FTZ Autodele & Værktøj A/S

Hvidkærvej 21
5250 Odense SV

CVR no. 73 64 87 18

Annual report for the period
1 June to 31 December 2018

Adopted at the annual general
meeting on 14 March 2019

chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of FTZ Autodele & Værktøj A/S for the financial year 1 June - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 June - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 14 March 2019

Executive board

Svend Jokum Møller Kristensen
CEO

Christian Ulrik Heimer
Deputy Director

Preben Høje
Deputy Director

Jens Nordestgaard Andersen
Deputy Director

Supervisory board

Pehr Oscarsson
chairman

Sven Jokum Møller Kristensen

Susanne Adam Møller

Åsa Källenius

Jens Løkke Pedersen
employee representative

Pia Juul Blomsterberg
employee representative

Jesper Bodin
employee representative

Independent auditor's report

To the shareholder of FTZ Autodele & Værktøj A/S

Opinion

We have audited the financial statements of FTZ Autodele & Værktøj A/S for the financial year 1 June - 31 December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 June - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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 judgment and maintain professional skepticism 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 internal control.

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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, we conclude that management's review 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 management's review.

Odense, 14 March 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Schougaard Sørensen
State Authorised Public Accountant
MNE no. mne32129

Company details

The company	FTZ Autodele & Værktøj A/S Hvidkærvej 21 5250 Odense SV Telephone: +45 65 65 40 00 E-mail: ftz@ftz.dk CVR no.: 73 64 87 18 Reporting period: 1 June - 31 December 2018 Incorporated: 1 April 1984 Domicile: Odense
Supervisory board	Pehr Oscarsson, chairman Sven Jokum Møller Kristensen Susanne Adam Møller Åsa Källenius Jens Løkke Pedersen, employee representative Pia Juul Blomsterberg, employee representative Jesper Bodin, employee representative
Executive board	Sven Jokum Møller Kristensen Christian Ulrik Heimer Preben Højte Jens Nordestgaard Andersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25 5100 Odense C
Consolidated financial statements	The company is included in the consolidated financial statements of the parent company Mekonomen AB. The group annual report of Mekonomen AB. may be obtained at www.mekonomen.com.

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	(7 mos.) 2018	(12 mos.) 2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.310.618	2.319.209	2.230.740	2.178.493	1.989.082
Profit/loss before net financials	108.315	246.761	209.695	185.121	166.537
Net financials	3.241	5.197	6.675	7.489	7.241
Profit/loss for the year	87.806	196.643	170.618	149.187	121.707
Balance sheet					
Balance sheet total	924.455	1.152.834	1.000.766	1.018.418	885.174
Investment in property, plant and equipment	6.467	5.256	13.927	5.348	6.885
Equity	716.533	822.744	725.090	744.471	595.284
Number of employees	1.200	1.169	1.153	1.139	1.094
Financial ratios					
EBIT margin	8,3%	10,6%	9,4%	8,5%	8,4%
Return on assets	17,9%	22,9%	20,8%	19,4%	19,9%
Solvency ratio	77,5%	71,4%	72,5%	73,1%	67,3%
Return on equity	19,6%	25,4%	23,2%	22,3%	21,7%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Return on assets and Return on equity for 2018 (7 months) has been calculated based on a 12 month period.

Management's review

Business activities

The company's principal activities comprise wholesale trade of spare parts and accessories for automobiles.

Business review

FTZ has continued the strengthening and further expansion of the many concepts and core competencies, which implied that the company is still the leading key supplier to the professional part of the Danish automotive industry.

Financial review

The company's income statement for the year ended 31 December shows a profit of DKK 87.806.341, and the balance sheet at 31 December 2018 shows equity of DKK 716.532.664.

The company has changed its financial year from 1 June - 31 May to the period 1 January - 31 December. The conversion year covers 7 months from 1 June - 31 December 2018.

In September 2018 FTZ Autodele & Værktøj A/S was acquired by Mekonomen AB, Sweden.

Growth in revenue and earnings in the financial year is considered as satisfactory in relation to the transition period.

Knowledge resources

The company still focuses on the FTZ Academy to offer car technical support as well as training to the company's customers.

As regards the internal part of the FTZ Academy, several courses are offered to the employees in order to retain and recruit the industry's most competent employees for the benefit of the customers.

Special risks apart from generally occurring risks in industry

The company's risks in relation to currency and commodity prices are insignificant.

