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CVR no. 20 22 26 70

MAT DANIA APS
MARKEDSVEJ 21, 9600 AARS
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 14 May 2024**

George Michael Ruhl

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 11 79 39 91

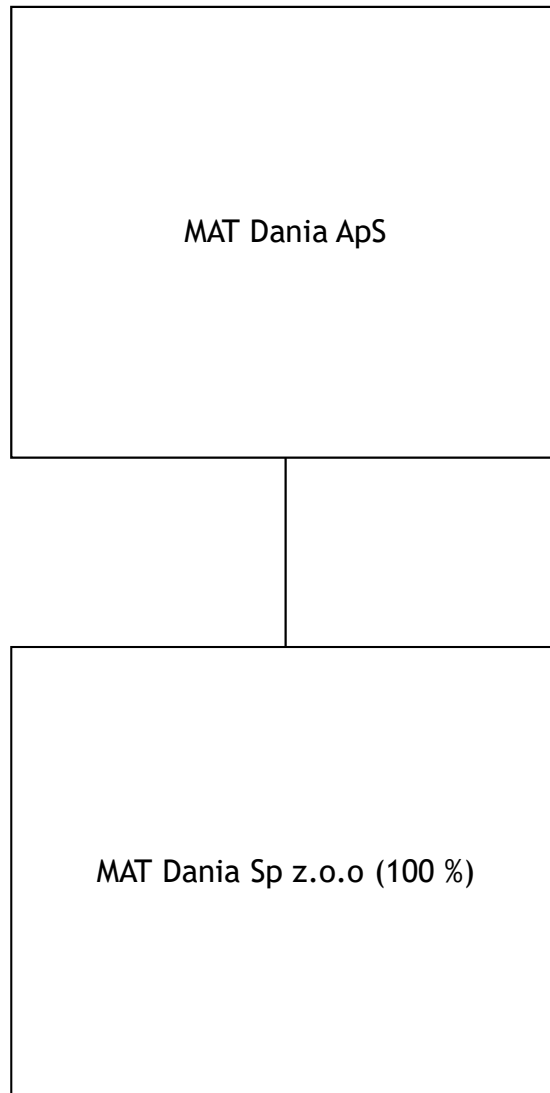
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COMPANY DETAILS

Company	MAT Dania ApS Markedsvej 21 9600 Aars CVR No.: 11 79 39 91 Established: 11 December 1987 Municipality: Vesthimmerlands Financial Year: 1 January - 31 December
Board of Directors	George Michael Ruhl, chairman Thomas Krosnar Hana Krosnar Jessica Wang Olsson Bent Adolf Antonsen Carsten Hald
Executive Board	Jørn Krogager Henriksen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nordea Bank Danmark A/S Prinsensgade 15 9000 Aalborg

GROUP STRUCTURE



MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of MAT Dania ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Aars, 14 May 2024

Executive Board

Jørn Krogager Henriksen

Board of Directors

George Michael Ruhl
Chairman

Thomas Krosnar

Hana Krosnar

Jessica Wang Olsson

Bent Adolf Antonsen

Carsten Hald

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MAT Dania ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of MAT Dania ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2023 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 the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

INDEPENDENT AUDITOR'S REPORT

Copenhagen, 14 May 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK mill.	2022 DKK mill.	2021 DKK mill.	2020 DKK mill.	2019 DKK mill.
Income statement					
Net revenue.....	404	475	343	263	324
Operating profit/loss of main activities...	18	15	5	3	-1
Financial income and expenses, net.....	-6	-4	-2	-3	-2
Profit/loss for the year.....	9	8	1	0	-2
Balance sheet					
Total assets.....	225	280	261	236	248
Equity.....	128	118	110	108	109
Invested capital.....	89	209	190	191	206
Cash flows					
Cash flows from operating activities.....	81	0	9	21	15
Cash flows from investing activities.....	-14	-11	-8	2	-27
Cash flows from financing activities.....	-4	-4	-6	-1	15
Investment in property, plant and equipment.....	0	0	0	0	0
Average number of full-time employees.....	351	421	410	431	427
Key ratios					
Operating margin.....	4,4	3,6	1,6	-0,3	2,1
Return on invested capital.....	6,4	6,0	1,9	-1,2	2,7
Equity ratio.....	57,2	42,0	42,0	44,0	43,9
Return on equity.....	7,1	7,3	0,9	-1,0	4,1

FINANCIAL HIGHLIGHTS OF THE GROUP

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	$\frac{\text{Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities}}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Return on invested capital:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities

The company's main activity is manufacturing and sales of customer specified machine molded iron castings, supplied as raw castings, machined castings or ready for assembly goods.

