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Havneholmen 29  
DK-1561 København V  
CVR no. 20 22 26 70

**MAT DANIA APS**  
**MARKEDSVEJ 21, 9600 AARS**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2020**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 21 April 2021**

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**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**

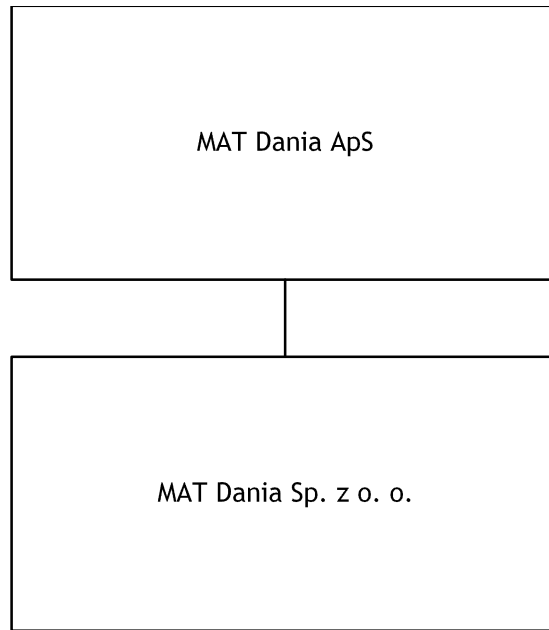
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**COMPANY DETAILS**

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

GROUP STRUCTURE



## BOARD OF DIRECTORS STATEMENT AND 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 2020.

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 2020 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

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, 23 March 2021

Executive Board

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Jørn Krogager Henriksen

Board of Directors

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George Michael Ruhl  
Chairman

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Thomas Krosnar

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Hana Krosnar

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Jessica Wang Olsson

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Bent Adolf Antonsen  
Elected by employees

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Carsten Hald  
Elected by employees

## 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 2020, 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 2020** and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the 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's Review**

Management is responsible for Management's Review.

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

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

## INDEPENDENT AUDITOR'S REPORT

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and 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's Review.

Copenhagen, 23 March 2021

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**

|   | 2020<br>DKK mill. | 2019<br>DKK mill. | 2018<br>DKK mill. | 2017<br>DKK mill. | 2016<br>DKK mill. |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Income statement</b>                               |                   |                   |                   |                   |                   |
| Net revenue.....                                      | 263               | 324               | 342               | 280               | 214               |
| Operating profit/loss of main activities...           | 3                 | -1                | 7                 | 11                | 1                 |
| Financial income and expenses, net.....               | -3                | -2                | -2                | 1                 | -1                |
| Profit/loss for the year.....                         | 0                 | -2                | 4                 | 9                 | -1                |
| <b>Balance sheet</b>                                  |                   |                   |                   |                   |                   |
| Total assets.....                                     | 236               | 248               | 252               | 210               | 174               |
| Equity.....   | 108               | 109               | 111               | 106               | 97                |
| Invested capital.....                                 | 191               | 206               | 196               | 172               | 146               |
| <b>Cash flows</b>                                     |                   |                   |                   |                   |                   |
| Cash flows from operating activities.....             | 21                | 15                | 11                | -9                | 10                |
| Cash flows from investing activities.....             | 2                 | -27               | -35               | -9                | -3                |
| Cash flows from financing activities.....             | -1                | 15                | 5                 | -4                | -8                |
| Investment in property, plant and<br>equipment.....   | 0                 | 0                 | 0                 | 8                 | 3                 |
| <b>Average number of full-time<br/>employees.....</b> | <b>410</b>        | <b>431</b>        | <b>427</b>        | <b>368</b>        | <b>307</b>        |
| <b>Key ratios</b>                                     |                   |                   |                   |                   |                   |
| Operating margin.....                                 | 1,3               | -0,3              | 2,1               | 3,9               | 0,6               |
| Return on invested capital.....                       | 0,2               | -1,2              | 2,7               | 7,3               | -1,0              |
| Equity ratio.....                                     | 45,9              | 44,0              | 43,9              | 50,5              | 51,0              |
| Return on equity.....                                 | 22,7              | -1,0              | 4,1               | 8,6               | -1,0              |

## 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.

The components are primarily supplied to the segments; Hydraulics, Commercial Vehicles, and Machine Components.

### Development in activities and financial and economic position

#### Turnover

The foundry activities showed vs. 2019 index 81,6 while the machine shop activities index 80,1. 65 % of the sales were to customers outside Denmark.