Management's review

Corporate Social Responsibility statement

In the period from 1 June to 3 September 2018, FTZ Autodele & Værktøj A/S was ultimately owned by Hella KGaA, Lippstadt, Germany and was thus subject to the Code of Conduct for the Hella Group.

From the change of ownership on 3 September and until 31 December 2018, FTZ has ultimately been owned by the Mekonomen Group, and, following the change of ownership, FTZ has followed the Code of Conduct for FTZ.

FTZ is a Swedish-owned wholesale company in the automotive industry. FTZ has 51 branches distributed in Denmark and on the Faroe Islands. FTZ primarily uses subsuppliers from Europe and Asia. FTZ imports products from Europe and Asia, and FTZ therefore focuses on human rights and anti-corruption, as these geographical territories may be challenging in this context. In FTZ's value chain, large volumes of energy are used for the logistical set-up of the business. We therefore focus on continuously optimising our logistics for the benefit of both the environment and the working environment. The company's products and logistical set-up entail stringent requirements for the employees' physical working conditions. This means that the company has great focus on physical working conditions.

The object of the Code of Conduct is to help employees and managers handle legal and ethical challenges in their day-to-day work. It also reflects the company's desire to comply with its responsibility to shareholders and society and constantly to meet customers', suppliers' and other business partners' expectations by behaving in an exemplary manner every single day.

Human rights

FTZ's Code of Conduct and policy entail that:

- We respect and support compliance with international human rights.
- All employees must respect the rights and national, cultural and ethnic characteristics of all persons with whom they have contact.
- We guarantee that no discrimination is shown regardless of ethnic origin, skin colour, gender, religion, nationality, sexual orientation, social background or political affiliation.
- The selection of staff in connection with employment is always based on the qualifications and skills of the person in question unless other criteria are prescribed in national legislation.
- We reject the use of forced labour and child labour and comply strictly with national rules on the minimum working age. No compromise is made on safety and health, and any kind of dignity must be respected.

- We dissociate ourselves from any kind of attempts at extortion and other forms of corruption.

Choice of suppliers

FTZ ensures in negotiations with suppliers on both new agreements and renegotiation agreements that the suppliers meet the ethical guidelines that FTZ demands must be met by all suppliers – both in Denmark and abroad. FTZ thus ensures compliance with international human rights. No violations of human rights or of the Code of Conduct have been experienced with the suppliers.

In FTZ's selection of suppliers, importance is attached to environmental and occupational health and safety conditions. It is ensured, as a minimum, that the suppliers focus on and comply with the following main points:

- Local legislation must always be observed.
- Child labour is unacceptable.
- Forced labour must not occur.
- Employees must not be punished physically, psychologically or through humiliation.
- Conditions concerning working hours, salaries and wages must be in accordance with national rules.

FTZ does its utmost to counter the risk of corruption, including by having clear internal guidelines and by supplier agreements being signed by several persons. The company has not experienced any examples or claims of corruption.

Climate and environmental conditions

FTZ focuses on the environment and the working environment. We strive to contribute to sustainable development in which social responsibility and great care for employees and the environment go hand in hand with sound business development. Climate and environmental considerations are an integral part of FTZ's business strategy, and, internally, FTZ's focus is aimed at reducing the company's own negative impact on the environment. We will work to ensure that:

- The relevant environmental legislation is complied with.
- The full range of chemicals is well documented and that the choice of chemical products includes an assessment of the impact of the product on people and the environment.
- Pollution is prevented.

- Recyclable components are supplied to the greatest possible extent.

- All waste types are processed optimally in terms of storage and recycling.

- Energy and water consumption is reduced.

- The logistics are optimised continuously for the benefit of both the environment and the working environment.

FTZ wishes to contribute to preventing climate change and making climate adaptations. Screening for energy improvements in selected departments was therefore continued in 2018. This has resulted in a switch from conventional lighting to LED lighting in several places. Moreover, FTZ continuously registers energy consumption in all departments and branches to benchmark them against each other, and significant deviations are analysed further.

Transport represents a significant climate and environmental factor for FTZ, as FTZ has many vans on the roads which run up many kilometres daily, thus consuming fuel and emitting CO2. Therefore, FTZ focuses on the use of energy-efficient vehicles, continuously checks the CO2 emissions statements for the vehicles and reacts to any variances.

FTZ also focuses on waste management to ensure the greatest possible recycling and correct waste disposal. Hazardous waste is registered, sorted, packaged and sent for processing/recycling via approved carriers.

