2023 - 29 February 2024

	Note	Group 2023/24 TDKK 12 months	Group 2022/23 TDKK 9 months
Result of the year		31,148	24,415
Adjustments	16	16,781	10,203
Change in working capital	17	6,248	-17,677
Cash flow from operations before financial items		**54,177**	**16,941**
Financial income		864	461
Financial expenses		-4,029	-2,744
Cash flows from ordinary activities		**51,012**	**14,658**
Corporation tax paid		-1,512	-4,200
Cash flows from operating activities		**49,500**	**10,458**
Purchase of intangible assets		-34	0
Purchase of property, plant and equipment		-623	-449
Sale of property, plant and equipment		7,514	0
Business acquisition		0	-103,000
Cash flows from investing activities		**6,857**	**-103,449**
Repayment of loans from credit institutions		-13,263	0
Raising of loans from credit institutions		0	53,013
Raising of other long-term debt		372	11,726
Cash capital increase		0	38,900
Cash flows from financing activities		**-12,891**	**103,639**
Change in cash and cash equivalents		**43,466**	**10,648**
Cash and cash equivalents at 1 March		10,648	0
Cash and cash equivalents at 29 February		**54,114**	**10,648**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		54,114	10,648
Cash and cash equivalents at 29 February		**54,114**	**10,648**

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK 12 months	TDKK 9 months	TDKK 12 months	TDKK 9 months
1. Staff Expenses				
Wages and salaries	55,820	49,076	0	0
Pensions	6,056	3,432	0	0
Other social security expenses	805	1,845	0	0
	62,681	**54,353**	**0**	**0**
Including remuneration to the Board of Directors	**500**	**500**	**0**	**0**
Average number of employees	**131**	**153**	**0**	**0**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK 12 months	TDKK 9 months	TDKK 12 months	TDKK 9 months
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	2,786	876	0	0
Depreciation of property, plant and equipment	2,545	1,702	0	0
	5,331	**2,578**	**0**	**0**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK 12 months	TDKK 9 months	TDKK 12 months	TDKK 9 months
3. Financial expenses				
Interest paid to group enterprises	0	0	168	55
Other financial expenses	4,029	2,744	2,298	1,733
	4,029	**2,744**	**2,466**	**1,788**

Notes to the Financial Statements

4. Income tax expense

	Group 2023/24 TDKK 12 months	Group 2022/23 TDKK 9 months	Parent company 2023/24 TDKK 12 months	Parent company 2022/23 TDKK 9 months
Current tax for the year	8,683	3,883	-554	-401
Deferred tax for the year	-398	-3	0	0
	8,285	**3,880**	**-554**	**-401**

5. Profit allocation

	Parent company 2023/24 TDKK	Parent company 2022/23 TDKK
Reserve for net revaluation under the equity method	21,363	0
Retained earnings	9,785	24,415
	31,148	**24,415**

6. Intangible fixed assets
Group

	Acquired trademarks TDKK	Goodwill TDKK
Cost at 1 March	33	53,270
Additions for the year	34	0
Cost at 29 February	67	53,270
Impairment losses and amortisation at 1 March	8	30,980
Impairment losses for the year	0	1,502
Amortisation for the year	16	1,268
Impairment losses and amortisation at 29 February	24	33,750
Carrying amount at 29 February	**43**	**19,520**

7. Property, plant and equipment
Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 March	47,487	42,618	15,092
Additions for the year	0	623	0
Disposals for the year	-10,767	0	0
Cost at 29 February	36,720	43,241	15,092
Impairment losses and depreciation at 1 March	33,355	39,770	14,209
Depreciation for the year	694	1,688	163
Reversal of impairment and depreciation of sold assets	-3,253	0	0
Impairment losses and depreciation at 29 February	30,796	41,458	14,372
Carrying amount at 29 February	**5,924**	**1,783**	**720**

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
8. Investments in subsidiaries		
Cost at 1 March	103,000	0
Additions for the year	0	103,000
Cost at 29 February	103,000	103,000
Value adjustments at 1 March	25,834	0
Net profit/loss for the year	34,129	26,515
Dividend to the Parent Company	-13,250	0
Other equity movements, net	0	-3
Amortisation of goodwill	-1,018	-678
Value adjustments at 29 February	45,695	25,834
Carrying amount at 29 February	**148,695**	**128,834**
Positive differences arising on initial measurement of subsidiaries at net asset value	20,351	20,351
Remaining positive difference included in the above carrying amount at	18,655	19,673

