

Vikan A/S

Rævevej 1

7800 Skive

CVR No.: 10 29 01 47

Annual report 2017

Approved at the Company's annual general meeting on 5th of April 2018

Chairman of the meeting



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Company details

Company

Vikan A/S

Rævevej 1

DK-7800 Skive

CVR No.: 10 29 01 47

Municipality: Skive

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Board of Directors

Niels Hermansen, Chairman

Hans-Henrik Horsted Eriksen, Vice chairman

Torben Voss

Lotte Franch Wamberg

Henrik Christensen *

Else Marie Petersen *

*) Employee representative

Executive Board

CEO Carsten Bo Pedersen

Auditors

Ernst & Young P/S

Englandsgade 25

DK-5000 Odense C

CVR No.: 30 70 02 28

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vikan A/S for the financial year 1 January – 31 December 2017.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend the annual report be approved at the annual general meeting.

Skive, 5th of April 2018

Executive Board



Carsten Bo Pedersen
CEO

Board of Directors



Niels Hermansen
Chairman



Hans-Henrik Horsted Eriksen
Vice chairman

Torben Voss



Lotte Franch Wamberg



Henrik Christensen
Employee representative



Else Marie Petersen
Employee representative

Independent auditor's report

To the shareholders of Vikan A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Vikan A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with 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 financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management'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 the Management's review.

Odense, 5th of April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

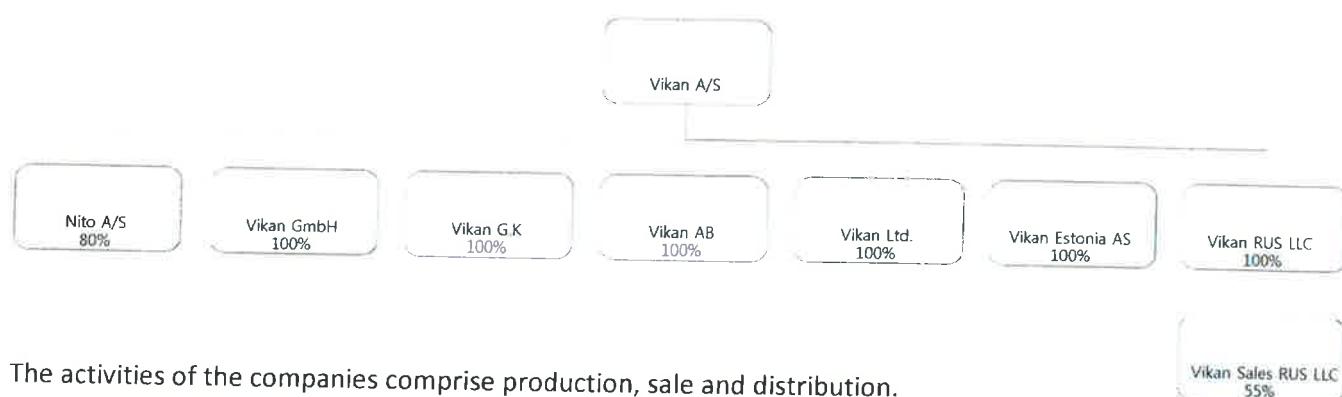

Brian Skovhus Jakobsen
State Authorised
Public Accountant
MNE no.: mne27701


Michael Sig
State Authorised
Public Accountant
MNE no.: mne34110

Management's review

Hereby, the Board of Directors and the Executive Board of Vikan A/S have prepared the annual report and the Management's review for 2017.

Group chart



The activities of the companies comprise production, sale and distribution.

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights of the Group					
Key figures					
Revenue	370,417	356,493	347,100	327,944	310,640
Gross profit	168,221	160,261	151,849	137,671	130,063
Operating profit	62,034	55,124	47,063	40,669	36,839
EBITDA	74,951	67,745	59,525	52,094	47,599
Financial income and financial expenses	-4,042	-503	-4,006	-2,785	-3,029
Profit before tax	57,992	54,621	43,057	37,884	33,810
Profit for the year	43,704	41,215	32,458	28,427	26,359
Investments in property, plant and equipment	8,040	9,743	10,448	17,337	11,876
Inventories	67,072	63,602	60,091	64,492	59,422
Trade receivables	50,799	50,826	52,535	47,092	43,862
Equity	123,255	108,982	94,448	85,071	82,393
Net interest-bearing debt	11,790	14,038	43,166	54,222	42,695
Total assets	237,919	245,971	218,425	214,520	208,026
Cash flows from operating activities	48,595	59,215	47,954	29,114	48,968
Financial ratios					
	2017	2016	2015	2014	2013
Gross margin (%)	45.4	45.0	43.7	42.0	41.9
Operating margin (%)	16.8	15.5	13.6	12.4	11.9
Return on capital employed (%)	30.0	26.1	22.6	19.2	17.8
Debt leverage	0.2	0.2	0.7	1.0	0.9
Return on equity (%)	37.7	40.5	36.2	34.6	32.9
Solvency ratio (%)	51.8	43.4	43.3	39.7	39.6