Further the company supplies mainly to the factories of large international companies in Northern Europe and USA. Our customers typically supply their products, including MAT Dania components, to the global market. The components are primarily supplied to the segments; Hydraulics, Commercial Vehicles, and Machine Components.

Development in activities and financial and economic position

2023 has generally been characterized by a strong order book carried over from 2022 and continued good order intake in Q1 2023. The remaining year 2023 was challenged by weak demand in the market, mainly due to recession mainly in the German market due to higher financing expenses, building costs inflation, and negative consequences of the Ukrainian war. This impacts especially the hydrostatic market. Producers of off-road equipment are impacted, whereas the truck business still looks good in 2023.

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The company's capital availability has improved. A new AR-financing program through Nordea has replaced the existing financing through Midt Factoring.

During 2022 a new ERP system in SAP was implemented. In 2023 we have worked on improving master data and user confidence. The status 2023 is that the implementation has significantly improved the financial reporting and in compliance with MAT Holding global group reporting.

Turnover

The year Turnover decreased and compared to 2022 had an of index 85 and with a decrease of 70,6 m. DKK to 404,1 m. DKK. Compared to expectations outlined in the annual report for 2022, this is slightly below, but relates to development in surcharge revenue, which are complex to predict.

Results

The group EBITDA was 28,1 mDKK and earnings before tax 11,5 mDKK. The result was influenced by a decrease vs. 2022 in energy prices, steel scrap and alloys.

Market Development

The company experienced a declining market for hydraulics in Europe in 2023 that will continue in 2024. Customer forecasts indicate that we will be back to at more normal market situation in 2025. Parallel we will focus on non-hydraulic customers for casting and machining to expand our portfolio.

Due to the historical volatile order intake and beyond the capacity, a new supply chain strategy has been developed, where MAT Dania is using its sister company MAT Foundries Europe Ueckermünde, Germany as subcontractor to secure future growth.

Polish foundries have been developed to supply castings directly to the MAT Dania Poland Machine shop.

Equity and liquidity

Equity increased by 10,6 mDKK for the Group and solidity decreased from 42,0 to 57,2 %

Organization and Management

The main strategy for the company is profitable growth, operational savings, and KPI improvements. The strategies also have major focus on improving customer relations.

MANAGEMENT COMMENTARY

Development in activities and financial and economic position (continued)

The organization works systematically with comprehensive improvement and development activities according to specific strategy and business plans.

The average number of employees decreased from 410 to 351 for the MAT Dania group.

Uncertainty in recognition and measurement

It is the management's assessment that there have been no unusual circumstances in the financial year that affect the annual report.

Employee Relations

The company strive to create a workplace in which there is a mutual trust and respect and where every person feels responsible for the performance and reputation of our company. MAT Dania respects the individual and each other's rights, customs, and traditions. We will work towards achieving a diverse workforce, recruiting, employing, and promoting employees only based on objective criteria and the qualifications for the job to be performed.

Risks, Actions and Results

MAT Dania recognizes its employees as one of the most important resources for the group, and therefore it is important to focus on workplace safety, employee well-being, and proper working conditions.

The company's most significant risks related to social conditions and employee relations are assessed to be dissatisfaction and a lack of focus on working conditions, which can lead to increased stress, sickness absence and the loss of competent and qualified employees. Therefore, MAT Dania is continuously working to improve working conditions in the group, so that all employees thrive in good and safe working conditions.

In 2023, as in previous years, several activities have been carried out to improve this, among other ongoing assessment of workplaces in relation to the optimization of workplace settings for office staff as well as a series of meetings in the employee welfare group with the participation of all departments in the company. Every year, an employee survey is carried out via a questionnaire with the aim of continuously improving the employees' conditions in the company.

Profit/loss for the year compared to the expected development

The group EBITDA was 28,1 mDKK and earnings before tax 11,5 mDKK. The result was influenced by a decrease vs. 2022 in energy prices, steel scrap and alloys.

