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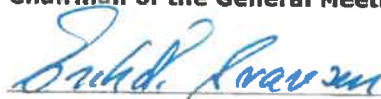
EUROPART DANMARK A/S

Kokmose 14
6000 Kolding
Business Registration No
46629310

Annual report 2019

The Annual General Meeting adopted the annual report on 27.02.2020

Chairman of the General Meeting



Name: Erik Nørgaard Gravensen

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Entity details

Entity

EUROPART DANMARK A/S
Kokmose 14
6000 Kolding

Central Business Registration No (CVR): 46629310
Registered in: Kolding
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Erik Nørgaard Graversen, Chairman
Kenneth Hansen, Employee representative
Anders Alslev, Employee representative
Mogens Bjerggaard Olesen
Olaf Theo Giesen

Executive Board

Mogens Bjerggaard Olesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of EUROPART DANMARK A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 27.02.2020

Executive Board



Mogens Bjerggaard Olesen

Board of Directors



Erik Nørgaard Graversen

Chairman



Kenneth Hansen

Employee representative



Anders Alslev

Employee representative



Mogens Bjerggaard Olesen



Olaf Theo Giesen

Independent auditor's report

To the shareholders of EUROPART DANMARK A/S

Opinion

We have audited the financial statements of EUROPART DANMARK A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Aarhus C, 27.02.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Henrik Vedel

State Authorised Public Accountant

Identification No (MNE) mne10052



Tommy Schormand Johansen

State Authorised Public Accountant

Identification No (MNE) mne44080

Management commentary

	2019	2018	2017	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	46.934	47.444	47.854	48.238	45.979
Operating profit/loss	8.624	9.725	10.683	12.558	10.922
Net financials	(4)	(488)	(385)	(461)	(533)
Profit/loss for the year	6.691	7.167	7.997	9.407	7.992
Total assets	79.546	94.395	90.568	87.233	84.527
Investments in property, plant and equipment	280	956	241	431	(3.363)
Equity	53.558	50.867	48.700	45.702	41.295
Ratios					
Return on invested capital incl goodwill (%)	10,8	10,5	11,8	14,4	13,7
Return on equity (%)	12,8	14,4	16,4	20,6	20,1
Equity ratio (%)	67,3	53,9	53,8	52,4	48,9

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment, and less other provisions and long-term operating liabilities.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities.

Management commentary

Primary activities

The Company trades in spare parts, tools and vehicle parts for trucks, busses, trailers and industry use as well as structure components for coach and body works.

Development in activities and finances

The company has, to some degree, been affected by the growth experienced by large customers and the high number of newly registered trucks and trailers without a significant increase in the total vehicle population. This has had the outcome that a large number of old vehicles part of the company's core product area are no longer on the market. Furthermore the market has, to some extent, been affected by the global economic uncertainty. The Company's customer defection rate was at an expected level.

Profit of the year was DKK 8,620 thousands before tax and may, in the circumstances, be characterised as satisfactory.

Outlook

For the coming year, Management expects to increase sales with 1,5-2,5% compared to 2019. Cost are expected to be maintained at a relatively, slightly increased level of 1-2% and reflect estimated activity level. EBITDA is expected to be 15-20% up on 2019.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Gross profit		46.934	47.444
Staff costs	1	(37.857)	(37.284)
Depreciation, amortisation and impairment losses	2	<u>(453)</u>	<u>(435)</u>
Operating profit/loss		8.624	9.725
Other financial income	3	289	319
Other financial expenses	4	<u>(293)</u>	<u>(807)</u>
Profit/loss before tax		8.620	9.237
Tax on profit/loss for the year	5	<u>(1.929)</u>	<u>(2.070)</u>
Profit/loss for the year	6	<u>6.691</u>	<u>7.167</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Other fixtures and fittings, tools and equipment		1.732	1.832
Leasehold improvements		<u>140</u>	<u>213</u>
Property, plant and equipment	7	<u>1.872</u>	<u>2.045</u>
Fixed assets		<u>1.872</u>	<u>2.045</u>
Manufactured goods and goods for resale		<u>42.013</u>	<u>43.638</u>
Inventories		<u>42.013</u>	<u>43.638</u>
Trade receivables		28.268	26.545
Receivables from group enterprises		4.965	8.938
Other receivables		772	772
Income tax receivable		0	204
Prepayments	8	<u>50</u>	<u>262</u>
Receivables		<u>34.055</u>	<u>36.721</u>
Cash		<u>1.606</u>	<u>11.991</u>
Current assets		<u>77.674</u>	<u>92.350</u>
Assets		<u>79.546</u>	<u>94.395</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		8.075	8.075
Retained earnings		45.483	42.792
Equity		53.558	50.867
Deferred tax		84	75
Provisions		84	75
Bank loans		7.653	22.557
Trade payables		6.859	7.995
Payables to group enterprises		2.882	4.945
Income tax payable		216	0
Other payables		8.294	7.956
Current liabilities other than provisions		25.904	43.453
Liabilities other than provisions		25.904	43.453
Equity and liabilities		79.546	94.395
Contingent liabilities	10		
Related parties with controlling interest	11		
Transactions with related parties	12		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	8.075	42.792	50.867
Extraordinary dividend paid	0	(4.000)	(4.000)
Profit/loss for the year	0	6.691	6.691
Equity end of year	8.075	45.483	53.558