Returns of recyclable components from FTZ's customers are increasing. A total of approximately 75% of all batteries sold, approximately 84% of all catalytic converters and nearly 100% of starters / alternators are returned by FTZ's customers. FTZ hands over the returns for recycling.

Social and employee conditions

FTZ wants to be a company in which both the physical and the psychological working environments are taken seriously and are perceived as such by employees and other stakeholders. We will work to:

- Comply with the relevant occupational health and safety legislation.

- Prevent accidents and work-related diseases.

- Inform all employees and other stakeholders about the company's occupational health and safety policy.

- Allocate the necessary resources to protect the working environment.

- Create an inclusive working environment which allows employment of all qualified, potential employees regardless of gender, race, religious beliefs and appearance.

- Ensure that employees thrive in their working environment.

It is satisfying to see the results achieved through FTZ's occupational health and safety work, which has resulted in large improvements in many areas. The number of accidents at work decreased by 59% in 2018 relative to the same six-month period in 2017. The causes of accidents at work are continuously analysed and discussed in the occupational health and safety group and the main occupational health and safety committee with a view to future prevention and improvements and to ensure knowledge sharing for use at all FTZ locations.

A risk assessment has been prepared of significant hazards that may occur in FTZ's different work functions, and relevant control measures have been established for these hazards. The principal focus areas are still 'the hectic day-to-day life' and ergonomics, including the use of appliances and technical aids aimed at preventing injuries in connection with heavy lifting. All members of the occupational health and safety group have attended a course on this, and specific targets are used in the work.

FTZ implemented a new management code of conduct in 2018. It is important that FTZ's managers act as role models and lead the way with FTZ's values to strengthen employee welfare. FTZ will conduct a comprehensive employee satisfaction survey in autumn 2019. The results will be used constructively in the efforts to make FTZ an even better workplace. The previous employee satisfaction surveys have generally shown that the level of satisfaction and well-being among FTZ's employees is high. The results have also been used to identify a number of focus areas that can be optimised, such as ergonomics, where measures include work aimed at optimising the handling of heavy lifting.

Management's review

Report on gender composition of management bodies

The automotive industry appeals predominantly to men. Industry figures from the Confederation of Danish Industry (DI) and Statistics Denmark show that approximately 90% of employees in the automotive industry are men. This is also reflected in the gender distribution at FTZ, where the total staff of employees consists of approximately 12% women and 88% men. Due to this gender distribution, women are consequently the underrepresented gender at FTZ.

FTZ has prepared a policy aimed at creating focus on the underrepresented gender on the company's management. The target is that the underrepresented gender must constitute 20% of both the Board of Directors and the rest of the management.

After the change of ownership on 3 September 2018, the share of the underrepresented gender on the Board of Directors has been 50% of the representatives elected by the company, which meets the target of 20% women in the supreme management body. Due to management team replacement, the share of the underrepresented gender decreased from 22.2% to 11.1% as at 1 December 2018. Both genders were represented in connection with the recruitment, and the choice was made on the basis of the desired qualifications and competences for the position.
FTZ still strives to meet a target of 20% women in the management team. In future, FTZ will therefore ensure that minimum one candidate of the underrepresented gender is included in the recruitment process.

FTZ will work to ensure that the gender distribution becomes more even over time. The underrepresented gender at FTZ must experience at any and all times that they have the same career and managerial opportunities as the other employees. The employees must experience that FTZ has an open and unbiased culture, where each individual can exploit his or her competences optimally, regardless of gender. However, this requires that there are female applicants for the vacancies. Historically, applicants for jobs in the automotive industry are mostly male. FTZ wishes at any given time to employ and appoint employees, including managers, based on their professional and personal qualifications. FTZ regards it as discriminatory if the best candidate is not chosen due to gender, age, nationality or the like.

During the recruitment phase, importance is still attached to having female applicants. FTZ is greatly aware of the benefits of a diversified organisation and, not least, management. Therefore, FTZ has an incentive to increase its diversity in terms of gender, age, competences, nationality etc. The objective is to continue to fill executive positions based on the qualifications and competences required in relation to FTZ's business. This includes selecting executive employees and board members based on, among other criteria, a wish to have a wide experience basis in the overall management and on the Board of Directors.

Management's review

Senior policy
FTZ holds the view that it is an advantage to a workplace to have employees from different age groups and that the competences of old and young employees supplement each other.

Employees who are 59 years or older are covered by FTZ's senior policy. The object of the policy is to focus on conditions and opportunities for old employees. Wherever possible, FTZ wishes to create conditions that allow the individual employees to remain active until they reach the age of retirement – with due respect for any wishes for planned scaling down towards retirement.