The group's result and financial development were better than expected under above circumstances.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

MANAGEMENT COMMENTARY

Financial risk

The company has extensive sales and purchasing activities in foreign currency, provides credit to customers and has taken out loans with variable interest rates.

Consequently, the group has a risk exposure to changes in exchange rates, interest rates and the creditworthiness of customers.

To manage currency and interest rate risks, the group uses derivative financial instruments and takes out credit insurance on customers. The group's credit provision to customers follows standard conditions, which have been determined by the board of directors. Customers are credit insured for all orders.

Environmental situation

MAT Dania has ISO 14001 environment certificate which also include requirement for energy review according to applicable law.

We meet the requirements provided in our environmental permission under the Environmental Code §5. A systematic effort is made to define, develop, and implement environmental improvement activities. There have not been pollution accidents concerning emission from exhaust or spillage accidents. Consumption of water was as expected.

Climate account for foundry activities 2021, 2022 and 2023 will be prepared in 2024. Carbon footprint is made by using "Klima kompasset" and it covers scope 1, scope 2 and scope 3 (to gate). CO2 reductions project for scope 1 and 2 will be identified and roadmap 2030 to reduce CO2 emission will be prepared.

ESG/CSRD reporting system shall be established to be ready for reporting in 2025. Reporting system will be used for monitoring our performance and to initiate tasks to improve performance.

Knowledge resources

MAT Dania mainly sells complex castings. The latest technology for casting simulation is used and the company collaborates with external research and development centers.

Through the company's management system within quality, environmental and energy control, competencies for various functions are ensured.

Future expectations

MAT Dania has long term continued trust to expand the market share. However, the recession in the market due to already mentioned factors as higher financing expenses, and the negative consequences of the Ukrainian war will have short term consequences.

Growth and profitability performance is very much depending on the development of the war in Ukraine, inflation rates, the general growth rates in the world economy and not least the energy cost development. Based on customer inputs we expect the market will recover during 2024 with full impact 2025. We are still working on some very interesting projects which can significantly improve 2025.

For the year 2024 our sales on consolidated level are expected to be in the range of 370-400 Mio DKK. (depending on surcharge development).

The focus is a profitable business development.

The EBITA margin is expected to be held in a level of approximately 7 - 8%.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report

MAT Dania is committed to follow MAT Foundry Groups, Corporate Social Responsibility Policy and include environmental policy and our working environment policy.

Environmental and Climate conditions

MAT Dania is environmentally aware and continuously works to reduce the environmental impact from the company's operation.

The company's environmental policy is based on the wish to limit energy consumption, material consumption and minimize the amount of waste. As the incentive in that connection is both environmental and financial, these topics have a high priority in the company. To ensure a targeted effort on these points, the company has set environmental targets regarding reducing energy consumption in the process and the amount of waste products, as well as increasing recycling.

As a company in the MAT Foundry Group, MAT Dania is covered by the group's sustainability goal of being CO2 neutral from 2040 at the latest.

It is the management's belief that the company's own activities have an impact on the environment, even though the most significant impact occurs in the supply chain. It is MAT Dania's policy to be aware of the company's influence on the environment and climate, so that we can minimize the company's impact on the environment and climate, taking competitiveness into account.

MAT Dania maintains certification according to ISO 14000 to support the business processes.

Business Operations - Impacts - Risks

MAT Dania is an energy-intensive company due to the large electricity consumption (35,000 mWh annually), of which 80% is energy consumption from electricity.

Although energy consumption is high, the most significant CO2 emissions and risks are in the supply chain. However, it is assessed that the best possibilities for reducing CO2 emissions are within the company's operations.

The production processes mainly include the melting of steel scrap with subsequent casting in sand moulds. The castings are cleaned and grinded after the cooling process. By its very nature, this process is extremely energy intensive. The iron is melted in electric furnaces, which account for the main part of the company's energy consumption. However, the operation of the other production plants, internal transport and heating of the production premises also contribute to the company's total consumption of energy. The latter relates to the large air change, that has been established to ensure the health of the employees.

During the processes, substances are used and developed which could cause damage to both the employee's health and the environment. To minimize the risk, our suppliers are made aware that substitution of hazardous substances and materials must be used as far as possible.