#### Market Development

The hydraulic market in Europe was seriously affected by COVID-19. Many of our customers had completely shut down in the second quarter. During the third quarter we saw reopening and improved order booking and towards the end of the year, we experienced significant growth in the order book.

Significant new projects were won in recent years and contribute to the turnover of the company. Especially the machine shop in Poland had strong development in 2019 as continued in 2020 and will contribute strongly to the future development of MAT Dania Group.

MAT Dania supplies mainly to the factories of large international companies in northern Europe. Our customers typically supply their products, including MAT Dania components, to the global market.

Despite the current volatility, MAT Dania expects to continue to expand or maintain our market share, while maintaining or improving the profitability.

#### Equity and liquidity

Equity decreased by 0,84 m DKK and solidity increased from 50,9% to 51,6.

#### Organization and Management

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

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

The average number of employees decreased from 431 to 410 for the MAT Dania group.

#### Environmental situation

MAT Dania has obtained energy ISO standard 50001. The system supporting and guiding the management in order to maintain and optimize the energy consumption in the company.

The company meets the requirements provided in its environmental permit under the Environmental Code §5. A systematic effort is made to define, develop and implement environmental improvement activities specifically focused on energy conservation.

The company submits green accounts in accordance with applicable law.

#### Knowledge and Core Competencies

MAT Dania mainly sells complex and core intensive 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.

#### Employee Relations

The company is a member of DI and thus follows the principles of labor rights.

## MANAGEMENT COMMENTARY

### **Profit/loss for the year compared to expectations**

The group EBITDA was 17,3 m DKK and earnings 0,24 m DKK. The result was influenced by a significant market decline second half year of 2020. Under above circumstances we consider the result as satisfactory.

### **Significant events after the end of the financial year**

In 2020, the COVID-19 pandemic had a significant impact, especially during the second quarter. Since day one of the pandemic, our priority has been to keep our people safe, support and service our customers, and adapt cost to the new reality. However, during third quarter we saw a slightly improvement and towards the end of the year, we experienced significant grew in the order book.

### **Future expectations**

There is an expectation the turnover development in 2021, and the years to come will increase with 2-5 % yearly. The focus is a profitable business development.

Overall, the Management of MAT Dania expects to improve the business performance in 2021 compared to 2020.

### **Corporate social responsibility (CSR) report**

The company has social responsibility policies and complying with the policy accordingly. Reference is made to home page [www.matdania.com/dania/csr-policy/](http://www.matdania.com/dania/csr-policy/)

### **Target figures and policy for the underrepresented gender**

The company focuses on increasing the number of female managers and has established target figures for how many of the underrepresented gender should sit on the board of directors. Further the company has prepared policies to ensure the right composition of gender in the management generally.

### **Target Figures**

The company did meet the objective of having a minimum of 20% female board members at the end of 2020.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

|  | Note | Group            |                  | Parent Company   |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000 | 2019<br>DKK '000 |
| <b>NET REVENUE</b> .....                                   | 1    | <b>263.072</b>   | <b>323.687</b>   | <b>262.073</b>   | <b>321.655</b>   |
| Cost of sales.....   |      | -126.179         | -158.988         | -155.114         | -191.582         |
| Other operating income.....                                | 2    | 5.400            | 0                | 5.400            | 0                |
| Other external expenses.....                               | 3    | -12.584          | -14.579          | -7.663           | -8.112           |
| <b>GROSS PROFIT/LOSS</b> .....                             |      | <b>129.709</b>   | <b>150.120</b>   | <b>104.696</b>   | <b>121.961</b>   |
| Staff costs.....   | 4    | -112.440         | -137.599         | -96.437          | -117.367         |
| Depreciation, amortisation and<br>impairment.....          |      | -13.964          | -13.363          | -8.414           | -7.920           |
| <b>OPERATING PROFIT</b> .....                              |      | <b>3.305</b>     | <b>-842</b>      | <b>-155</b>      | <b>-3.326</b>    |
| Result of equity investments in<br>group and associat..... |      | 0                | 0                | 955              | 1.748            |
| Other financial income.....                                | 5    | 201              | 498              | 443              | 681              |
| Other financial expenses.....                              |      | -3.084           | -2.128           | -1.222           | -1.433           |
| <b>PROFIT BEFORE TAX</b> .....                             |      | <b>422</b>       | <b>-2.472</b>    | <b>21</b>        | <b>-2.330</b>    |
| Tax on profit/loss for the year.....                       | 6    | -182             | 967              | 219              | 825              |
| <b>PROFIT FOR THE YEAR</b> .....                           | 7    | <b>240</b>       | <b>-1.505</b>    | <b>240</b>       | <b>-1.505</b>    |

