Euromaster Danmark A/S

Krøyer Kielbergs Vej 3, 1.
8660 Skanderborg

Central Business Registration no.14 80 87 01

Annual report for 2022

Adopted at the annual general meeting
on 29 June 2023

Thomas Støvring Harbo
chairman of the general meeting

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Statement by management on the annual report

The board of directors have today discussed and approved the annual report of Euromaster Danmark A/S for the financial year 1. januar - 31. december 2022.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31. december 2022 and of the results of the group and the company operations and consolidated cash flows for the financial year 1. januar - 31. december 2022.

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.

Skanderborg, 29 June 2023

Executive board

Thomas Støvring Harbo
Chief Executive officer

Board of directors

Stéphane Heri Mamelle chairman	Thomas Støvring Harbo	Hans-Jörgen Heinrich Walter

Independent auditor's report

To the shareholder of Euromaster Danmark A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Euromaster Danmark A/S for the financial year 1. januar - 31. december 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 31. december 2022 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1. januar - 31. december 2022 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 consolidated financial statements and parent company " section of our report. We are independent of the group 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 and IESBA Code. 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 consolidated financial statements and 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 the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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.

Statement on management's review
Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

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 consolidated financial statements and 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 of management's review.

Aarhus C, 29 June 2023

Deloitte
Statsautoriseret Revisionsaktieselskab
Central Business Registration no. 33 96 35 56

Chris Middelhede
State Authorised Public Accountant
MNE no. mne45823

Company details

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CVR-no.	14 80 87 01
Financial year:	1. januar - 31. december 2022
Registered in:	Skanderborg

Board of directors
Stéphane Heri Mamelle, chairman
Thomas Støvring Harbo
Hans-Jörgen Heinrich Walter

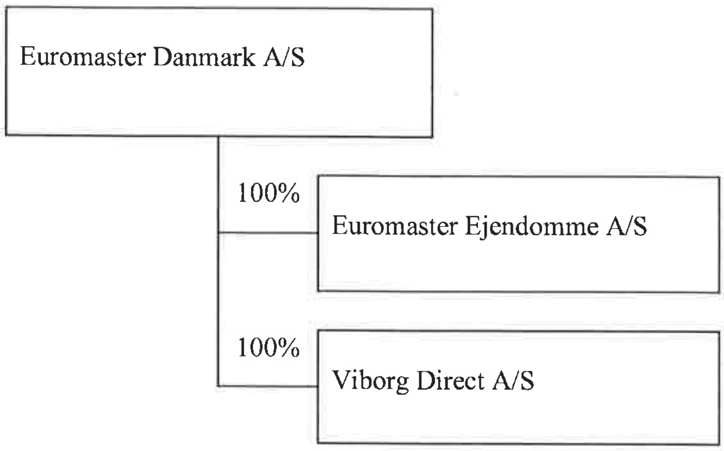
Executive Board
Thomas Støvring Harbo, chief executive officer

Auditors
Deloitte
Statsautoriseret Revisionsaktieselskab
Værkmestergade 2
8000 Aarhus C

Group chart

Parent Company

Consolidated subsidiaries



Financial highlights

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

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit	88.496	100.468	82.098	85.389	75.342
Profit/loss before net financials	-51.980	-27.235	-35.522	-36.597	-30.418
Net financials	-1.041	-11.053	-4.203	-3.788	-2.339
Profit/loss for the year	-46.301	-38.288	-39.725	-39.718	-32.193
Balance sheet total	243.704	235.423	211.689	233.480	163.934
Investment in property, plant and equipment	-6.335	14.052	11.379	9.024	3.038
Equity	161.057	107.358	-14.354	25.371	-24.911
Cash flows from:					
- operating activities	-25.389	-31.672	16.826	60.730	-639
- investing activities	-5.200	-11.224	-9.159	-8.727	-2.940
Financial ratios					
Return on net assets	-21,3%	-11,6%	-16,8%	-15,7%	-18,6%
Solvency ratio	66,1%	45,6%	-6,8%	10,9%	-15,2%

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..