Cash flow statement for 2019

	<u>Notes</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
Operating profit/loss		8.624	9.725
Amortisation, depreciation and impairment losses		453	435
Working capital changes	9	<u>1.226</u>	<u>(6.840)</u>
Cash flow from ordinary operating activities		10.303	3.320
Financial income received		289	319
Financial expenses paid		(293)	(807)
Income taxes refunded/(paid)		<u>(1.501)</u>	<u>(2.250)</u>
Cash flows from operating activities		8.798	582
Acquisition etc of property, plant and equipment		<u>(279)</u>	<u>(956)</u>
Cash flows from investing activities		(279)	(956)
Loans raised		0	22.557
Repayments of loans etc		(14.904)	(19.690)
Dividend paid		<u>(4.000)</u>	<u>(5.000)</u>
Cash flows from financing activities		(18.904)	(2.133)
Increase/decrease in cash and cash equivalents		(10.385)	(2.507)
Cash and cash equivalents beginning of year		<u>11.991</u>	<u>14.498</u>
Cash and cash equivalents end of year		1.606	11.991

Notes

	2019	2018
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	34.043	34.002
Pension costs	2.651	2.113
Other social security costs	282	279
Other staff costs	881	890
	37.857	37.284
Average number of employees	74	79
	Remunera-	Remunera-
	tion of	tion of
	manage-	manage-
	ment	ment
	2019	2018
	DKK'000	DKK'000
Total amount for management categories	1.250	1.326
	1.250	1.326
	2019	2018
	DKK'000	DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	453	435
	453	435
	2019	2018
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	150	319
Other financial income	139	0
	289	319
	2019	2018
	DKK'000	DKK'000
4. Other financial expenses		
Other interest expenses	293	807
	293	807

Notes

	2019	2018
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Current tax	1.920	2.046
Change in deferred tax	9	24
	1.929	2.070
	2019	2018
	DKK'000	DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	6.691	7.167
	6.691	7.167
	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
7. Property, plant and equipment		
Cost beginning of year	9.008	959
Additions	280	0
Cost end of year	9.288	959
Depreciation and impairment losses beginning of year	(7.176)	(746)
Depreciation for the year	(380)	(73)
Depreciation and impairment losses end of year	(7.556)	(819)
Carrying amount end of year	1.732	140

8. Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Notes

	2019	2018
	DKK'000	DKK'000
9. Change in working capital		
Increase/decrease in inventories	1.625	(1.895)
Increase/decrease in receivables	2.462	(3.714)
Increase/decrease in trade payables etc	(2.861)	(1.381)
Other changes	<u>0</u>	<u>150</u>
	<u>1.226</u>	<u>(6.840)</u>

10. Contingent liabilities

The the Company has a non-cancellable lease obligation related to rent up until 1st of April 2025 of DKK 24,191 thousand.

Further the company has a leasing agreement, where the remaining term of the lease is 96 months. The Company's total obligation represents DKK 2,355 thousand.

11. Related parties with controlling interest

Europart Danmark A/S' related parties comprise the following:

Europart International GmbH, Martinstrasse 13, D-58135, Hagen

Europart International GmbH holds the majority of the contributed capital in the Company.

Europart Danmark A/S is included in the consolidated financial statements of Europart International GmbH, Hagen Germany and the con-solidated financial statements of Efeu Group GmbH, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

12. Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Income from sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Furthermore, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

The date of the transfer of the main benefits and risks is based on standardized terms of delivery based on Incoterms ® 2010.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding refunds from public authorities.

Depreciation, amortisation and impairment losses

The item comprises depreciation of and impairment losses on property, plant and equipment.

Other financial income

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

Accounting policies

Other financial expenses

Other financial and expenses are recognised in the income statement at the amounts that concern the financial year and comprise include expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly related to the acquisition until the time at which the asset is ready for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straightline basis over the estimated useful life.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Fixtures and fittings, tools and equipment	9-11 years
Leasehold improvements	3-8 years

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-base is calculated based on the planned use of each asset or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interestbearing debt, purchase of treasury shares and payment of dividend.

Accounting policies

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.