Management's review

Principal activities

The principal activities of the Vikan Group are to develop, manufacture and market hygienic cleaning tools for professional use. Products and services are based on the needs of our customers and statutory requirements. Vikan markets a broad range of cleaning tools and solutions which are primarily intended for the following sectors:

- Food & beverage
- Kitchens & restaurants
- Healthcare
- Education & local authorities
- Retail & supermarkets
- Transport

Vikan offers a wide range of products and solutions which ensure both hygienic and effective cleaning which contribute to ensuring that our customer's growing hygienic standards are being met. For further information please visit the Vikan website at www.vikan.com

Development in activities and financial position in the financial year

Consolidated revenue totalled DKK 370 million in the year under review against DKK 356 million in 2016. Vikan Group continued to grow its core business areas under the Vikan brand umbrella with a strong focus on products and solutions to the food & beverage industry.

Sales growth supported an increase in the consolidated result after tax which totalled DKK 44 million in 2017 against DKK 41 million in 2016. The realised result in 2017 is considered satisfactory and in line with the Company's overall strategic plan.

The 2017 result is impacted by weaker USD and GBP currency rates, which is expected to continue into 2018.

Vikan remains committed to its leading position as a provider of the most innovative hygiene cleaning tools. In 2017 the company continued to introduce a number of new products and solutions adding to the most comprehensive and distinctive range of professional hygiene cleaning tools.

Total investments including intangible assets amounted to DKK 10 million. Significant investments were completed in new production equipment, IT solutions and development of new products. In addition, significant investments have taken place in terms of strengthening and developing further competences in the organisation.

The Group realised positive cash flows from operations totalling DKK 49 million.

Management's review

Outlook 2018

Vikan will continue the execution of its corporate strategy, which is expected to lead to further increase of market share and growth in sales. Investments are expected to be above the 2017 level, while the financial result is expected to be slightly below the 2017 level, primarily due to impact from weaker USD and GBP currency rates.

Cash resources and capital structure

At 31 December 2017, equity amounted to DKK 123 million. Solvency ratio totalled 51.8 % at the end of the financial year. Net interest-bearing debt was reduced to DKK 12 million. Consequently, the debt leverage (relation between net interest-bearing debt and EBITDA) totalled 0.2 at the end of 2017.

Particular risks

Risks related to operations, financing activities, foreign exchange, interest rates and trade credit conditions are considered usual for the industry and they may have a considerable impact on future earnings. The management is working proactively to manage and reduce the risk related to both operational and financial activities. This includes fluctuations in raw material prices and hedging of cash flow in foreign currencies.

Corporate social responsibility

Vikan A/S has currently not implemented an overall policy concerning corporate social responsibility, including human rights, climate and environment. However long-term sustainability and to uphold responsible business ethics has always been part of our philosophy and customer value proposition.

During 2017, the Company has taken several measures to improve the work environment, environmental impact and social responsibility.

Transactions with the Company's most important suppliers are made in accordance with guide lines regarding employee and environmental conditions and are compliant with applicable legislation. During 2017 the Company has been audited and approved by major international customers with strict requirement.

Intellectual capital and gender quotation on the Management Board

The Company constantly invests in training of its employees. A number of training and development programs have been completed throughout the organisation in 2017, including a group-wide training programme to improve productivity and employee motivation.

Vikan A/S operates from the principle that diversity among its employees, including gender balance, contributes positively to the work environment and strengthens the Company's performance and competitiveness. The Company thus has a clear policy regarding discrimination and intends at all times to employ and retain its employees based on qualifications and competences.

Management's review

At the end of 2017, more than half of Vikan A/S' employees are women. The executive management team consists of 6 persons, 3 of these being women. The Board of Directors consists of four externally elected persons, one of which is a woman.

Vikan A/S has as an objective that the underrepresented gender accounts for at least 40% of the Company's executive management.

Research and development

Continuous development of new products and technologies are taking place as an integrated part of the Company's ongoing operations in order to maintain its leading position as a provider of the most innovative hygiene cleaning tools. Research and development activities are based on both customer-specific projects as well as internally defined projects.