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership and Votes
Epoke Investment II A/S	Charlottenlund, Denmark	100%
Epoke A/S	Vejen, Denmark	100%
Ejendomsselskabet Skibelund ApS	Charlottenlund, Denmark	100%
Brodd Polonia Sp. z.o.o.	Poland	100%
Brodd Sweden AB	Sweden	100%
Epoke Sp. z.o.o.	Warzawa, Poland	100%
Epoke Machinenbau GmbH & Co. KG	Eichenzell, Germany	100%
Alfred Thomsen GmbH	Eichenzell, Germany	100%

9. Other fixed asset investments
Group

	Deposits
	TDKK
Cost at 1 March	61
Cost at 29 February	61
Carrying amount at 29 February	**61**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
10. Inventories				
Raw materials and consumables	32,608	45,762	0	0
Work in progress	17,186	20,628	0	0
Finished goods and goods for resale	25,897	29,964	0	0
	75,691	**96,354**	**0**	**0**

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

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
12. Provision for deferred tax				
Deferred tax liabilities at 1 March	398	401	0	0
Amounts recognised in the income statement for the year	-398	-3	0	0
Deferred tax liabilities at 29 February	**0**	**398**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

13. Other provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company 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 of 1-3 years. Provisions are measured and recognised based on experience with guarantee work.

Provision for service liability	1,252	2,534	0	0
Provision for warranties	1,144	1,150	0	0
Other provisions	155	155	0	0
	2,551	**3,839**	**0**	**0**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

14. 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:

Subordinate loan capital				
After 5 years	0	0	0	0
Between 1 and 5 years	0	11,726	0	11,726
Long-term part	0	11,726	0	11,726
Within 1 year	0	0	0	0
	0	**11,726**	**0**	**11,726**

Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	26,750	40,000	26,750	40,000
Long-term part	26,750	40,000	26,750	40,000
Within 1 year	13,000	0	13,000	0
Other short-term debt to credit institutions	0	13,013	0	13,000
	39,750	**53,013**	**39,750**	**53,000**

Notes to the Financial Statements

14. Long-term debt

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	6,129	5,924	0	0
Long-term part	6,129	5,924	0	0
Other short-term payables	11,508	19,531	368	363
	17,637	**25,455**	**368**	**363**

15. 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:

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Liabilities	0	-4	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 TDKK 0 at 29.02.2024 and has been recognised as other payable. The interest rate swap guarantees a fixed interest rate.

16. Cash flow statement - Adjustments

	Group	
	2023/24	2022/23
	TDKK 12 months	TDKK 9 months
Financial income	-864	-461
Financial expenses	4,029	2,744
Depreciation, amortisation and impairment losses, including losses and gains on sales	5,331	2,578
Tax on profit/loss for the year	8,285	3,880
Other adjustments	0	1,462
	16,781	**10,203**

	Group	
	2023/24	2022/23
	TDKK 12 months	TDKK 9 months
17. Cash flow statement - Change in working capital		
Change in inventories	20,663	1,525
Change in receivables	-1,609	-1,101
Change in other provisions	-1,288	1,429
Change in trade payables, etc	-11,518	-19,527
Fair value adjustments of hedging instruments	0	-3
	6,248	**-17,677**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
18. 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 as well as other property, plant and equipment at a total carrying amount of:	2,870	3,722	0	0
Floating charge registered to the bank totalling kDKK 30,000, providing security on inventory, trade receivables, other receivables, as well as plant and equipment at a total carrying amount of	98,965	110,024	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

Shares in Epoke A/S and Epoke Investment II A/S been placed as security to the bankers in the Parent Company.

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 DKK 7,915k. 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 Group's liability.

19. Related parties

	Basis
Controlling interest	
Erhvervsinvest Sileo K/S, Charlottenlund	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.

20. Subsequent events

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

Notes to the Financial Statements

21. Accounting policies

The Annual Report of Epoke Investment III A/S for 2023/24 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 Financial Statements and the Parent Company Financial Statements for 2023/24 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 III 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Leases

All 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.

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 the fair value reserve 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.

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 the consolidated 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.

Notes to the Financial Statements

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 Danish group Companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed 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 5-20 year.

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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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 and investments 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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 and costs of completion. 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.

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 of 1-3 years. 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, including the tax base of tax loss carry-forwards, 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 liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Other debts are measured at amortised cost, substantially corresponding to nominal value.

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.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity