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MAT DANIA APS
MARKEDSVEJ 21, 9600 AARS
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 22 April 2020**

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

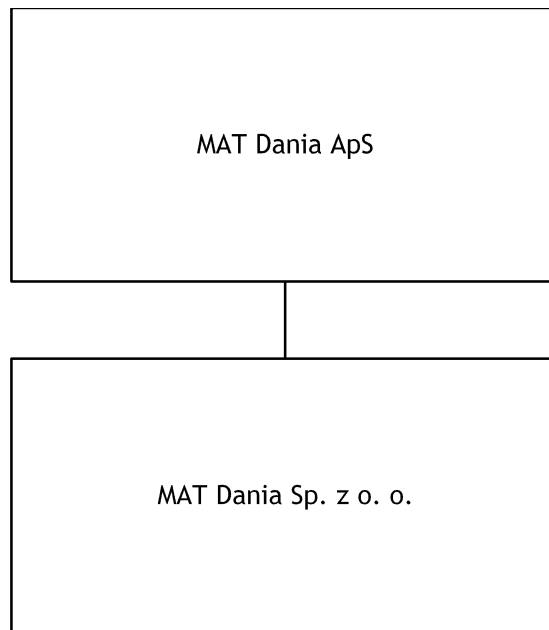
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COMPANY DETAILS

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

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of MAT Dania ApS for the financial year 1 January - 31 December 2019.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

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

Aars, 22 April 2020

Board of Executives

Jørn Krogager Henriksen

Board of Directors

George Michael Ruhl
Chairman

Thomas Krosnar

Hana Krosnar

Jessica Wang Olsson

Bent Adolf Antonsen
Elected by employees

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 Parent Company Financial Statements of MAT Dania ApS for the financial year 1 January - 31 December 2019, 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 Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2019 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 Parent Company Financial Statements" 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 Parent Company Financial Statements

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

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

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 Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Parent Company Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

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

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

INDEPENDENT AUDITOR'S REPORT

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Copenhagen, 22 April 2020

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

	2019 DKK mill.	2018 DKK mill.	2017 DKK mill.	2016 DKK mill.	2015 DKK mill.
Income statement					
Net revenue.....	324	342	280	214	230
Operating profit/loss.....	-1	7	11	1	-6
Financial income and expenses, net.....	-2	-2	1	-1	-2
Profit/loss for the year.....	-2	4	9	-1	-7
Balance sheet					
Balance sheet total.....	248	252	210	174	192
Equity.....	109	111	106	97	98
Invested capital.....	206	196	172	146	102
Cash flows					
Cash flows from operating activities.....	15	11	-9	10	-1
Cash flows from investing activities.....	-27	-35	-9	-3	-11
Cash flows from financing activities.....	15	5	-4	-8	2
Investment in tangible fixed assets.....	0	0	8	3	11
Average number of full-time employees.....	431	427	368	307	323
Ratios					
Profit margin.....	-0,3	2,1	3,9	0,6	-2,6
Rate of return.....	-1,2	2,7	7,3	-1,0	-7,7
Solvency ratio.....	44,0	43,9	50,5	55,7	51,0
Return on equity.....	-1,0	4,1	8,6	-1,0	-6,9

FINANCIAL HIGHLIGHTS OF THE GROUP

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

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

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

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 position

Turnover

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.

Market Development

The hydraulic market in Europe was strong in 2019 first half of 2019. The hydraulic market special for off road vehicles experienced market a down trend 10-15% in second half of 2019. However due to stock reductions in the entire supply chain MAT Dania saw a whiplash effect resulted in low order intake in second half of 2019 resulted in a total reduction of the workforce plus 20%. As a consequence of an unsatisfactory result first half of 2019 it was decided to strengthen the organization with a new Factory Manager, new Group Finance Manager and HR Manager for the foundry set up in Denmark. We saw result improvements from 4th Quarter 2019 as this has continued into 2020.

Significant new projects were won in 2018 and contribute now positive to the turnover of the company. Especially the machine shop in Poland had strong development in 2019 and will contribute strong 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.

Investments

Investments in 2019 was in the level of 14 m DKK to be compared with 16 m DKK in 2018.

Equity and liquidity

Equity increased by 1,38 m DKK and solidity decreased from 51,4 % to 50,9 %.

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.