**BALANCE SHEET AT 31 DECEMBER**

| ASSETS   | Note     | Group            |                  | Parent Company   |                  |
|--|----------|------------------|------------------|------------------|------------------|
|  |          | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000 | 2019<br>DKK '000 |
| Land and buildings.....                                  |          | 33.078           | 32.812           | 33.078           | 32.812           |
| Production plants and machinery...                       |          | 61.815           | 62.406           | 37.018           | 30.104           |
| Other plants, machinery, tools<br>and equipment.....     |          | 1.070            | 1.522            | 980              | 1.255            |
| Tangible fixed assets in progress<br>and prepayment..... |          | 16.775           | 28.428           | 1.142            | 13.482           |
| <b>Property, plant and equipment...</b>                  | <b>8</b> | <b>112.738</b>   | <b>125.168</b>   | <b>72.218</b>    | <b>77.653</b>    |
| Equity investments in group<br>enterprises.....          |          | 0                | 0                | 14.708           | 14.837           |
| <b>Financial non-current assets.....</b>                 | <b>9</b> | <b>0</b>         | <b>0</b>         | <b>14.708</b>    | <b>14.837</b>    |
| <b>NON-CURRENT ASSETS.....</b>                           |          | <b>112.738</b>   | <b>125.168</b>   | <b>86.926</b>    | <b>92.490</b>    |
| Raw materials and consumables....                        |          | 10.216           | 7.783            | 9.739            | 6.915            |
| Work in progress.....                                    |          | 5.692            | 9.404            | 5.357            | 8.672            |
| Finished goods and goods for<br>resale.....              |          | 29.160           | 32.167           | 25.904           | 28.509           |
| <b>Inventories.....</b>                                  |          | <b>45.068</b>    | <b>49.354</b>    | <b>41.000</b>    | <b>44.096</b>    |
| Trade receivables.....                                   |          | 69.057           | 67.441           | 68.903           | 67.354           |
| Receivables from group<br>enterprises.....               |          | 28               | 172              | 8.334            | 8.095            |
| Other receivables.....                                   |          | 7.653            | 5.527            | 3.545            | 1.413            |
| Receivables corporation tax.....                         |          | 1.312            | 1.397            | 970              | 1.035            |
| <b>Receivables.....</b>                                  |          | <b>78.050</b>    | <b>74.537</b>    | <b>81.752</b>    | <b>77.897</b>    |
| <b>Cash and cash equivalents.....</b>                    |          | <b>346</b>       | <b>310</b>       | <b>37</b>        | <b>59</b>        |
| <b>CURRENT ASSETS.....</b>                               |          | <b>123.464</b>   | <b>124.201</b>   | <b>122.789</b>   | <b>122.052</b>   |
| <b>ASSETS.....</b>                                       |          | <b>236.202</b>   | <b>249.369</b>   | <b>209.715</b>   | <b>214.542</b>   |

**BALANCE SHEET AT 31 DECEMBER**

| EQUITY AND LIABILITIES              | Note | Group            |                  | Parent Company   |                  |
|-------------------------------------|------|------------------|------------------|------------------|------------------|
|                                     |      | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000 | 2019<br>DKK '000 |
| Share capital.....                  |      | 15.500           | 15.500           | 15.500           | 15.500           |
| Retained profit.....                |      | 92.790           | 93.634           | 92.790           | 93.634           |
| <b>EQUITY.....</b>                  |      | <b>108.290</b>   | <b>109.134</b>   | <b>108.290</b>   | <b>109.134</b>   |
| Provision for deferred tax.....     | 10   | 8.571            | 7.820            | 8.571            | 7.820            |
| <b>PROVISIONS.....</b>              |      | <b>8.571</b>     | <b>7.820</b>     | <b>8.571</b>     | <b>7.820</b>     |
| Mortgage debt.....                  |      | 16.588           | 18.746           | 16.588           | 18.746           |
| Other bank debt.....                |      | 1.573            | 3.368            | 0                | 0                |
| Lease liabilities.....              |      | 8.225            | 9.883            | 8.225            | 9.883            |
| Other liabilities.....              |      | 9.812            | 3.724            | 19.624           | 3.724            |
| <b>Non-current liabilities.....</b> | 11   | <b>36.198</b>    | <b>35.721</b>    | <b>44.437</b>    | <b>32.353</b>    |
| Mortgage debt.....                  |      | 2.169            | 4.262            | 2.169            | 4.262            |
| Bank debt.....                      |      | 34.016           | 53.372           | 14.360           | 27.509           |
| Lease debt.....                     |      | 1.668            | 0                | 1.668            | 0                |
| Trade payables.....                 |      | 20.852           | 20.528           | 17.701           | 17.732           |
| Payables to group enterprises.....  |      | 3.795            | 3.741            | 4.413            | 3.955            |
| Other liabilities.....              |      | 20.643           | 14.791           | 8.106            | 11.777           |
| <b>Current liabilities.....</b>     |      | <b>83.143</b>    | <b>96.694</b>    | <b>48.417</b>    | <b>65.235</b>    |
| <b>LIABILITIES.....</b>             |      | <b>119.341</b>   | <b>132.415</b>   | <b>92.854</b>    | <b>97.588</b>    |
| <b>EQUITY AND LIABILITIES.....</b>  |      | <b>236.202</b>   | <b>249.369</b>   | <b>209.715</b>   | <b>214.542</b>   |
| Contingencies etc.                  | 12   |                  |                  |                  |                  |
| Charges and securities              | 13   |                  |                  |                  |                  |
| Related parties                     | 14   |                  |                  |                  |                  |

## EQUITY

|  | <b>Group</b>  |                 |                |
|--|---------------|-----------------|----------------|
|  | Share capital | Retained profit | Total          |
| Equity at 1 January 2020.....          | 15.500        | 92.550          | 108.050        |
| Proposed profit allocation, Note7..... |               | 240             | 240            |
| <b>Equity at 31 December 2020.....</b> | <b>15.500</b> | <b>92.790</b>   | <b>108.290</b> |

|   | <b>Parent Company</b> |                 |                |
|---|-----------------------|-----------------|----------------|
|   | Share capital         | Retained profit | Total          |
| Equity at 1 January 2020.....           | 15.500                | 92.550          | 108.050        |
| Proposed profit allocation, note 7..... |                       | 240             | 240            |
| <b>Equity at 31 December 2020.....</b>  | <b>15.500</b>         | <b>92.790</b>   | <b>108.290</b> |



**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

|   | Group            |                  | Parent Company   |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000 | 2019<br>DKK '000 |
| Profit/loss for the year.....   | 240              | -1.505           | 240              | -1.505           |
| Depreciation and amortisation, reversed....   | 13.964           | 13.363           | 8.414            | 7.920            |
| Profit/loss from subsidiaries.....  | 0                | 0                | -955             | -1.748           |
| Tax on profit/loss, reversed.....   | 182              | -965             | -219             | -825             |
| Corporation tax paid.....   | 652              | 362              | 1.034            | -314             |
| Change in inventories.....  | 4.289            | -7.193           | 3.099            | -7.116           |
| Change in receivables (ex tax).....   | -3.599           | 23.156           | -3.918           | 17.032           |
| Change in current liabilities (ex bank, tax,<br>instalments payable and overdraft facility).. | 6.223            | -16.095          | 6.565            | -15.103          |
| Other cash flows from operating activities..  | -1.084           | 126              | 0                | 0                |
| <b>CASH FLOWS FROM OPERATING ACTIVITY..</b>   | <b>20.867</b>    | <b>11.249</b>    | <b>14.260</b>    | <b>-1.659</b>    |
| Purchase of property, plant and equipment.  | -1.534           | -26.935          | -2.980           | -14.680          |
| Sale of property, plant and equipment.....  | 0                | 226              | 0                | 226              |
| <b>CASH FLOWS FROM INVESTING ACTIVITY...</b>  | <b>-1.534</b>    | <b>-26.709</b>   | <b>-2.980</b>    | <b>-14.454</b>   |
| New loans.....  | 0                | 26.737           | 0                | 26.737           |
| Repayments of loans.....  | -815             | -7.718           | 1.845            | -5.000           |
| <b>CASH FLOWS FROM FINANCING ACTIVITY...</b>  | <b>-815</b>      | <b>19.019</b>    | <b>1.845</b>     | <b>21.737</b>    |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS.</b>   | <b>18.518</b>    | <b>3.559</b>     | <b>13.125</b>    | <b>5.624</b>     |
| Cash and cash equivalents at 1. januar.....   | -50.913          | -54.472          | -27.448          | -33.072          |
| <b>CASH AND CASH EQUIVALENTS AT 31.<br/>DECEMBER.....</b>                                     | <b>-32.395</b>   | <b>-50.913</b>   | <b>-14.323</b>   | <b>-27.448</b>   |
| Cash and cash equivalents at 31 December<br>comprise:   |                  |                  |                  |                  |
| Cash and cash equivalents.....  | 347              | 312              | 37               | 60               |
| Bank overdraft.....   | -32.742          | -51.225          | -14.360          | -27.508          |
| <b>CASH AND CASH EQUIVALENTS, NET DEBT.</b>   | <b>-32.395</b>   | <b>-50.913</b>   | <b>-14.323</b>   | <b>-27.448</b>   |