Where the accounting policies have been changed, the comparatives for 2018 onwards have been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

Management's review

Business review

The Company's primary activity comprises sale of tyres and tyre related services on the Danish market. The Company also offers repair services on light vehicles.

The Company's activities are executed through a national spread of centers, where private and business customers in two different segments are served.

The Company employs approx. 200 employees, depending on the seasons.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any significant uncertainty.

Unusual matters

On March 3rd, NDI Group A/S and Euromaster Services et Management entered into an agreement to merge their Danish operations. This strategic decision aims to combine their strengths and create a stronger presence in the Danish market. The merger would bring together the expertise, resources, and networks of both companies, resulting in enhanced offerings and improved customer experiences. This development signifies an important milestone for both organizations and would set the stage for future growth and success in Denmark.
The agreement is still under investigation at The Danish Competion and Consumer Authority.

Financial review

The group's income statement for the year ended 31 December 2022 shows a loss of TDKK 46.301, and the balance sheet at 31. december 2022 shows equity of TDKK 161.057.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the the group's financial position.

Expected development of the company, including specific prerequisites and uncertainties

The management expects a result for 2023 that is in line with the performance of 2022.

Specific prerequisites for assessment of the expected development of the company

One specific prerequisite for evaluating the expected development of the company is obtaining the approval of the competition authorities for the transaction between Euromaster Denmark A/S and NDI Group A/S. This approval is crucial to ensure a seamless integration of the two companies and to avoid any potential competition-related obstacles. We are therefore committed to working closely with the relevant authorities to fulfill all necessary requirements and obtain the necessary clearances. The successful completion of this process will provide a solid foundation for the anticipated development of the company.

Impact on the external environment and measures taken to prevent, reduce or mitigate damage

At Euromaster Denmark A/S, we are committed to minimizing our impact on the environment by offering the best environmentally friendly tires available on the market. These tires are specifically designed to reduce environmental damage and promote sustainability.

By choosing the most environmentally friendly tires, our customers benefit from various advantages. These tires demonstrate exceptional performance in terms of:

Extended lifespan: The longevity of these tires means fewer replacements, resulting in reduced waste and resource consumption.
Fuel efficiency: Environmentally friendly tires are engineered to minimize rolling resistance, leading to improved fuel economy and reduced carbon emissions.
Reduced carbon footprint: Using these tires helps decrease the overall carbon dioxide (CO2) emissions, contributing to a healthier environment.
Through our tire selection and promotion of eco-friendly options, Euromaster Denmark A/S actively takes measures to prevent, reduce, and mitigate environmental damage. We prioritize the use of tires that align with our commitment to sustainable practices, allowing us to contribute to a greener future.

Profit/(loss) for the year relative to the expectations most recently expressed

Unfortunately, the actual results for the year did not meet the expectations that were previously expressed. While the Company anticipated an improvement in results by approximately 500 K.EUR (4.000 K.DKK), the actual outcome revealed a decrease of approximately 1.200 K.EUR. (9.000 K.DKK) This variance highlights the challenges and unforeseen factors that affected the Company's financial performance, In particular the sales & operations have been affected by the uncertainty attached to the merger after the project communication. This still affects company sales & operation since no official decision from DCCA has been released so far
Moving forward, it is crucial for the Company to reassess and adjust its strategies to address these issues and strive for improved profitability in the upcoming year.

Management's review

Statutory corporate social responsibility report

In compliance with the statutory requirements, we would like to draw attention to the Michelin Group's Corporate Social Responsibility Report, which can be accessed at https://www.michelin.com/en/sustainable-development-mobility/for-people/. This report provides detailed information on Michelin's sustainable approach, focusing on key aspects such as ethics, compliance, and responsible business practices.

The Michelin Group places a strong emphasis on sustainability and actively strives to create a positive impact on society and the environment. Through their comprehensive report, they highlight their efforts to promote responsible mobility, reduce environmental footprint, and foster a culture of integrity and ethical behavior throughout their operations.