As a specific measure in this policy, senior interviews are held with employees when they reach the age of 59. At these interviews, working conditions are reviewed, and goals and targets are set. In addition, senior employees may be allocated special days off for senior employees.

Significant events occurring after end of reporting period
No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of FTZ Autodele & Værktøj A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning large reporting class C entities.

The accounting policies applied are consistent with those of last year.

The financial year has been changed in order to have the same year end balance as Mekonomen Group. The financial statements comprise a period of 7 months (1 Juni - 31 December 2018). The comparatives comprise a period of 12 months (1 June 2017 - 31 May 2018). The presentation of comparatives have not been adapted to the changed financial year and are therefore not comparable, which is in accordance with the Danish Business Authority's opinion on not making adjustments to comparative figures.

The annual report for 2018 is presented in DKK.

The financial statements of FTZ Autodele & Værktøj A/S are included in the consolidated financial statements of Mekonomen AB, Sweden. The consolidated financial statements are accesible on the group homepage; https://www.mekonomen.com/sv/investerare/finansiella-rapporter-och-presentationer/arsredovisningar/.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs
Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses
Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries and associates
The item includes dividends from investments in subsidiaries and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Tax on profit/loss for the year
The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption)

Jointly taxed entities entitled to a tax refund are reimbursed by management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too litte tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets
Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earning profiles.

Accounting policies

Other intangible assets include development projects and other acquired intangible rigths, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets is amortised on a straight-line basis over its useful life, which is assessed to be 5 years.

Tangible assets
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	
Land and buildings	30	years
Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	5	years

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases
Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries and associates
Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

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

Stocks
Inventories are measured using the weighted average method.

Goods for resale are measured at cost.

Where the cost exceeds the expected selling price less costs of sale, goods are written down to net realisable value.

Receivables
Receivables are measured at amortised cost.

Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Cash pool arrangements with group entities is, due to the nature of the arrangements, not considered cash or cash equivalents, but are included in Receivables from group entities.

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "retained earnings".

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action within the warranty period. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

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

Other liabilities are measured at net realisable value.

Foreign currency translation

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

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

Accounting policies

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement.

Financial highlights

Definitions of financial ratios.

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

Income statement 1 June 2018 - 31 December 2018

	Note	2018 (7 mos.) DKK	2017/18 (12 mos.) DKK
Revenue	1	**1.310.617.573**	**2.319.208.676**
Other operating income		290.136	1.002.631
Raw materials and consumables		-805.789.098	1.384.612.660
Other external expenses		-114.567.010	-168.889.824
Gross profit		**390.551.601**	**766.708.823**
Staff costs	2	-275.041.178	-507.394.321
Profit/loss before amortisation/depreciation and impairment losses		**115.510.423**	**259.314.502**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-7.195.143	-12.553.554
Profit/loss before net financials		**108.315.280**	**246.760.948**
Income from investments in group entities		1.680.000	912.625
Financial income	4	3.494.671	5.200.022
Financial costs	5	-253.673	-3.380
Profit/loss before tax		**113.236.278**	**252.870.215**
Tax on profit/loss for the year	6	-25.429.937	-56.226.751
Profit/loss for the year		**87.806.341**	**196.643.464**
Distribution of profit	7		

Balance sheet at 31 December 2018

	Note	31/12 2018 DKK	31/5 2018 DKK
Assets			
Acquired intangible assets		4.898.344	6.080.707
Goodwill		0	0
Intangible assets	8	**4.898.344**	**6.080.707**
Land and buildings		36.127.123	38.896.628
Other fixtures and fittings, tools and equipment		19.318.202	16.516.071
Tangible assets	9	**55.445.325**	**55.412.699**
Investments in group entities	10	4.319.839	4.319.839
Deposits	11	5.607.728	5.180.261
Trade receivables, leases	11	3.600.550	3.472.690
Fixed asset investments		**13.528.117**	**12.972.790**
Total non-current assets		**73.871.786**	**74.466.196**
Finished goods and goods for resale		434.287.219	368.983.931
Stocks		**434.287.219**	**368.983.931**
Trade receivables		172.241.568	307.126.097
Receivables from group entities		219.101.154	376.369.212
Other receivables		4.814.804	158.531
Prepayments	12	9.204.346	11.841.647
Trade receivables, leases		4.410.362	2.792.666
Receivables		**409.772.234**	**698.288.153**
Cash at bank and in hand		**6.524.195**	**11.095.787**
Total current assets		**850.583.648**	**1.078.367.871**
Total assets		**924.455.434**	**1.152.834.067**