## NOTES

Note

|   | Group            |                  | Parent Company   |                  |          |
|---|------------------|------------------|------------------|------------------|----------|
|   | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000 | 2019<br>DKK '000 |          |
| <b>Net revenue</b>  |                  |                  |                  |                  | <b>1</b> |
| <b>Segment details (geography)</b>  |                  |                  |                  |                  |          |
| Revenue, Denmark.....   | 85.107           | 144.688          | 85.107           | 144.688          |          |
| Revenue, countries outside<br>Denmark.....  | 177.965          | 178.999          | 176.966          | 176.967          |          |
|   | <b>263.072</b>   | <b>323.687</b>   | <b>262.073</b>   | <b>321.655</b>   |          |
| <b>Special items</b>  |                  |                  |                  |                  | <b>2</b> |
| The company have in the year received a compensation package in Denmark from the Danish Authorities of TDKK 5.400 related to payroll. |                  |                  |                  |                  |          |
| Payroll compensation.....   | 5.400            | 0                | 5.400            | 0                |          |
|   | <b>5.400</b>     | <b>0</b>         | <b>5.400</b>     | <b>0</b>         |          |
| <b>Fee to statutory auditor</b>   |                  |                  |                  |                  | <b>3</b> |
| Samlet honorar:   |                  |                  |                  |                  |          |
| Specifikation af honorar:   |                  |                  |                  |                  |          |
| Statutory audit.....  | 230              | 230              | 200              | 200              |          |
| Other services.....   | 135              | 135              | 99               | 99               |          |
|   | <b>365</b>       | <b>365</b>       | <b>299</b>       | <b>299</b>       |          |
| <b>Staff costs</b>  |                  |                  |                  |                  | <b>4</b> |
| Average number of employees   | 410              | 431              | 285              | 294              |          |
| Wages and salaries.....   | 99.955           | 123.720          | 85.620           | 105.536          |          |
| Pensions.....   | 8.514            | 10.384           | 6.844            | 8.336            |          |
| Social security costs.....  | 3.971            | 3.895            | 3.971            | 3.895            |          |
| Other staff costs.....  | 0                | -400             | 0                | -400             |          |
|   | <b>112.440</b>   | <b>137.599</b>   | <b>96.435</b>    | <b>117.367</b>   |          |
| Remuneration of management and<br>board of directors.....   | 1.611            | 1.622            | 1.611            | 1.622            |          |
|   | <b>1.611</b>     | <b>1.622</b>     | <b>1.611</b>     | <b>1.622</b>     |          |