As an organization aligned with Michelin, we share a common commitment to corporate social responsibility. We aim to integrate sustainable practices into our business activities, contributing to a more sustainable future. By leveraging the principles and insights outlined in Michelin's Corporate Social Responsibility Report, we can further enhance our own efforts and work towards a more sustainable and responsible business approach.

Policies on the underrepresented gender

Description of target figures for the underrepresented gender

Target figures for the underrepresented gender

Gender equality and diversity inclusion are integral parts of our corporate values and policies. We are committed to creating a workplace that promotes equal opportunities and fair treatment for all employees. Here is an overview of our policies and the progress made towards achieving our targets for the group companies:

Women in managerial positions:
In line with our Diversity Policy, we set a target of having women account for 30% of all managers by 2020. While we fell slightly short of this objective, with the percentage standing at 28.2%, we have seen a steady increase in the proportion of women managers and supervisors over the years.

To maintain this positive trend and break the glass ceiling, we have extended our commitment with a new target of 35% by 2030, along with a specific goal of having women account for 35% of "Group Manager" positions.

Gender pay equality:
We apply a policy of non-discrimination and equal pay for equivalent roles and responsibilities. Since 2012, we have used an audited method for calculating wage data worldwide, allowing us to identify and close any pay gaps between men and women in equivalent positions.

In 2020, the overall gender wage gap stood at -2.58%, indicating a slight improvement from the previous year. This data was based on a sample of 35,085 employees with the same level of responsibility.

Statement of policy for data ethics

Description of the disclosing of statement of policy for data ethics is not given, but is given on consolidated level

Link to statement of policy for data ethics

https://www.michelin.com/en/privacy-policy/

Income statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Revenue	2	**356.400**	**325.400**	**356.400**	**325.400**
Raw materials and consumables		-199.160	-175.242	-199.160	-175.241
Other external expenses		-68.744	-49.690	-73.952	-54.961
Gross profit		**88.496**	**100.468**	**83.288**	**95.198**
Staff costs	3	-125.938	-105.393	-125.938	-105.393
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-15.224	-22.359	-13.943	-21.077
Other operating costs		686	49	686	49
Profit/loss on activities before fair value adjustments		**-51.980**	**-27.235**	**-55.907**	**-31.223**
Income from investments in subsidiaries		0	0	9.372	3.917
Financial income	5	57	62	54	59
Financial costs	6	-1.098	-11.115	-1.040	-11.041
Profit/loss before tax		**-53.021**	**-38.288**	**-47.521**	**-38.288**
Tax on profit/loss for the year	7	6.720	0	1.220	0
Profit/loss for the year		**-46.301**	**-38.288**	**-46.301**	**-38.288**
Distribution of profit	8				

Balance sheet 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Assets					
Goodwill		0	0	0	0
Intangible assets	9	**0**	**0**	**0**	**0**
Land and buildings		40.224	50.047	17.945	26.487
Other fixtures and fittings, tools and equipment		14.815	14.818	14.815	14.818
Leasehold improvements		1.976	2.174	4.750	4.948
Tangible assets	10	**57.015**	**67.039**	**37.510**	**46.253**
Investments in subsidiaries	11	0	0	24.096	14.723
Fixed asset investments		**0**	**0**	**24.096**	**14.723**
Total non-current assets		**57.015**	**67.039**	**61.606**	**60.976**
Finished goods and goods for resale		63.132	60.159	63.132	60.159
Stocks		**63.132**	**60.159**	**63.132**	**60.159**
Trade receivables		56.357	66.043	56.359	66.043
Receivables from subsidiaries		37.557	8.754	38.202	8.709
Other receivables		8.623	7.608	8.623	7.607
Deferred tax asset		5.500	0	0	0
Corporation tax		0	218	0	218
Prepayments		1.362	4.233	1.043	4.203
Receivables		**109.399**	**86.856**	**104.227**	**86.780**
Cash at bank and in hand		**14.158**	**21.369**	**13.920**	**21.369**
Total current assets		**186.689**	**168.384**	**181.279**	**168.308**
Total assets		**243.704**	**235.423**	**242.885**	**229.284**