Balance sheet at 31 December 2018

	Note	31/12 2018 DKK	31/5 2018 DKK
Equity and liabilities			
Share capital		106.610.000	106.610.000
Retained earnings		521.922.664	520.134.447
Proposed dividend for the year		88.000.000	196.000.000
Equity	13	**716.532.664**	**822.744.447**
Provision for deferred tax	14	25.791.309	11.905.708
Provisions for warranties	15	3.200.000	3.200.000
Total provisions		**28.991.309**	**15.105.708**
Trade payables		66.894.312	99.861.131
Payables to group entities		383.905	7.184.998
Corporation tax		11.465.756	45.669.596
Other payables		100.187.488	162.268.187
Total current liabilities		**178.931.461**	**314.983.912**
Total liabilities		**178.931.461**	**314.983.912**
Total equity and liabilities		**924.455.434**	**1.152.834.067**
Rent and lease liabilities	16		
Contingencies, etc.	17		
Mortgages and collateral	18		
Related parties and ownership structure	19		
Fee to auditors appointed at the general meeting	20		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 June 2018	106.610.000	520.134.447	196.000.000	822.744.447
Ordinary dividend paid	0	0	-196.000.000	-196.000.000
Ordinary dividend on treasury shares	0	1.981.876	0	1.981.876
Net profit/loss for the year	0	-193.659	88.000.000	87.806.341
Equity at 31 December 2018	**106.610.000**	**521.922.664**	**88.000.000**	**716.532.664**

Notes

1 Information on segments

The Company only has one segment.

	2018 (7 mos.) DKK	2017/18 (12 mos.) DKK
2 Staff costs		
Wages and salaries	236.135.929	444.944.254
Pensions	21.424.617	34.415.308
Other social security costs	6.420.960	10.054.992
Other staff costs	11.059.672	17.979.767
	275.041.178	**507.394.321**
Including remuneration to the Executive and Supervisory Boards		
Executive Board	6.435.313	5.512.820
	6.435.313	**5.512.820**
Average number of employees	1.200	1.169

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation intangible assets	1.182.363	2.195.817
Depreciation tangible assets	6.012.780	10.357.737
	7.195.143	**12.553.554**

Notes

		2018 (7 mos.)	2017/18 (12 mos.)
		DKK	DKK
4	**Financial income**		
	Interest received from group entities	464.979	626
	Other financial income	3.029.692	5.185.916
	Exchange adjustments	0	13.480
		3.494.671	**5.200.022**
5	**Financial costs**		
	Other financial costs	81.916	3.380
	Exchange adjustments costs	171.757	0
		253.673	**3.380**
6	**Tax on profit/loss for the year**		
	Current tax for the year	11.544.336	56.610.841
	Deferred tax for the year	13.885.601	-384.090
		25.429.937	**56.226.751**
7	**Distribution of profit**		
	Proposed dividend for the year	88.000.000	196.000.000
	Retained earnings	-193.659	643.464
		87.806.341	**196.643.464**

8 Intangible assets

	Acquired intangible assets	Goodwill	Total
Cost at 1 June 2018	10.134.523	67.694.142	77.828.665
Cost at 31 December 2018	10.134.523	67.694.142	77.828.665
Impairment losses and amortisation at 1 June 2018	4.053.816	67.694.142	71.747.958
Amortisation for the year	1.182.363	0	1.182.363
Impairment losses and amortisation at 31 December 2018	5.236.179	67.694.142	72.930.321
Carrying amount at 31 December 2018	**4.898.344**	**0**	**4.898.344**

Notes

9 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 June 2018	131.019.122	92.456.086	223.475.208
Additions for the year	0	6.466.522	6.466.522
Disposals for the year	0	-1.552.586	-1.552.586
Cost at 31 December 2018	131.019.122	97.370.022	228.389.144
Impairment losses and depreciation at 1 June 2018	92.122.494	75.940.015	168.062.509
Depreciation for the year	2.769.505	3.243.275	6.012.780
Reversal of impairment and depreciation of sold assets	0	-1.131.470	-1.131.470
Impairment losses and depreciation at 31 December 2018	94.891.999	78.051.820	172.943.819
Carrying amount at 31 December 2018	**36.127.123**	**19.318.202**	**55.445.325**