## NOTES

|  | Group            |                  | Parent Company        |                                    | Note     |
|--|------------------|------------------|-----------------------|------------------------------------|----------|
|  | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000      | 2019<br>DKK '000                   |          |
| <b>Other financial income</b>                                    |                  |                  |                       |                                    | <b>5</b> |
| Group enterprises.....   | 0                | 0                | 244                   | 184                                |          |
| Other interest income.....                                       | 201              | 498              | 201                   | 497                                |          |
|  | <b>201</b>       | <b>498</b>       | <b>445</b>            | <b>681</b>                         |          |
| <b>Tax on profit/loss for the year</b>                           |                  |                  |                       |                                    | <b>6</b> |
| Calculated tax on taxable income<br>of the year.....             | -569             | -789             | -970                  | -788                               |          |
| Adjustment of deferred tax.....                                  | 751              | -178             | 751                   | -37                                |          |
|  | <b>182</b>       | <b>-967</b>      | <b>-219</b>           | <b>-825</b>                        |          |
| <b>Proposed distribution of profit</b>                           |                  |                  |                       |                                    | <b>7</b> |
| Retained earnings.....   | 240              | -1.505           | 240                   | -1.505                             |          |
|  | <b>240</b>       | <b>-1.505</b>    | <b>240</b>            | <b>-1.505</b>                      |          |
| <b>Property, plant and equipment</b>                             |                  |                  |                       |                                    | <b>8</b> |
|  |                  |                  | <b>Group</b>          |                                    |          |
|  |                  |                  | Land and<br>buildings | Production plants<br>and machinery |          |
| Cost at 1 January 2020.....                                      |                  |                  | 93.905                | 240.815                            |          |
| Exchange adjustment.....   |                  |                  | 0                     | -3.979                             |          |
| Additions.....   |                  |                  | 1.678                 | 13.698                             |          |
| Disposals.....   |                  |                  | 0                     | -295                               |          |
| <b>Cost at 31 December 2020.....</b>                             |                  |                  | <b>95.583</b>         | <b>250.239</b>                     |          |
| Depreciation at 1 January 2020.....                              |                  |                  | 61.093                | 178.409                            |          |
| Exchange adjustment.....   |                  |                  | 0                     | -1.674                             |          |
| Reversal of depreciation of assets disposed of.....              |                  |                  | 0                     | -250                               |          |
| Depreciation for the year.....                                   |                  |                  | 1.411                 | 11.940                             |          |
| <b>Depreciation and impairment losses at 31 December 2020...</b> |                  |                  | <b>62.504</b>         | <b>188.425</b>                     |          |
| <b>Carrying amount at 31 December 2020.....</b>                  |                  |                  | <b>33.079</b>         | <b>61.814</b>                      |          |

## NOTES

Note

## Tangible fixed assets (continued)

8

|  | <b>Group</b>                                       |  |
|--|--|--|
|  | Other plants,<br>machinery, tools<br>and equipment | Tangible fixed<br>assets in progress<br>and prepayment |
| Cost at 1 January 2020.....                                      | 9.122  | 29.113   |
| Exchange adjustment.....   | -71  | -1.067   |
| Additions.....   | 17   | 0  |
| Disposals.....   | 0  | -10.586  |
| <b>Cost at 31 December 2020.....</b>                             | <b>9.068</b>                                       | <b>17.460</b>  |
| Depreciation and impairment losses at 1 January 2020.....        | 7.599  |  |
| Exchange adjustment.....   | -52  |  |
| Depreciation for the year.....                                   | 450  |  |
| <b>Depreciation and impairment losses at 31 December 2020...</b> | <b>7.997</b>                                       |  |
| <b>Carrying amount at 31 December 2020.....</b>                  | <b>1.071</b>                                       | <b>17.460</b>  |
| Recognised assets not owned by the company: DKK ('000) 11,435    |  |  |

|  | <b>Parent Company</b> |                                    |
|--|-----------------------|------------------------------------|
|  | Land and<br>buildings | Production plants<br>and machinery |
| Cost at 1 January 2020.....                                      | 93.905                | 185.061                            |
| Additions.....   | 1.678                 | 13.671                             |
| Disposals.....   | 0                     | -295                               |
| <b>Cost at 31 December 2020.....</b>                             | <b>95.583</b>         | <b>198.437</b>                     |
| Depreciation at 1 January 2020.....                              | 61.093                | 154.957                            |
| Reversal of depreciation of assets disposed of.....              | 0                     | -250                               |
| Depreciation for the year.....                                   | 1.411                 | 6.712                              |
| <b>Depreciation and impairment losses at 31 December 2020...</b> | <b>62.504</b>         | <b>161.419</b>                     |
| <b>Carrying amount at 31 December 2020.....</b>                  | <b>33.079</b>         | <b>37.018</b>                      |

|  | <b>Parent Company</b>                              |  |
|--|--|--|
|  | Other plants,<br>machinery, tools<br>and equipment | Tangible fixed<br>assets in progress<br>and prepayment |
| Cost at 1 January 2020.....                                      | 8.125  | 13.482   |
| Additions.....   | 2  | 0  |
| Disposals.....   | 0  | -12.340  |
| <b>Cost at 31 December 2020.....</b>                             | <b>8.127</b>                                       | <b>1.142</b>   |
| Depreciation and impairment losses at 1 January 2020.....        | 6.870  |  |
| Depreciation for the year.....                                   | 276  |  |
| <b>Depreciation and impairment losses at 31 December 2020...</b> | <b>7.146</b>                                       |  |
| <b>Carrying amount at 31 December 2020.....</b>                  | <b>981</b>   | <b>1.142</b>   |
| Recognised assets not owned by the company: DKK ('000) 11,435    |  |  |