Environment

Vikan A/S is committed to operate in an environmental friendly manner. The Company continuously strives at improving its environmental impact, which among other things is achieved through the Company's environmental management system ISO 14001 and its focus on any potential for minimising the consumption of raw materials and other scarce resources.

Vikan A/S regularly optimises its energy consumption both in terms of production and administration in order to ensure low operating costs and to minimize the environmental impact.

Vikans production site in Skive is certified to the ISO standards ISO 9001:2015 for quality and ISO 14001:2015 for environment.

Reference is made to the Company's website for more details on the Company's environmental policy.

Income statement for the period 1 January – 31 December

Consolidated

Parent company

	Note	2017 DKK'000	2016 DKK'000	2017 DKK'000	2016 DKK'000
Revenue	1	370.417	356.493	314.552	312.485
Production costs	2,3	-202.196	-196.232	-179.215	-178.491
Gross profit		168.221	160.261	135.337	133.994
Distribution costs	2,3	-69.345	-69.009	-61.204	-63.076
Administrative expenses	2,3,4	-36.842	-36.128	-24.226	-23.443
Operating profit		62.034	55.124	49.907	47.475
Profit of group enterprises after tax	5	0	0	8.781	4.553
Financial income	6	4.037	4.806	3.572	3.921
Financial expenses	7	-8.079	-5.309	-7.109	-4.359
Profit before tax		57.992	54.621	55.151	51.590
Tax on profit for the year	8	-13.221	-12.811	-11.447	-10.375
Profit before non-controlling interest		44.771	41.810	43.704	41.215
Non-controlling interests' share of subsidiary results		-1.067	-595	0	0
Profit for the year		43.704	41.215	43.704	41.215

Assets at 31 December

	Note	Consolidated		Parent company	
		2017 DKK'000	2016 DKK'000	2017 DKK'000	2016 DKK'000
Research and development		1,172	1,355	1,172	1,355
Software, patents and licences acquired		2,528	588	2,528	588
Goodwill		1,914	2,018	53	143
Intangible assets	9	5,614	3,961	3,753	2,086
Land and buildings		40,718	41,828	30,136	30,815
Plant and machinery		22,115	22,839	18,326	19,677
Fixtures and fittings, other plant and equipment		7,189	9,436	6,340	8,750
Property, plant and equipment under construction		1,665	1,908	1,665	1,327
Property, plant and equipment	10	71,687	76,011	56,467	60,569
Investments in group enterprises		0	0	35,056	30,978
Investments	11	0	0	35,056	30,978
Non-current assets		77,301	79,972	95,276	93,633
Raw materials and consumables		26,861	23,318	14,490	14,619
Work in progress		739	680	201	209
Finished goods and goods for resale		39,472	39,604	26,970	30,622
Inventories		67,072	63,602	41,661	45,450
Trade receivables		50,799	50,826	37,710	37,655
Amounts owed by subsidiaries and parent company		1,512	13,504	12,823	18,800
Corporation tax		996	0	0	0
Other receivables		1,411	1,652	865	361
Prepayments	12	2,294	2,978	1,643	2,137
Receivables		57,012	68,960	53,041	58,953
Cash at bank and in hand		36,534	33,437	25,174	15,130
Current assets		160,618	165,999	119,876	119,533
Assets		237,919	245,971	215,152	213,166

Equity and liabilities at 31 December

	Note	Consolidated		Parent company	
		2017 t.kr.	2016 t.kr.	2017 t.kr.	2016 t.kr.
Share capital	13	8,000	8,000	8,000	8,000
Revaluation reserve		2,773	3,038	0	0
Reserve for development costs		103	0	103	0
Retained earnings		82,379	67,944	85,152	70,982
Proposed dividends for the financial year		30,000	30,000	30,000	30,000
Equity holders' share of equity, Viken A/S		123,255	108,982	123,255	108,982
Non-controlling interests	14	2,512	2,065	0	0
Total Equity		125,767	111,047	123,255	108,982
Deferred tax	15	8,942	8,592	7,321	7,128
Provisions		8,942	8,592	7,321	7,128
Mortgage debt		36,786	44,047	29,174	37,150
Lease obligations		6,556	8,753	4,811	6,899
Other payables		533	853	0	0
Non-current liabilities other than provisions	16	43,875	53,653	33,985	44,049
Current portion of non-current liabilities	16	6,380	8,678	4,305	7,030
Bank loans and overdrafts		381	4,924	0	0
Trade payables		14,377	20,226	10,359	15,595
Payables to group enterprises		0	0	7,336	2,401
Corporation tax		11,311	12,104	10,418	10,775
Other payables		26,886	26,747	18,173	17,206
Current liabilities		59,335	72,679	50,591	53,007
Liabilities other than provisions		103,210	126,332	84,576	97,056
Equity and liabilities		237,919	245,971	215,152	213,166
Events after the balance sheet date	17				
Charges and contingent liabilities, etc.	18-19				
Other notes	20-23				