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

The average number of employees increased from 427 to 431 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.

MANAGEMENT'S REVIEW

Development in activities and financial position (continued)

Employee Relations

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

Profit/loss for the year compared to expectations

The group EBITDA was 12.5 m DKK and earnings (-)1.3 m DKK. The result was influenced by a significant market decline second half year of 2019. However an extremely tight labor market and a very low unemployment rate in Denmark has resulted in a much higher people turnover rate, more overtime and quality cost, and together with the volume drop the main contributor to the result.

The result is unsatisfactory.

Significant events after the end of the financial year

The rapid spreading of the COVID-19 virus in Denmark and the rest of the world in March 2020 has made it necessary for the Danish authorities to impose a number of restrictions which potentially may have huge economic consequences. The company sees at the moment a decline in the level of activities of their most important customers with the highest impact in Q2 and they expect hereafter a slow recovery up to December 2020.

Future expectations

The COVID-19 virus is expected to have an impact which will affect the company's revenue directly. It is Management's assessment that, taken for 2020 as a whole, it will have a negative effect on revenue of 15% to 20%.

Corporate social responsibility

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

Target figures and policies 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 2019.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
NET REVENUE	1	323.687	341.691	321.655	339.882
Cost of sales.....		-158.988	-173.692	-191.582	-205.805
Other external expenses.....	2	-14.579	-12.394	-8.112	-7.946
GROSS PROFIT/LOSS		150.120	155.605	121.961	126.131
Staff costs.....	3	-137.599	-135.937	-117.367	-116.853
Depreciation, amortisation and impairment.....		-13.363	-12.614	-7.920	-7.505
OPERATING LOSS		-842	7.054	-3.326	1.773
Result of equity investments in group and associat.....		0	0	1.748	3.673
Other financial income.....	4	498	475	681	583
Other financial expenses.....		-2.128	-2.499	-1.433	-1.121
LOSS BEFORE TAX		-2.472	5.030	-2.330	4.908
Tax on profit/loss for the year.....	5	967	-544	825	-422
LOSS FOR THE YEAR	6	-1.505	4.486	-1.505	4.486

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Land and buildings.....		32.812	33.951	32.812	33.951
Production plants and machinery...		62.406	61.423	30.104	25.066
Other plants, machinery, tools and equipment.....		1.522	842	1.255	376
Tangible fixed assets in progress and prepayment.....		28.428	15.853	13.482	11.972
Tangible fixed assets.....	7	125.168	112.069	77.653	71.365
Equity investments in group enterprises.....		0	0	14.837	12.964
Fixed asset investments.....	8	0	0	14.837	12.964
FIXED ASSETS.....		125.168	112.069	92.490	84.329
Raw materials and consumables....		7.783	8.000	6.915	7.172
Work in progress.....		9.404	8.881	8.672	8.004
Finished goods and goods for resale.....		32.167	25.284	28.509	21.809
Inventories.....		49.354	42.165	44.096	36.985
Trade receivables.....		67.441	89.299	67.354	88.370
Receivables from group enterprises.....		172	255	8.095	2.879
Other receivables.....		5.527	6.495	1.413	2.398
Receivables corporation tax.....		1.397	1.064	1.035	0
Receivables.....		74.537	97.113	77.897	93.647
Cash and cash equivalents.....		310	423	59	71
CURRENT ASSETS.....		124.201	139.701	122.052	130.703
ASSETS.....		249.369	251.770	214.542	215.032

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Share capital.....		15.500	15.500	15.500	15.500
Retained profit.....		93.634	95.013	93.634	95.013
EQUITY.....		109.134	110.513	109.134	110.513
Deferred tax.....	9	7.820	7.857	7.820	7.857
PROVISION FOR LIABILITIES.....		7.820	7.857	7.820	7.857
Mortgage debt.....		18.746	5.312	18.746	5.312
Bank loan.....		3.368	5.546	0	0
Other liabilities.....		3.724	0	3.724	0
Lease liabilities.....		9.883	6.492	9.883	6.492
Long-term liabilities.....	10	35.721	17.350	32.353	11.804
Short-term portion of long-term liabilities.....	10	6.407	5.759	4.262	3.074
Bank debt.....		51.227	54.897	27.509	33.144
Trade payables.....		20.527	33.961	17.732	26.938
Payables to group enterprises.....		3.742	2.684	3.955	5.212
Corporation tax.....		0	235	0	68
Other liabilities.....		14.791	18.514	11.777	16.422
Current liabilities.....		96.694	116.050	65.235	84.858
LIABILITIES.....		132.415	133.400	97.588	96.662
EQUITY AND LIABILITIES.....		249.369	251.770	214.542	215.032
Contingencies etc.	11				
Charges and securities	12				
Related parties	13				

EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2019.....	15.500	95.014	110.514
Foreign exchange adjustments.....		125	125
Proposed distribution of profit.....		-1.505	-1.505
Equity at 31 December 2019.....	15.500	93.634	109.134

	Parent company		
	Share capital	Retained profit	Total
Equity at 1 January 2019.....	15.500	95.014	110.514
Foreign exchange adjustments.....		125	125
Proposed distribution of profit.....		-1.505	-1.505
Equity at 31 December 2019.....	15.500	93.634	109.134

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Profit/loss for the year.....	-1.505	4.486	-1.505	4.486
Reversed depreciation of the year	13.363	12.614	7.920	7.505
Profit from affiliates.....	0	0	-1.748	-3.673
Reversed tax on profit/loss for the year.....	-965	544	-825	421
Corporation tax paid.....	362	-250	-314	-273
Change in inventory.....	-7.193	-2.230	-7.116	-1.265
Change in receivables.....	23.156	-20.979	17.032	-18.009
Change in current liabilities (ex bank and tax).....	-16.095	17.305	-15.103	12.335
Other cash flows from operating activities..	126	-237	0	0
CASH FLOWS FROM OPERATING ACTIVITY..	11.249	11.253	-1.659	1.527
Purchase of tangible fixed assets.....	-26.935	-30.571	-14.680	-16.329
Sale of tangible fixed assets.....	226	0	226	0
CASH FLOWS FROM INVESTING ACTIVITY...	-26.709	-30.571	-14.454	-16.329
New loans.....	26.737	9.471	26.737	4.921
Repayments of loans.....	-7.718	-4.699	-5.000	-2.819
CASH FLOWS FROM FINANCING ACTIVITY...	19.019	4.772	21.737	2.102
CHANGE IN CASH AND CASH EQUIVALENTS.	3.559	-14.546	5.624	-12.700
Cash and cash equivalents at 1. januar.....	-54.472	-39.923	-33.072	-20.373
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	-50.913	-54.469	-27.448	-33.073
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents.....	312	425	60	71
Bank debt.....	-51.225	-54.894	-27.508	-33.144
CASH AND CASH EQUIVALENTS, NET DEBT.	-50.913	-54.469	-27.448	-33.073

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Net revenue					1
Segment details (geography)					
Revenue, Denmark.....	144.688	162.915	144.688	162.915	
Revenue, countries outside Denmark.....	178.999	178.776	176.967	176.967	
	323.687	341.691	321.655	339.882	
Fee to statutory auditors					2
Samlet honorar:					
Specifikation af honorar:					
Statutory audit.....	230	217	200	198	
Other services.....	135	133	99	98	
	365	350	299	296	
Staff costs					3
Average number of employees Group: 431 (2018: 427) Parent company: 294 (2018: 294)					
Wages and salaries.....	123.720	121.927	105.536	105.696	
Pensions.....	10.384	10.689	8.336	7.836	
Social security costs.....	3.895	3.700	3.895	3.700	
Other staff costs.....	-400	-379	-400	-379	
	137.599	135.937	117.367	116.853	
Remuneration of management and board of directors.....	1.622	1.624	1.622	1.624	
	1.622	1.624	1.622	1.624	
Other financial income					4
Group enterprises.....	0	0	184	110	
Other interest income.....	498	475	497	473	
	498	475	681	583	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year.....	-789	236	-788	68	
Adjustment of deferred tax.....	-178	308	-37	354	
	-967	544	-825	422	

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Proposed distribution of profit					6
Retained earnings.....	-1.505	4.486	-1.505	4.486	
	-1.505	4.486	-1.505	4.486	