As a result, the company's workplaces are designed so that the employees are not exposed to substances harmful to health. Where bonding materials containing organic solvents are used, the employees are trained in dealing with these substances. Dust, gases and vapors are removed using large ventilation systems and concentrations in the workplaces are checked by regular measurements.

Emissions/Pollution: the external environment is secured through large filter systems, and it is confirmed by daily control measurements that there are no unacceptable environmental impacts internally and externally. Annual exercises are also held for handling of spills and fires.

Noise: Regarding noise from the company, it mainly comes from the ventilation systems and scrap handling, while a smaller contribution comes from internal transport and transport to/from the factory. Over the years, the noise level has been significantly reduced by encapsulating fans and filter systems. Concerning scrap handling the construction of a scrap hall has helped to reduce this source of noise considerably.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

Waste: In connection with the production processes, significant quantities of waste occur. The largest contributions come from sand, slag, packaging residues and filter dust. Used foundry sand, which is the largest contributor of these, is recycled, among other things, in road building materials.

In connection with the company’s processes, no substances are used, which are included in the Danish Environmental Protection Agency’s “List of undesirable substances.

Actions

MAT Dania has implemented energy and climate improvement projects in recent years, ex. replacement of all lighting for LED lighting, continued replacement of diesel trucks for lithium trucks, improvement of waste sorting and optimization of the degree of casting utilization.

The management has decided to carry out energy screening in 2024 to identify energy optimization projects for implementation the following year.

The management has decided to hire a person to take care of ESG/CSRD.

Results

The environmental targets for 2023 were met and corresponding targets for 2024 have been set.

KPI 2023	TARGET	YTD2023
Energy consumption per net ton castings	<2.599kWh/t	2.542 kWh/t
- EL consumption per net ton casting		2.063 kWh/t
- Gas consumption per net ton casting		479 h/t
Recycling /other utilization of waste.	>96%	98 %

No violation of applicable legislation or the environmental approval etc. has been registered in the past year. There have been 2 inquiries from neighbors regarding noise. It was not a question of exceeding noise limits, and the problem was solved to the satisfaction of the neighbors.

Social and employee relations

Policy:

The employees are one of MAT Dania’s most important resources and therefore orderly working conditions, including physical and psychological working environment, are an object of great attention. We emphasize that our employees carry out their work in a safe physical environment where job satisfaction and well-being are the focus.

Our policies regarding;

- Flexible working hours
- Senior schemes
- Physical working environment
- Personal data
- Absence
- Security

complement our daily work with retention, prevention and inclusion. The policies are defined based on attitude and action to reflect our motivations for acting as we do and make visible parts of the workplace culture we want at MAT Dania.

Risks, Actions and Results

MAT Dania’s main risks regarding social and employee relations are assessed to be dissatisfaction and wear and tear injuries, which can lead to sick leave and the loss of competent and qualified employees.

To maintain a safe and good working environment, we are conscious of displaying behavior and establish a framework

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

- that applicable legislation within safety, health and environment is obeyed.
- that we focus on the working environment and improvements in our daily behavior and attitudes
- that workplace injuries and work-related illness are prevented
- to make use of, among other things well-being measurements, APV and sick interviews for prevention and handling.

In 2023, we have had extra focus on the well-being work. We implemented well-being measurements and, in collaboration with external actors, discussed the topic and held workshops with all employees. The extra focus has also led to initiatives such as team building, implementation of departmental meetings and health week with activities to promote dialogue and relationships.

In addition, we have introduced a company lunch program for all those interested, which has been well received and has also promoted the feeling of togetherness.

We will continue the well-being work and repeat well-being measurements in 2023, just as sustainability including ESG work, will receive extra attention in the coming year.

Anti-corruption

Policy:

MAT Dania does not tolerate any form of corruption or bribery.

Risks, Actions and Results

As the company works across borders and cultures, there is a risk that employees of MAT Dania may find themselves in situations of corruption, bribery, or question of black payment. MAT Dania has informed all employees that the company opposes all forms of corruption, including bribery and extortion. It is expected that all employees work in accordance with this.

In the future we expect a greater effort against anti-corruption through training and updating of employee handbook. We have not experienced any breaches of our rules in 2023.

Human Rights

Policy:

MAT Dania supports and respects the principles of internationally recognized human rights as formulated in the UN Declaration of Human Rights.