Statement of changes in equity for 2017

Consolidated

	Note	Share capital DKK'000	Revaluation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000	Non-controlling interest DKK'000	Total equity DKK'000
Equity 01.01.2017		8,000	3,038	0	67,944	30,000	108,982	2,065	111,047
Dividends paid		0	0	0	0	-30,000	-30,000	-600	-30,600
Profit for the year		0	-265	103	13,866	30,000	43,704	1,067	44,771
Foreign exchange adjustments regarding foreign subsidiaries		0	0	0	-444	0	-444	-20	-464
Net adjustment of hedging instruments		0	0	0	1,013	0	1,013	0	1,013
Equity 31.12.2017		8,000	2,773	103	82,379	30,000	123,255	2,512	125,767

Parent company

	Note	Share capital DKK'000	Revaluation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
Equity 01.01.2017		8,000	0	0	70,982	30,000	108,982
Dividends paid for the year		0	0	0	0	-30,000	-30,000
Profit for the year	24	0	0	103	13,601	30,000	43,704
Foreign exchange adjustments regarding foreign subsidiaries		0	0	0	-444	0	-444
Net adjustment of hedging instruments		0	0	0	1,013	0	1,013
Equity 31.12.2017		8,000	0	103	85,152	30,000	123,255

Cash flow statement for the period 1 January – 31 December

	Note	2017 DKK'000	2016 DKK'000
Depreciation, etc. with no cash flow effect		62,034	55,124
Other items with no cash flow effect		12,917	12,621
		569	-1,681
Change in operating capital	25	-9,224	1,515
		66,296	67,579
Interest income received, etc.		4,037	4,806
Interest expenses incurred, etc.		-8,079	-5,309
Corporation tax paid		-13,658	-7,861
Cash flows from operating activities		48,595	59,215
Capital investment and activities, net		-9,471	-9,482
Cash flows from investing activities		-9,471	-9,482
Repayment of loans/raising of loans, net		-12,876	-2,172
Changes in balances, group enterprises		11,992	-4,275
Dividends paid		-30,600	-25,600
Cash flows from financing activities		-31,484	-32,047
Changes in cash and cash equivalents		7,640	17,686
Cash and cash equivalents at 1 January		28,513	10,827
Cash and cash equivalents at 31 December	26	36,153	28,513

Notes	Consolidated		Parent company	
	2017 DKK'000	2016 DKK'000	2017 DKK'000	2016 DKK'000
1. Revenue				
Denmark	44,261	42,571	36,507	36,075
Other countries	326,156	313,922	278,045	276,410
Total	370,417	356,493	314,552	312,485

Revenue is not disclosed per business area, as such disclosure in the opinion of Management and for competitive reasons will be detrimental to the Company.

2. Staff costs

Wages and salaries	86,598	81,672	65,764	61,528
Pension contributions	6,044	5,548	4,621	4,285
Other social security costs	3,768	4,086	896	919
	96,410	91,306	71,281	66,732
Thereof total remuneration of the Executive Board and the Board of Directors	4,628	4,829	4,628	4,829
Average number of employees	228	223	141	132

According to section 98b of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is disclosed as one item.

3. Impairment losses and amortisation

Research and development	318	316	317	315
Patents and licences acquired	331	549	331	556
Goodwill	289	157	90	91
Buildings	1,906	2,037	1,204	1,388
Plant and machinery	6,908	6,891	5,983	6,420
Fixtures and fittings, other plant and equipment	3,198	3,157	2,887	2,887
Gain/loss on the disposal of non-current assets	-33	-486	-35	-423
	12,917	12,621	10,777	11,234
Impairment losses and amortisation are recognised as follows in the income statement:				
Production costs	9,400	9,118	7,542	7,932
Distribution costs	1,766	1,919	1,566	1,786
Administrative expenses	1,751	1,584	1,669	1,516
	12,917	12,621	10,777	11,234