Balance sheet 31 December

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Share capital		6.040	6.030	6.040	6.030
Retained earnings		155.017	101.328	155.017	101.328
Equity		**161.057**	**107.358**	**161.057**	**107.358**
Lease obligations		9.894	18.386	9.894	18.386
Holiday allowance		4.441	2.032	4.441	2.032
Total non-current liabilities	12	**14.335**	**20.418**	**14.335**	**20.418**
Short-term part of long-term debet	12	8.772	8.970	8.772	8.970
Prepayments received from customers		1.215	2.204	1.215	2.164
Trade payables		26.315	30.027	25.817	29.986
Payables to subsidiaries		11.368	50.497	11.708	45.104
Other payables		20.642	15.949	19.981	15.284
Total current liabilities		**68.312**	**107.647**	**67.493**	**101.508**
Total liabilities		**82.647**	**128.065**	**81.828**	**121.926**
Total equity and liabilities		**243.704**	**235.423**	**242.885**	**229.284**

Statement of changes in equity

Group (TDKK)

	Share capital	Retained earnings	Total
Equity at 1 January 2022	6.030	101.328	107.358
Cash capital increase	10	99.990	100.000
Net profit/loss for the year	0	-46.301	-46.301
Equity at 31 December 2022	**6.040**	**155.017**	**161.057**

	Share capital	Retained earnings	Total
Equity at 1 January 2021	6.020	-20.374	-14.354
Cash capital increase	10	159.990	160.000
Net profit/loss for the year	0	-38.288	-38.288
Equity at 31 December 2021	**6.030**	**101.328**	**107.358**

Statement of changes in equity

Parent company (TDKK)

	Share capital	Retained earnings	Total
Equity at 1 January 2022	6.030	101.328	107.358
Cash capital increase	10	99.990	100.000
Net profit/loss for the year	0	-46.301	-46.301
Equity at 31 December 2022	**6.040**	**155.017**	**161.057**

	Share capital	Retained earnings	Total
Equity at 1 January 2021	6.020	-20.374	-14.354
Cash capital increase	10	159.990	160.000
Net profit/loss for the year	0	-38.288	-38.288
Equity at 31 December 2021	**6.030**	**101.328**	**107.358**

Cash flow statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Net profit/loss for the year		-46.301	-38.288
Adjustments	17	9.545	33.412
Change in working capital	18	10.970	-16.125
Cash flows from operating activities before financial income and expenses		**-25.786**	**-21.001**
Interest income and similar income		57	62
Interest expenses and similar charges		-1.098	-11.115
Cash flows from ordinary activities		**-26.827**	**-32.054**
Corporation tax paid		1.438	382
Cash flows from operating activities		**-25.389**	**-31.672**
Purchase of property, plant and equipment		-6.335	-14.052
Sale of property, plant and equipment		1.135	2.828
Cash flows from investing activities		**-5.200**	**-11.224**
Reduction of lease obligations		-8.690	-10.661
Repayment of payables to subsidiaries		-67.932	-90.000
Cash capital increase		100.000	160.000
Cash flows from financing activities		**23.378**	**59.339**
Change in cash and cash equivalents		**-7.211**	**16.443**
Cash and cash equivalents		21.369	4.926
Cash and cash equivalents		**14.158**	**21.369**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		14.158	21.369
Cash and cash equivalents		**14.158**	**21.369**

Notes

1 Accounting policies

The annual report of Euromaster Danmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

The annual report for 2022 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's 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 from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Recognition and measurement of business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

1 **Accounting policies**

Consolidated financial statements

The consolidated financial statements comprise the parent company Euromaster Danmark A/S and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

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

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.

Notes

1 Accounting policies

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 that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The Entity is jointly taxed with all the Danish group enterprises and other Danish entities within the Michelin Group. The current Danish income is allovated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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

Tangible assets

Items of land and buildings, fixtures and fittings, tools 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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Notes

1 Accounting policies

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

	Useful life
Buildings	25 years
Other fixtures and fittings, toold and equipment	3-20 years
Leasehold improvements	2-25 years

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.