Tangible fixed assets

	Group		Note
	Land and buildings	Production plants and machinery	
Cost at 1 January 2019.....	93.666	236.345	7
Exchange adjustment.....	0	462	
Additions.....	239	7.168	
Disposals.....	0	-3.159	
Cost at 31 December 2019.....	93.905	240.816	
Depreciation at 1 January 2016.....	59.715	170.915	
Exchange adjustment.....	0	157	
Reversal of depreciation of assets disposed of.....	0	-2.972	
Depreciation for the year.....	1.378	10.310	
Depreciation and impairment losses at 31 December 2019...	61.093	178.410	
Carrying amount at 31 December 2019.....	32.812	62.406	

	Group	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019.....	8.368	11.849
Exchange adjustment.....	0	33
Transferred.....	0	-685
Additions.....	1.520	17.231
Disposals.....	-390	0
Cost at 31 December 2019.....	9.498	28.428
Depreciation and impairment losses at 1 January 2019.....	7.528	
Exchange adjustment.....	4	
Reversal of depreciation of assets disposed of.....	-351	
Depreciation for the year.....	795	
Depreciation and impairment losses at 31 December 2019...	7.976	
Carrying amount at 31 December 2019.....	1.522	28.428

Recognised assets not owned by the company: DKK ('000) 12,852

NOTES

Note

Tangible fixed assets (continued)

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	Parent company	
	Land and buildings	Production plants and machinery
Cost at 1 January 2019.....	93.666	181.240
Additions.....	239	6.980
Disposals.....	0	-3.159
Cost at 31 December 2019.....	93.905	185.061
Depreciation at 1 January 2016.....	59.715	152.168
Reversal of depreciation of assets disposed of.....	0	-2.972
Depreciation for the year.....	1.378	5.761
Depreciation and impairment losses at 31 December 2019...	61.093	154.957
Carrying amount at 31 December 2019.....	32.812	30.104

	Parent company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019.....	7.380	7.968
Additions.....	1.512	5.514
Disposals.....	-390	0
Cost at 31 December 2019.....	8.502	13.482
Depreciation and impairment losses at 1 January 2019.....	7.004	
Reversal of depreciation of assets disposed of.....	-351	
Depreciation for the year.....	594	
Depreciation and impairment losses at 31 December 2019...	7.247	
Carrying amount at 31 December 2019.....	1.255	13.482

Recognised assets not owned by the company: DKK ('000) 12,852

NOTES

Note

Fixed asset investments

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	<u>Parent company</u>
	Equity investments in group enterprises
Cost at 1 January 2019.....	20.023
Cost at 31 December 2019.....	20.023
Revaluation at 1 January 2019.....	-7.060
Exchange adjustment.....	-42
Revaluation at 31 December 2019.....	-7.102
Impairment losses and amortisation of goodwill at 1 January 2019.....	-1.748
Reversed amortisation of goodwill on disposal.....	-168
Impairment losses and amortisation of goodwill at 31 December 2019.....	-1.916
Carrying amount at 31 December 2019.....	14.837

Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
MAT Dania Sp. z o. o., ul. Jana Pawla, nr II 26, 05-250 Slupno.....	14.837	1.748	100 %

Provision for deferred tax

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

	<u>Group</u>		<u>Parent company</u>	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Deferred tax, beginning of year.....	7.857	7.503	7.857	7.503
Deferred tax of the year, income statement.....	-37	354	-37	354
Deferred tax for the year.....	7.820	7.857	7.820	7.857

NOTES

Note

Long-term liabilities

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	Group				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt.....	21.340	2.594	10.111	7.377	2.065
Bank loan.....	5.513	2.145	0	8.231	2.685
Other liabilities.....	3.724	0	3.724	0	0
Lease liabilities.....	11.551	1.668	2.960	7.501	1.009
	42.128	6.407	16.795	23.109	5.759
	Parent company				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt.....	21.340	2.594	10.111	7.377	2.065
Other liabilities.....	3.724	0	3.724	0	0
Lease liabilities.....	11.551	1.668	2.960	7.501	1.009
	36.615	4.262	16.795	14.878	3.074

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) 1.397 at the balance sheet date.

NOTES**Note****Charges and securities**

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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

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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 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

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.

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.

ACCOUNTING POLICIES

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises and similar expenses.

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.

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%

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.

ACCOUNTING POLICIES

Decrease in value of fixed assets

The book value of tangible fixed assets are assessed annually for indications of impairment beyond what is expressed 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

where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other 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 description 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.

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.

ACCOUNTING POLICIES

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.