Notes	Consolidated		Parent company	
	2017 DKK'000	2016 DKK'000	2017 DKK'000	2016 DKK'000
4. Fees to auditors appointed at the annual g. m.				
Statutory audit of the financial statements	234	228	198	194
Other assurance engagements	0	22	0	22
Tax assistance	35	25	22	20
Other assistance	191	82	137	79
	460	357	357	315
Fee to other auditors	285	418	0	0
5. Profit of group enterprises after tax				
Share of profit after tax			9,070	4,646
Changes in intra-group profit on inventories			-289	-92
Amortisation of group goodwill			0	-1
			8,781	4,553
6. Financial income				
Interest income from group enterprises	0	0	190	197
Other financial income	4,037	4,806	3,382	3,724
	4,037	4,806	3,572	3,921
7. Financial expenses				
Interest expense, group enterprises	0	0	167	0
Other financial expenses	8,079	5,309	6,942	4,359
	8,079	5,309	7,109	4,359
8. Tax on profit for the year				
Current tax	13,157	13,114	11,540	10,775
Adjustment of deferred tax	350	-637	193	-734
Tax on changes in equity	-286	185	-286	185
Adjustments regarding previous years	0	149	0	149
	13,221	12,811	11,447	10,375

Notes

	Consolidated		
	Goodwill DKK'000	Software, patents and licences acquired DKK'000	Research and Development DKK'000
9. Intangible assets			
Cost at 01.01.2017	18,869	7,800	1,969
Additions	185	2,271	133
Disposals	-16,479	0	0
Cost at 31.12.2017	2,575	10,071	2,102
Amortisation at 01.01.2017	-16,851	-7,212	-614
Amortisation	-289	-331	-316
Reversed amortisation in respect of disposals for the year	16,479	0	0
Amortisation at 31.12.2017	-661	-7,543	-930
Carrying amount at 31.12.2017	1,914	2,528	1,172
Carrying amount at 31.12.2016	2,018	588	1,355
Parent company			
	Goodwill DKK'000	Software, patents and licences acquired DKK'000	Research and Development DKK'000
9. Intangible assets			
Cost at 01.01.2017	850	7,800	1,969
Additions	0	2,271	133
Disposals	-400	0	0
Cost at 31.12.2017	450	10,071	2,102
Amortisation at 01.01.2017	-707	-7,212	-614
Amortisation	-90	-331	-316
Reversed amortisation in respect of disposals for the year	400	0	0
Amortisation at 31.12.2017	-397	-7,543	-930
Carrying amount at 31.12.2017	53	2,528	1,172
Carrying amount at 31.12.2016	143	588	1,355

Notes

	Consolidated			
	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings, other plant and equipment DKK'000	Property, plant and equip- ment under construction DKK'000
10. Property, plant and equipment				
Cost at 01.01.2017	72,526	128,418	37,624	1,908
Foreign exchange adjustment	3	6	-45	0
Additions	795	6,534	954	8,182
Disposals	0	-1,131	-10	-8,425
Cost at 31.12.2017	73,324	133,827	38,524	1,665
Revaluation at 01.01.2017	3,896	0	0	0
Amortisation	-339	0	0	0
Revaluation at 31.12.2017	3,557	0	0	0
Depreciation at 01.01.2017	-34,594	-105,579	-28,188	0
Foreign exchange adjustment	-2	-6	41	0
Amortisation	-1,567	-6,936	-3,198	0
Reversed depreciation in respect of disposals for the year	0	809	10	0
Depreciation at 31.12.2017	-36,163	-111,712	-31,335	0
Carrying amount at 31.12.2017	40,718	22,115	7,189	1,665
Carrying amount at 31.12.2016	41,828	22,839	9,436	1,908
The carrying amount at 31.12.2017 includes:				
Leased assets recognised	0	9,713	0	0

In property, plant and equipment under construction intangible assets under construction is included amounting to DKK 360 thousand (2016: DKK 231 thousand).

Notes

Parent company

10. Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings, other plant and equipment DKK'000	Property, plant and equip- ment under construction DKK'000
Cost at 01.01.2017	54,784	103,534	33,554	1,327
Additions	526	4,881	479	8,181
Disposals	0	-985	0	-7,843
Cost at 31.12.2017	55,310	107,430	34,033	1,665
Depreciation at 01.01.2017	-23,969	-83,857	-24,804	0
Depreciation	-1,205	-5,982	-2,889	0
Reversed depreciation in respect of disposals for the year	0	735	0	0
Depreciation at 31.12.2017	-25,174	-89,104	-27,693	0
Carrying amount at 31.12.2017	30,136	18,326	6,340	1,665
Carrying amount at 31.12.2016	30,815	19,677	8,750	1,327
The carrying amount at 31.12.2017 includes:				
Leased assets recognised	0	7,738	0	0

In property, plant and equipment under construction intangible assets under construction is included amounting to DKK 360 thousand (2016: DKK 231 thousand).