Lease assets

On initial recognition, lease assets are measured at the amount of the initial measurement of the lease liabilities, any lease payments made before the commencement date less any lease incentives received, and any initial direct costs incurred by the lessee.

An estimate of costs to be incurred by the lessee in dismantling and removing the lease assets, or restoring the underlying assets, are recognised as a separate provision. The costs are added to the cost of the lease assets unless the liability is incurred to produce inventories in which case the costs are recognised in the cost of the manufactured goods. Subsequently, lease assets are measured at cost less accumulated depreciation and impairment losses.

Lease assets are depreciated over the lower of the lease term and the useful life of the underlying assets. If the lease transfers the ownership of the lease assets by the end of the lease term or if the exercise of a purchase option is expected, the lease assets are depreciated over their useful life. Depreciation begins at the commencement date.

Lease assets are written down to the lower of recoverable amount and carrying amount.

Lease assets are adjusted upon remeasurement of the lease liabilities; see below in the lease liability section.

Lease assets are recognised as fixed assets within the asset item in which the underlying assets of the lease would be recognised if the Entity owned them.

Notes

1 Accounting policies

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Receivables

Receivables are measured at amortised cost.

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.

Notes

1 Accounting policies

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

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.

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 net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Notes

1 Accounting policies

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Entity's incremental borrowing rate shall be used.

Lease payments included in the measurement of the lease liability comprise the following payments:
- Fixed payments less any lease incentives provided by the lessor to the lessee.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate are recognised in the income statement as "Other external expenses" in the period in which the event or the circumstance triggering the payments in question takes place.

Lease liabilities are remeasured and the corresponding lease assets are similarly adjusted when:
- There is a change in the lease term, e.g. as a result of a change in the assessment of whether an option to extend or to purchase will be exercised. Remeasurement takes place by discounting the revised lease payments using a discount rate revised at the time of changing the lease.
- There is a change in lease payments resulting from a change in an index or a rate, or in the amounts expected to be payable under a residual value guarantee. Remeasurement takes place by discounting the revised lease payments using the original discount rate. However, a revised discount rate is used if the change reflects a change in the floating interest rate.
- There is a lease modification that is not accounted for as a separate lease. Remeasurement takes place by discounting the revised lease payments using a revised discount rate.

If the remeasurement results in the reduction of a lease liability exceeding the carrying amount of the corresponding lease asset, the excess amount is recognised in the income statement.

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. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Notes

1 Accounting policies

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

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.

Financial Highlights

Definitions of financial ratios.

Return on net assets $\dfrac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$

Solvency ratio $\dfrac{\text{Equity at year end x 100}}{\text{Total assets}}$

Notes

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
2 Revenue				
Revenue - Denmark	356.400	325.400	356.400	325.400
Total revenue	**356.400**	**325.400**	**356.400**	**325.400**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
3 Staff costs				
Wages and salaries	115.847	96.212	115.847	96.212
Pensions	4.304	3.629	4.304	3.629
Other social security costs	5.787	5.552	5.787	5.552
	125.938	**105.393**	**125.938**	**105.393**
Average number of employees	223	218	223	218

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation tangible assets	15.224	22.359	13.943	21.077
	15.224	**22.359**	**13.943**	**21.077**

Notes

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
5 Financial income				
Interest received from subsidiaries	54	58	52	54
Other financial income	3	4	2	5
	57	**62**	**54**	**59**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
6 Financial costs				
Financial expenses, group entities	107	10.301	55	10.247
Other financial costs	525	148	519	128
Financial expenses from lease liabilities	466	666	466	666
	1.098	**11.115**	**1.040**	**11.041**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
7 Tax on profit/loss for the year				
Current tax for the year	-1.220	0	-1.220	0
Deferred tax for the year	-5.500	0	0	0
	-6.720	**0**	**-1.220**	**0**

Notes

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
8 Distribution of profit				
Retained earnings	-46.301	-38.288	-46.301	-38.288
	-46.301	**-38.288**	**-46.301**	**-38.288**

Notes

9 Intangible assets

Group (TDKK)