## NOTES

|   | <u>Parent<br/>Company</u>                     | Note |
|---|---|------|
|   | Equity<br>investments in<br>group enterprises |      |
| Financial non-current assets  |   | 9    |
| Cost at 1 January 2020.....   | 20.191  |      |
| Cost at 31 December 2020.....   | 20.191  |      |
| Revaluation at 1 January 2020.....                                      | -7.102  |      |
| Exchange adjustment.....  | 657   |      |
| Revaluation at 31 December 2020.....                                    | -6.445  |      |
| Impairment losses and amortisation of goodwill at 1 January 2020.....   | -1.916  |      |
| Reversed amortisation of goodwill on disposal.....                      | 955   |      |
| Impairment losses and amortisation of goodwill at 31 December 2020..... | -961  |      |
| Carrying amount at 31 December 2020.....                                | 14.707  |      |

**Investments in subsidiaries (DKK '000)**

| Name and domicil   | Equity | Profit/loss<br>for the year | Ownership |
|--|--------|-----------------------------|-----------|
| MAT Dania Sp. z o. o., ul. Jana Pawla, nr II 26,<br>05-250 Slupno..... | 14.707 | 955                         | 100 %     |

**Provision for deferred tax**

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

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|  | <u>Group</u>     |                  | <u>Parent Company</u> |                  |
|--|------------------|------------------|-----------------------|------------------|
|  | 2020<br>DKK '000 | 2019<br>DKK '000 | 2020<br>DKK '000      | 2019<br>DKK '000 |
| Deferred tax, beginning of year.....               | 7.820            | 7.857            | 7.820                 | 7.857            |
| Deferred tax of the year, income<br>statement..... | 751              | -37              | 751                   | -37              |
| Deferred tax for the year.....                     | 8.571            | 7.820            | 8.571                 | 7.820            |

## NOTES

Note

## Long-term liabilities

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|                        | <b>Group</b>                    |                        |                                      |                                 |
|------------------------|---------------------------------|------------------------|--------------------------------------|---------------------------------|
|                        | 31/12 2020<br>total liabilities | Repayment<br>next year | Debt<br>outstanding<br>after 5 years | 31/12 2019<br>total liabilities |
| Mortgage debt.....     | 18.757                          | 2.169                  | 10.111                               | 21.340                          |
| Other bank debt.....   | 2.848                           | 1.275                  | 0                                    | 5.513                           |
| Lease liabilities..... | 9.893                           | 1.668                  | 2.960                                | 11.551                          |
| Other liabilities..... | 9.812                           | 0                      | 9.812                                | 3.724                           |
|                        | <b>41.310</b>                   | <b>5.112</b>           | <b>22.883</b>                        | <b>42.128</b>                   |
|                        | <b>Parent Company</b>           |                        |                                      |                                 |
|                        | 31/12 2020<br>total liabilities | Repayment<br>next year | Debt<br>outstanding<br>after 5 years | 31/12 2019<br>total liabilities |
| Mortgage debt.....     | 18.757                          | 2.169                  | 10.111                               | 21.340                          |
| Lease liabilities..... | 9.893                           | 1.668                  | 2.960                                | 11.551                          |
| Other liabilities..... | 19.624                          | 0                      | 9.812                                | 3.724                           |
|                        | <b>48.274</b>                   | <b>3.837</b>           | <b>22.883</b>                        | <b>36.615</b>                   |

## Contingencies etc.

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**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) 168 leases have a remaining maturity of up to 14 months and a total remaining lease payments DKK ('000) 184.

**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) 1.312 at the balance sheet date.

**NOTES****Note****Charges and securities****13****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) 32,812 and other fixed assets booked at DKK ('000) 44,842.

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****14**

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 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

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

### 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

### Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

### 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 equity interests 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.

**ACCOUNTING POLICIES**

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%             |

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 expessed 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 reciverable 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 capatalised 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.

**Fixed asset investments**

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

Investments in subsidiaries 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 desription above under consolidated financial statement.

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 subsidiary’s 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.

### 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.