Notes

Parent company

11. Investments

Investments
in group
enterprises
DKK'000

Cost at 01.01.2017	73,112
Disposals	-1,116
Cost at 31.12.2017	71,996
Net revaluations at 01.01.2017	-46,951
Foreign exchange adjustment	-444
Share of profit/loss for the year, net	8,781
Reversal of revaluations in group enterprise	5,636
Dividends paid	-3,962
Net revaluations at 31.12.2017	-36,940
Carrying amount at 31.12.2017	35,056
Carrying amount at 31.12.2016	26,161

Investments in group enterprises comprise:

	Registered	Ownership
Vikan (UK) Ltd.	England	100%
Vikan AB	Sweden	100%
Vikan Estonia AS	Estonia	100%
Vikan GmbH	Germany	100%
Nito A/S	Denmark	80%
Vikan RUS LLC	Russia	100%
Vikan Japan GK	Japan	100%
VIKAN RUS Sales LLC	Russia	55%

Notes

12. Prepayments

Prepayments comprise prepaid costs concerning IT licences, subscriptions, etc. regarding subsequent financial years.

13. Share capital

The share capital comprises four shares of DKK 5,700 thousand, DKK 300 thousand, DKK 1,600 thousand and DKK 400 thousand. The shares are not divided into different classes of shares.

Share capital at 01.01.2012	8,000
Share capital at 31.12.2017	8,000

Parent company

Consolidated

14. Non-controlling interests

	2017 DKK'000	2016 DKK'000
Non-controlling interests at 1 January	2,065	2,070
Share of profit/loss for the year	1,067	595
Share of foreign exchange adjustments regarding foreign subsidiaries	-20	0
Share of dividend paid in the year	-600	-600
Non-controlling interests at 31 December	2,512	2,065

Consolidated

Parent company

15. Deferred tax

Deferred tax is incumbent on the following items:

	2017 DKK'000	2016 DKK'000	2017 DKK'000	2016 DKK'000
Intangible assets	2,177	2,363	2,144	2,315
Property, plant and equipment	5,423	5,000	4,152	3,796
Inventories	1,505	1,401	1,179	1,179
Non-current liabilities other than provisions	-31	-40	-22	-30
Other payables	-132	-132	-132	-132
	8,942	8,592	7,321	7,128

Notes

Consolidated

	Maturity within 1 year DKK'000	Maturity after 1 year DKK'000	Total amortised liabilities DKK'000	Total nominal liabilities DKK'000
16. Non-current liabilities				
Mortgage debt	3,366	36,786	40,152	40,237
Lease obligations	2,747	6,556	9,303	8,900
Other payables	267	533	800	800
Non-current liabilities at 31.12.2017	6,380	43,875	50,255	49,937
Non-current liabilities at 31.12.2016	8,678	53,653	62,331	60,143
Falling due after more than five years:				
Mortgage debt		23,797		

Parent company

	Maturity within 1 year DKK'000	Maturity after 1 year DKK'000	Total amortised liabilities DKK'000	Total nominal liabilities DKK'000
Mortgage debt	2,080	29,174	31,254	31,339
Lease obligations	2,224	4,811	7,035	7,035
Non-current liabilities at 31.12.2017	4,305	33,985	38,289	38,374
Non-current liabilities at 31.12.2016	7,030	44,049	51,079	51,186
Falling due after more than five years:				
Mortgage debt		20,900		

Notes

17. Events after the balance sheet date

No events have occurred after the balance sheet date affecting the evaluation of the annual report.

	Consolidated		Parent	
	2017 t.kr.	2016 t.kr.	2017 t.kr.	2016 t.kr.
18. Charges				
Mortgage debt/bank debt is secured upon properties, plant and machinery.				
Carrying amount of properties, plant and machinery provided as collateral	62,858	62,965	50,492	50,492
The parent company has provided a guarantee for the subsidiaries' liabilities to credit institutions, mortgage debt and bank loans in Vikan GmbH, Nito A/S and Vikan AB.				
Liabilities to credit institutions, mortgage debt and bank loans in subsidiaries			8,898	7,677

19. Contractual obligations and contingencies, etc.

Contingent liabilities

Yearly operating leases regarding other operating equipment in Vikan A/S and subsidiaries	2,256	1,997	1,117	1,045
Total remaining payments on leases entered into	2,927	3,313	2,190	1,374
Yearly rent in Vikan A/S and subsidiaries	1,927	1,559	1,050	722

The Company is jointly taxed with other companies in the Vikan Group. Jointly taxed companies which are not wholly-owned have limited and secondary liability for Danish withholding taxes on dividends, interest and royalties within the joint taxation unit.