Risks, Actions and Results

The company's most significant risks for negative impact on/violation of human rights are assessed to be in the supply chain. As part of the group's policies, we demand suppliers to comply with the principles of the UN Global Compact, including human rights.

In 2023, there was ongoing dialogue with the group's suppliers in relation to compliance with human rights, and it is planned from 2024/2025 that all suppliers in selected countries must sign that they comply with the group's policies, which require suppliers to comply with the principles of UN Global Compact.

We expect that all future suppliers will comply with the principles of the UN Global Compact. In 2023, we have not experienced any breaches of the company's policy.

MANAGEMENT COMMENTARY

Report of target figures and policies for the under-represented gender

Gender distribution within Management

	2023
Number of members of the supreme management body.....	6
Under-represented gender, share in % of the supreme management body.....	33%
Number of people at other management levels.....	5
Under-represented gender, share in % at other management levels.....	20%

Of the total number of members of the Company's supreme management body, the under-represented gender comprises 33% which meet the criterion for equal distribution of men and women. Hence, the Company is not subject to the obligation of setting a target figure for the gender distribution of the supreme management body.

Target figures for other management levels

	2023
Target figures in % for the other management levels.....	25%
Year, in which the target figures are expected to be met.....	2028

Policy for other management levels

- Other management levels (hereafter referred to as management) are understood to mean senior employees who are not related to the board, i.e., the executive board and other managers.
- It is the company's goal that the proportion of the underrepresented gender in management must be at least 25%.
- In top management, the proportion of the underrepresented gender is 20%, which is unchanged compared to the previous year.
- The company continues to focus on the employment of managers from the underrepresented gender for new hires and promotions, and it is emphasized in job advertisements that the company values diversity in the organization and encourages everyone regardless of gender, ethnicity, age etc. to apply for the positions. It is the company's goal to achieve a higher underrepresented share in other management, when positions are opened for hire.

MANAGEMENT COMMENTARY

Data Ethics

The Group has no specific policy for data ethics, as the company only trades B2B and therefore does not receive personally sensitive information in connection with trade.

MAT Dania is committed to follow the guidelines described in MAT Dania's policy on Personal data Protection and General informational Security and MAT Global IT-Policy.

All employees are trained in GDPR rules, and IT systems are set up to meet the GDPR-regulative.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
NET REVENUE	1	404.072	474.709	457.945	540.658
Cost of sales.....		-234.074	-296.370	-323.103	-402.837
Other external expenses.....	2	-22.342	-17.679	-13.916	-10.801
GROSS PROFIT/LOSS		147.656	160.660	120.926	127.020
Staff costs.....	3	-119.456	-130.776	-100.895	-111.479
Depreciation, amortisation and impairment.....		-10.340	-14.408	-8.211	-9.474
OPERATING PROFIT		17.860	15.476	11.820	6.067
Income from investments in subsidiaries.....		0	0	3.201	3.410
Other financial income.....	4	763	2.229	1.574	2.229
Other financial expenses.....		-7.093	-5.759	-6.270	-1.829
PROFIT BEFORE TAX		11.530	11.946	10.325	9.877
Tax on profit/loss for the year.....	5	-2.808	-3.498	-1.603	-1.429
PROFIT FOR THE YEAR	6	8.722	8.448	8.722	8.448

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Land and buildings.....		27.225	28.966	27.225	28.966
Production plants and machinery...		69.000	61.625	26.333	27.667
Other plants, machinery, tools and equipment.....		5.120	1.053	4.556	913
Tangible fixed assets in progress and prepayment.....		6.471	12.351	4.129	6.869
Property, plant and equipment...	7	107.816	103.995	62.243	64.415
Equity investments in group enterprises.....		0	0	26.741	21.690
Financial non-current assets.....	8	0	0	26.741	21.690
NON-CURRENT ASSETS.....		107.816	103.995	88.984	86.105
Raw materials and consumables....		24.053	27.396	12.201	16.091
Work in progress.....		17.901	24.942	16.766	24.115
Finished goods and goods for resale.....		13.398	14.597	8.171	8.689
Inventories.....		55.352	66.935	37.138	48.895
Trade receivables.....		12.538	102.301	12.035	96.426
Receivables from group enterprises.....		0	45	37.389	25.224
Other receivables.....		36.984	24.989	36.794	24.882
Receivables corporation tax.....		97	394	0	394
Receivables.....		49.619	127.729	86.218	146.926
Cash and cash equivalents.....		11.899	620	10.830	14
CURRENT ASSETS.....		116.870	195.284	134.186	195.835
ASSETS.....		224.686	299.279	223.170	281.940