	Goodwill
Cost at 1 January 2022	7.400
Cost at 31 December 2022	7.400
Impairment losses and amortisation at 1 January 2022	7.400
Impairment losses and amortisation at 31 December 2022	7.400
Carrying amount at 31 December 2022	**0**

Parent company (TDKK)

	Goodwill
Cost at 1 January 2022	7.400
Cost at 31 December 2022	7.400
Impairment losses and amortisation at 1 January 2022	7.400
Impairment losses and amortisation at 31 December 2022	7.400
Carrying amount at 31 December 2022	**0**

Notes

10 Tangible assets

Group (TDKK)

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2022	121.003	77.274	8.870
Additions for the year	353	5.666	316
Disposals for the year	-1.981	-4.607	0
Cost at 31 December 2022	119.375	78.333	9.186
Impairment losses and depreciation at 1 January 2022	70.956	62.456	6.696
Depreciation for the year	10.176	4.534	514
Reversal of impairment and depreciation of sold assets	-1.981	-3.472	0
Impairment losses and depreciation at 31 December 2022	79.151	63.518	7.210
Carrying amount at 31 December 2022	**40.224**	**14.815**	**1.976**
Value of leased assets	17.945	69	0

10 Tangible assets (continued)

Parent company (TDKK)

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2022	52.978	77.274	15.965
Additions for the year	353	5.666	316
Disposals for the year	-1.981	-4.607	0
Cost at 31 December 2022	51.350	78.333	16.281
Impairment losses and depreciation at 1 January 2022	26.491	62.456	11.017
Depreciation for the year	8.895	4.534	514
Reversal of impairment and depreciation of sold assets	-1.981	-3.472	0
Impairment losses and depreciation at 31 December 2022	33.405	63.518	11.531
Carrying amount at 31 December 2022	**17.945**	**14.815**	**4.750**
Value of leased assets	17.945	69	

	Parent company	
	2022	2021
	TDKK	TDKK
11 Investments in subsidiaries		
Cost at 1 January 2022	11.600	11.600
Cost at 31 December 2022	11.600	11.600
Revaluations at 1 January 2022	3.124	-793
Net profit/loss for the year	9.372	3.917
Other equity movements, net	0	-1
Revaluations at 31 December 2022	12.496	3.123
Carrying amount at 31 December 2022	**24.096**	**14.723**

Group (TDKK)
Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Euromaster Ejendomme A/S	Skanderborg	100%
Viborg Direct A/S	Skanderborg	100%

Notes

12 Long term debt

Group	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Lease obligations	18.386	9.894	8.772	1.021
Holiday allowance	2.032	4.441	0	0
	20.418	**14.335**	**8.772**	**1.021**

Parent Company	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Lease obligations	18.386	9.894	8.772	1.021
Holiday allowance	2.032	4.441	8.772	0
	20.418	**14.335**	**17.544**	**1.021**

13 Contingent liabilities

Unrecognised rental and lease commitments
Commitments under rental or lease agreements until expiry in total 8.550 DK'000

14 Mortgages and collateral

A bank guarantee has been provided to third party interest totalling 181k DKK at 31.12.2022

15 Related parties and ownership structure

Controlling interest

Compagnie Générale des Etablissements Michelin, France, Ultimate Parent Comany

Euromaster Services et Management, France, Group Entreprise, controlling shareholder in Euromaster Danmark A/S

Notes

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
16 Fee to auditors appointed at the general meeting				
Deloitte:				
Other assurance engagements	241	247	241	247
	241	**247**	**241**	**247**

	Group	
	2022	2021
	TDKK	TDKK
17 Cash flow statement - adjustments		
Financial income	-57	-62
Financial costs	1.098	11.115
Depreciation, amortisation and impairment losses	15.224	22.359
Tax on profit/loss for the year	-6.720	0
	9.545	**33.412**

	Group	
	2022	2021
	TDKK	TDKK
18 Cash flow statement - change in working capital		
Change in inventories	-2.973	-14.192
Change in receivables	11.542	-4.616
Change in trade payables, etc.	2.401	2.683
	10.970	**-16.125**

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