Notes

20. Currency and interest rate risks and the use of derivative financial instruments

The Vikan Group has entered into interest swaps to hedge a fixed interest rate. Unrealised gain on interest swaps totalled a negative DKK 684 thousand in 2017 (2016: loss of DKK 916 thousand) and is recognised directly in equity adjusted for deferred tax. To minimize the currency exposure the Vikan Group has entered into financial instruments. Unrealised gain on financial instruments totalled a positive DKK 461 thousand in 2017 (2016: loss of DKK 605 thousand) and is recognised directly in equity adjusted for deferred tax.

21. Related party disclosures

Related parties exercising control of Vikan A/S:

Vissing Holding A/S, Rævevej 1, 7800 Skive (parent company)

Vissing Fonden, c/o Lawyer Torben Voss, Mølleå 1, 9000 Aalborg

Section 98c(7) of the Danish Financial Statements Act is applied regarding related party transactions.

22. Shareholders

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Vissing Holding A/S, Rævevej 1, 7800 Skive

Brush Holding ApS, Sølystvej 59, 8600 Silkeborg

23. Group structure

Vikan A/S and related subsidiaries are included in the consolidated financial statements of Vissing Holding A/S.

24. Proposed profit appropriation

Proposed dividends for the financial year

Reserve for development costs

Retained earnings

Parent	
2017 DKK'000	2016 DKK'000
30,000	30,000
103	0
13,601	11,215
43,704	41,215

Consolidated

2017 DKK'000	2016 DKK'000
-3,470	-3,511
-44	989
-5,710	4,037
-9,224	1,515

25. Changes in operating capital

Change in inventories

Change in receivables

Change in trade payables, etc.

Consolidated

26. Cash at hand and in bank

Cash at hand and in bank

Bank loans and overdrafts

2017 DKK'000	2016 DKK'000
36,534	33,437
-381	-4,924
36,153	28,513

Accounting policies

The annual report has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the Company's cash flows are recognised in the consolidated financial statements.

Consolidated financial statements

The consolidated financial statements comprise Vikan A/S (parent company) and the enterprises (group enterprises) over which the parent company exercises control, see note 11. Control is obtained in companies in which the parent company directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Entities over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

Consolidation principles

The consolidated financial statements are based on the financial statements of Vikan A/S and its subsidiaries. The consolidated financial statements are prepared by adding together financial statement items of similar nature. On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses on intra-group transactions are eliminated. The financial statements applied for consolidation purposes are prepared in accordance with the Group's accounting policies.

In the consolidated financial statements, the items of subsidiaries are recognised in full. The proportionate share of the non-controlling interests' results and net assets are recognised as separate items in the income statement and the balance sheet, respectively.

Investments in group enterprises are recognised after tax in one separate line item in the income statement.

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

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made

for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the assets and liabilities acquired (goodwill), is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Receivables and payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the rate at the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Non-current assets purchased in foreign currencies are translated using historical rates.

On recognition of foreign subsidiaries and associates that are separate entities, the income statement is translated at the average exchange rate for the months which does not deviate significantly from the rate at the transaction date. Balance sheet items are translated to the exchange rates at the balance sheet date. Goodwill is deemed to relate to the independent foreign entity and translated at the balance sheet date. Currency translation differences arisen when translating foreign subsidiaries' equity at the beginning of the year using the closing rate and when translating income statements from average exchange rates using the closing rate are recognised directly in equity.

Exchange rate adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are recognised as other receivables or other liabilities, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised directly in equity. When the hedged transactions materialise, changes are recognised in the related items.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement

Revenue

Income from the sale of goods, comprising the sale of hygiene cleaning tools, is recognised as revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties.

To the extent that customers are offered a right of return in connection with the sale, revenue corresponding to the Company's experience with returns is recognised.

Production costs

Production costs comprise direct and indirect costs incurred in generating revenue for the year. Trading entities recognise their cost of sales, and production entities recognise cost of raw material, consumables and production staff as well as depreciation of production assets.

Production costs comprise costs regarding development projects that do not qualify for recognition in the balance sheet as well as depreciation of development projects recognised.