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Share Capital.....		15.500	15.500	15.500	15.500
Retained profit.....		112.837	102.265	112.837	102.265
EQUITY.....		128.337	117.765	128.337	117.765
Provision for deferred tax.....	9	7.352	8.211	7.276	8.211
PROVISIONS.....		7.352	8.211	7.276	8.211
Mortgage debt.....		10.389	12.315	10.389	12.315
Lease liabilities.....		3.706	5.844	3.706	5.844
Other liabilities.....		9.211	9.357	9.211	9.357
Non-current liabilities.....	10	23.306	27.516	23.306	27.516
Mortgage debt.....		2.148	2.155	2.148	2.155
Bank debt.....		270	52.307	270	22.390
Lease debt.....		2.070	2.047	2.070	2.047
Trade payables.....		27.174	41.638	24.076	44.157
Payables to group enterprises.....		8.824	24.749	14.326	41.286
Corporation tax.....		5.045	2.434	3.929	1.390
Other liabilities.....		20.160	20.457	17.432	15.023
Current liabilities.....		65.691	145.787	64.251	128.448
LIABILITIES.....		88.997	173.303	87.557	155.964
EQUITY AND LIABILITIES.....		224.686	299.279	223.170	281.940
Contingencies etc.	11				
Charges and securities	12				
Related parties	13				

EQUITY

	Group		
	Share Capital	Retained profit	Total
DKK '000			
Equity at 1 January 2023.....	15.500	102.265	117.765
Proposed profit allocation, note 6.....		8.722	8.722
Other legal bindings			
Foreign exchange adjustments.....		1.850	1.850
Equity at 31 December 2023.....	15.500	112.837	128.337

	Parent Company		
	Share Capital	Retained profit	Total
DKK '000			
Equity at 1 January 2023.....	15.500	102.265	117.765
Proposed profit allocation, note 6.....		8.722	8.722
Other legal bindings			
Foreign exchange adjustments.....		1.850	1.850
Equity at 31 December 2023.....	15.500	112.837	128.337

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent Company	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Profit/loss for the year.....	8.722	8.448	8.722	8.448
Depreciation and amortisation, reversed....	10.340	14.408	8.211	9.474
Profit/loss from subsidiaries.....	0	0	-3.201	-3.410
Tax on profit/loss, reversed.....	2.808	3.498	1.603	1.421
Other adjustments.....	1.281	-332	21	0
Corporation tax paid.....	-750	-1.025	395	8
Change in inventories.....	11.580	-15.290	11.758	-1.836
Change in receivables (ex tax).....	77.818	-7.680	60.314	-27.847
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)..	-30.700	-1.828	-44.657	21.334
Other cash flows from operating activities..	0	0	2	0
CASH FLOWS FROM OPERATING ACTIVITY..	81.099	199	43.168	7.592
Purchase of property, plant and equipment.	-14.162	-11.384	-6.039	-8.092
CASH FLOWS FROM INVESTING ACTIVITY...	-14.162	-11.384	-6.039	-8.092
Repayment of leasing debt.....	23	0	23	0
Repayments of loans.....	-4.216	-3.594	-4.216	-2.636
CASH FLOWS FROM FINANCING ACTIVITY...	-4.193	-3.594	-4.193	-2.636
CHANGE IN CASH AND CASH EQUIVALENTS.	62.744	-14.779	32.936	-3.136
Cash and cash equivalents at 1. januar.....	-51.115	-36.336	-22.376	-19.240
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	11.629	-51.115	10.560	-22.376
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents.....	11.899	690	10.830	4
.....	-270	-51.805	-270	-22.380
CASH AND CASH EQUIVALENTS.....	11.629	-51.115	10.560	-22.376