Notes

	31/12 2018 DKK	31/5 2018 DKK
10 Investments in group entities		
Cost at 1 June 2018	4.319.839	4.319.839
Cost at 31 December 2018	4.319.839	4.319.839
Carrying amount at 31 December 2018	**4.319.839**	**4.319.839**

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
Automester Danmark ApS	Odense, Denmark	100%	1.106.720	-187.610
Din Bilpartner ApS	Odense, Denmark	100%	1.700.618	120.590
FTZ Føroyar P/f	Torshavn, The Faroe Islands	70%	15.952.486	2.104.767

11 Fixed asset investments

	Deposits	Trade receivables, leases
Cost at 1 June 2018	5.180.261	3.472.690
Short-term	0	-1.618.265
Additions for the year	432.302	3.386.101
Disposals for the year	-4.835	-1.639.976
Cost at 31 December 2018	5.607.728	3.600.550
Carrying amount at 31 December 2018	**5.607.728**	**3.600.550**

Notes

12 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies etc. totalling DKK 9.204.346.

13 Equity

The share capital consists of:

	Nominal value
106.610 shares of DKK 1.000	106.610.000
	106.610.000

There have been no changes in the share capital during the last 5 years.

The portfolio of treasury shares comprises DKK 1.078 thousand, nominal value, corresponding to 1,01% of the total share capital.

	31/12 2018 DKK	31/5 2018 DKK
14 Provision for deferred tax		
Provision for deferred tax at 1 June 2018	11.905.708	12.289.798
Provision in year	13.885.601	-384.090
Provision for deferred tax at 31 December 2018	**25.791.309**	**11.905.708**

Provisions for deferred tax comprise deferred tax regarding inventories, trade receivables, trade payables, intangible assets and property, plant and equipment.

15 Provisions for warranties		
Balance at beginning of year at 1 June 2018	3.200.000	3.200.000
Balance at 31 December 2018	**3.200.000**	**3.200.000**

Warranty provisions comprise product warranties other than those covered by suppliers.

Notes

		31/12 2018	31/5 2018
		DKK	DKK
16	**Rent and lease liabilities**		
	Operating lease liabilities. Total future lease payments:		
	Other rent and lease liabilities	143.649.163	152.511.252
		143.649.163	**152.511.252**

Rent liabilities according to leases concluded and other lease liabilities totalling DKK 101.844 thousand.
Rent liabilities are allocated by DKK 32.753 thousand within one year, by DKK 65.274 thousand from 2-5 years, and DKK 3.817 after 5 years.

Lease liabilities according to leases concluded totalling DKK 47.391 thousand.
Lease liabilities are allocated by DKK 19.953 thousand within one year, by DKK 27.438 thousand from 2-5 years.

17 Contingencies, etc.

Other contingent liabilities
The company is part of the joint taxation arrangement with Hella A/S as the administration company in the period 1 June - 3 September 2018. As from 4 September 2018 the company is part of the joint taxation with other Danish companies in the Mekonomen AB Group. As management company, FTZ Autodele & Værktøj A/S is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2019 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment inside the joint taxation.

Notes

18 Mortgages and collateral

Bank guarantees for leases have been provided totalling DKK 13.843.849

The Mekonomen Group has a cash pool agreement under which the Swedish parent company, Mekonomen AB is the holder of the agreement while other group companies are sub-account holders. The bank can settle drafts and deposits with each other so that the net amount constitutes a balance between the bank and Mekonomen AB. FTZ Autodele & Værktøj A/S' intra-group balances included in the common cash pool agreement constitutes DKK 219.101 thousand.

19 Related parties and ownership structure

Controlling interest

Mekonomen AB, Sweden.

Transactions

The company buys goods from group entities and sells goods to group entities and has intra-group balances and dividend payments.

	2018 (7 mos.) DKK	2017/18 (12 mos.) DKK
The company was engaged in the below related party transactions:		
Sales of goods and services to group companies	21.416.711	102.743.201
Purchase of goods and services from group companies	45.341.033	191.657.200
Interest income from group parent	464.979	626
Receivable from group parent (cashpool)	216.833.027	371.710.000
Receivable from other group companies	2.268.127	4.659.212
Payables to group companies	383.905	7.184.998

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Mekonomen AB, Sweden

Notes

	2018 (7 mos.) DKK	2017/18 (12 mos.) DKK
20 Fee to auditors appointed at the general meeting		
Ernst & Young:		
Audit fee	240.000	210.000
Other assurance engagements	285.000	0
Tax advisory services	23.000	64.000
Non-audit services	0	38.000
	548.000	**312.000**