Distribution costs

Costs incurred in distributing goods sold and in conducting sales campaigns are recognised as distribution costs. Also, costs relating to sales and distribution staff, advertising as well as depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Group, including expenses for the administrative staff and the management, office supplies as well as depreciation and amortisation.

Other operating income and costs

Other operating income and costs comprise items secondary to the primary activities of the Group.

Financial income and financial expenses

Financial income and expenses comprise interest income and expense, interest element of financial lease payments, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial liabilities, cash discounts, etc. as well as surcharges and refunds under the on-account tax scheme.

Corporation tax and deferred tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

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

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax value of assets and liabilities. The tax value of assets is calculated based on the planned use of the asset.

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

Corporation tax and deferred tax (continued)

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Vikan A/S is jointly taxed with the parent company, Vissing Holding A/S, and the subsidiaries in Group (international joint taxation). The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income (full absorption with refunds for tax losses).

Balance sheet

Intangible assets

Goodwill and consolidated goodwill

Goodwill is amortised on a straight-line basis over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is usually amortised over five years, but may be amortised over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles, provided that the long amortisation period is assessed to better reflect the Group's utilisation of the resources in question.

The carrying amount of goodwill is assessed on an ongoing basis and is written down to the recoverable amount if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

Development projects, patents and licences

Development costs comprise salaries, amortisation and other costs directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are charged to the income statement as incurred.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 3 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Development costs that are recognised in the balance sheet are initially measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Development projects (continued)

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually five years and does not exceed 20 years.

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

Property, plant and equipment

Land and buildings are measured at cost plus revaluation and as to buildings less accumulated depreciation and impairment losses. Revaluation is made based on regular, independent valuations of fair value.

Plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the date when it is ready to be put into operation. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries. The cost of assets held under finance leases is recognised at the lower of fair value of the assets and the present value of the future lease payments.

The basis of depreciation is cost less expected residual value at the end of the useful life. Depreciation is provided according to the straight-line method, based on the following expected useful lives:

Buildings	10-50 years
Plant and machinery	5-8 years
Fixtures and fittings, other plant and equipment	3-6 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Profits and losses are recognised in the income statement together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured according to the equity method. This means that investments in the balance sheet are measured at the proportionate share of the enterprises' net asset value minus or plus non-amortised positive or negative group goodwill, respectively and minus or plus unrealised intra-group profits and losses.

In the income statement of the parent company, the share of the enterprises' profit/loss after elimination of unrealised intra-group profits and losses and minus or plus amortisation of group goodwill or negative group goodwill, respectively.

Subsidiaries and associates with negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit.

Net revaluation of investments in subsidiaries and associates is transferred to the reserve for net revaluation to the extent that the carrying amount exceeds cost.

On acquisition of subsidiaries, the purchase method is applied, see Consolidated financial statements above.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation and impairment losses regarding production machinery, buildings and equipment as well as factory administration and management. Financing costs are not included in the cost.

The net realisable value of inventories is determined taking into consideration estimated sales price less costs of completion and costs necessary to make the sale.

Receivables

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

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 has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

Prepayments, assets

Prepayments recognised under “current assets” comprise expenses incurred concerning subsequent financial years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Dividends

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting. The proposed dividend payment for the financial year is disclosed as a separate item under equity.

Cost of acquisition of, consideration received for and dividends received from treasury shares are recognised as retained earnings in equity.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on work in progress, decided and published restructurings etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yields.

On acquisition of enterprises, provisions for restructurings of the acquired enterprise are made provided that they have been adopted and announced not later than at the date of the acquisition.

Mortgage debt

Mortgage debt is measured at cost at the date of borrowing corresponding to the proceeds received less transaction costs paid. Subsequently, mortgage debt is measured at amortised cost corresponding to the capitalised value in accordance with the effective interest rate method.

Lease obligations

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of 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 obligation 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 considered 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 obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Other financial liabilities

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

Prepayments, liabilities

Deferred income comprises payments received concerning income in subsequent years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

Cash flow statement

The consolidated cash flow statement is presented in accordance with the indirect method and shows cash flows from operating, investing and financing activities and the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities are calculated as operating profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and investments as well as the acquisition, development, improvement and disposal, etc. of intangible assets, property, plant and equipment, including assets held under finance lease.

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

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

Financial highlights

The financial ratios are calculated as follows:

Gross margin	=	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on capital employed	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Average number of operating assets}}$
Debt leverage	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$
Return on equity	=	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio		$\frac{\text{Equity} \times 100}{\text{Total assets}}$

Operating assets are calculated as the balance sheet total less liquid funds, interest-bearing assets (including shares) and investments in associates.