NOTES

Note

	Group		Parent Company		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Net revenue					1
Segment details (geography)					
Revenue, Denmark.....	351.958	450.568	351.958	450.568	
Revenue, countries outside Denmark.....	52.114	24.141	105.987	90.090	
	404.072	474.709	457.945	540.658	
Fee to statutory auditor					2
Total fee					
Specification of fee					
Statutory audit.....	444	392	318	294	
Other services.....	31	28	31	28	
	475	420	349	322	
Staff costs					3
Average number of full time em- ployees	351	421	235	246	
Wages and salaries.....	118.206	118.705	99.645	102.460	
Pensions.....	0	10.762	0	7.710	
Other staff costs.....	1.250	1.309	1.250	1.309	
	119.456	130.776	100.895	111.479	
With regard to the Danish Financial Statements Act § 98B paragraph 3 the remuneration to the Executive Board is not disclosed.					
Other financial income					4
Group enterprises.....	0	289	0	289	
Other interest income.....	763	1.940	1.574	1.940	
	763	2.229	1.574	2.229	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year.....	3.709	1.391	2.539	1.390	
Adjustment of deferred tax.....	-901	2.107	-936	39	
	2.808	3.498	1.603	1.429	

NOTES

	Group		Parent Company		Note
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Proposed distribution of profit					
Retained earnings.....	8.722	8.448	8.722	8.448	6
	8.722	8.448	8.722	8.448	
Property, plant and equipment					7
			Group		
			Land and buildings	Production plants and machinery	
Cost at 1 January 2023.....			95.654	272.244	
Exchange adjustment at closing rate.....			0	5.481	
Transferred.....			-2.676	3.201	
Additions.....			856	3.433	
Disposals.....			-70	-331	
Cost at 31 December 2023.....			93.764	284.028	
Depreciation at 1 January 2020.....			66.688	210.620	
Exchange adjustment.....			0	2.807	
Transferred.....			-3.545	-3.529	
Reversal of depreciation of assets disposed of.....			-70	-359	
Depreciation for the year.....			3.466	5.489	
Depreciation and impairment losses at 31 December 2023...			66.539	215.028	
Carrying amount at 31 December 2023.....			27.225	69.000	
Finance lease assets.....				8.226	
			Group		
			Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2023.....			9.483	12.973	
Exchange adjustment at closing rate.....			87	481	
Transferred.....			11.823	-12.346	
Additions.....			1.333	5.363	
Disposals.....			-5.541	0	
Cost at 31 December 2023.....			17.185	6.471	
Depreciation and impairment losses at 1 January 2023.....			8.430		
Exchange adjustment.....			125		
Transferred.....			7.973		
Reversal of depreciation of assets disposed of.....			-5.524		
Depreciation for the year.....			1.061		
Depreciation and impairment losses at 31 December 2023...			12.065		
Carrying amount at 31 December 2023.....			5.120	6.471	

NOTES

Note

Tangible fixed assets (continued)

7

	Parent Company	
	Land and buildings	Production plants and machinery
Cost at 1 January 2023.....	95.654	202.689
Transferred.....	-2.676	-2.729
Additions.....	856	1.476
Disposals.....	-70	-157
Cost at 31 December 2023.....	93.764	201.279
Depreciation at 1 January 2020.....	66.688	175.023
Transferred.....	-3.545	-3.599
Reversal of depreciation of assets disposed of.....	-70	-157
Depreciation for the year.....	3.466	3.679
Depreciation and impairment losses at 31 December 2023...	66.539	174.946
Carrying amount at 31 December 2023.....	27.225	26.333
Finance lease assets.....		8.226

	Parent Company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023.....	8.378	6.869
Transferred.....	11.371	-5.965
Additions.....	483	3.225
Disposals.....	-5.452	0
Cost at 31 December 2023.....	14.780	4.129
Depreciation and impairment losses at 1 January 2023.....	7.464	
Transferred.....	7.368	
Reversal of depreciation of assets disposed of.....	-5.451	
Depreciation for the year.....	843	
Depreciation and impairment losses at 31 December 2023...	10.224	
Carrying amount at 31 December 2023.....	4.556	4.129

Financial non-current assets

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NOTES

				Note
Fixed asset investments (continued)				8
			Parent Company	
			<u>Equity investments in group enterprises</u>	
Cost at 1 January 2023.....			20.191	
Exchange adjustment at closing rate.....			1.731	
Cost at 31 December 2023.....			21.922	
Revaluation at 1 January 2023.....			1.499	
Exchange adjustment.....			119	
Result.....			3.201	
Revaluation at 31 December 2023.....			4.819	
Carrying amount at 31 December 2023.....			26.741	
Investments in subsidiaries (DKK '000)				
Name and domicil	Equity	Profit/loss for the year	Ownership	
MAT Dania Sp. z o. o., Polen.....	26.741	3.201	100 %	
Provision for deferred tax				9
The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.				
Deferred tax, beginning of year.....	8.211	8.172	8.211	8.172
Deferred tax of the year, income statement.....	-859	39	-935	39
Deferred tax for the year.....	7.352	8.211	7.276	8.211

NOTES

Note

Long-term liabilities

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	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Mortgage debt.....	12.537	2.148	1.863	14.470
Lease liabilities.....	5.776	2.070	0	7.891
Other liabilities.....	9.211	0	9.211	9.357
	27.524	4.218	11.074	31.718

	Parent Company			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Mortgage debt.....	12.537	2.148	1.863	14.470
Lease liabilities.....	5.776	2.070	0	7.891
Other liabilities.....	9.211	0	9.211	9.357
	27.524	4.218	11.074	31.718

Contingencies etc.

11

Contingent liabilities

The company is with approx. 1,100 other Danish companies party to a pending case against Dong (ex Elsam), as the Competition Appeals Tribunal is convicted of abuse of market power in determining the settlement price of electricity. DONG has appealed the decision to the Maritime and Commercial court. Of the total requirement of 4.4 billion. DKK represents the Company's share DKK 12.1 million.

Operating Lease:

The Company has entered into operating leases with an average annual lease payment of DKK ('000) 151. The leases have a remaining maturity of up to 24 months and a total remaining lease payments DKK ('000) 1.009.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax receivable of the group's jointly taxed income amounts to DKK ('000) 2.539 at the balance sheet date.

NOTES**Note****Charges and securities****12****Mortgages**

For the safety of mortgage debt of DKK ('000) 21,340 is pledged to DKK ('000) 56,500 in land and buildings which is booked at DKK ('000) 27,226 and other fixed assets booked at DKK ('000) 35,017.

The company has pledged DKK ('000) 27,000 for concerns with the bank that pledge in the following assets:

Simple claims
Inventory
Unregistered vehicles
Other machinery, tools and equipment etc.
Goodwill etc.

Related parties**13**

The Company's related parties include:

Controlling interest

Eurac Ltd.
16 Mannings Heath Road
Poole, BH12 4NJ

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The Annual Report of MAT Dania ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

The company have changed the presentation of the tangible fixed assets to be aligned with the group presentation. This have not had any impact on the figures.

Consolidated Financial Statements

The consolidated financial statements include the parent company MAT Dania ApS and its subsidiaries in which MAT Dania ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

The net revenue from sale of finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

ACCOUNTING POLICIES

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external costs

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

The company is jointly taxed with Roulunds Braking ApS. The current Danish corporation tax is distributed between the jointly taxed Danish companies in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. No depreciation is provided on land.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	10-40 years	0%
Production plant and machinery.....	5-15 years	0%
Other plant, fixtures and equipment.....	3-5 years	0%
Leased other assets.....	10 years	0%

ACCOUNTING POLICIES

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Decrease in value of fixed assets

The book value of tangible fixed assets are assessed annually for indications of impairment beyond what is expensed through depreciation.

If there are indications of impairment, and impairment test of each asset or group of assets is carried out. The assets are written down to their recoverable amounts if this is lower than the book value.

The recoverable amount is the higher of fair value less costs to sell and capitalised value. the capitalised value is calculated as the present value of expected net cash flows from the use of the asset or asset group.

Lease contracts

Lease contracts relating to tangible fixed assets

for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

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

Financial non-current assets

Investments in are measured in the company's balance sheet under the equity method.

Investments in are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiary enterprises, see description above under consolidated financial statement.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Subsidiary with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries deficit.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Tax payable and deferred tax

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

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Change in deferred tax due to change in the actual tax rate is recognised in the income statement except adjustments on equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities are measured at amortised cost equal to nominal value.

Other liabilities which include debt to suppliers, affiliates and associates and other are measured at amortised cost which usually corresponds to the nominal value.

Accruals recognised as liabilities include payments received regarding income in subsequent years.

The capitalised residual lease liability in finance lease contracts is also recognised as financial liabilities.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivables, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and liquid funds.