Svendsen Sport A/S

Erhvervsparken 14, DK-4621 Gadstrup

Annual Report for 1 January - 31 December 2020

CVR No 16 99 75 79

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 21/04 2021

Ole Lenarth Nielsen
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svendsen Sport A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Gadstrup, 21 April 2021

Executive Board

Hans Maasbøl
Executive Officer

Board of Directors

Mikkel Vendelin Olesen
Chairman

Mads Peter Hytteballe Andersen
Deputy Chairman

Jens Høgsted

Lars Erik Svendsen

Søren Peschardt Olesen

Independent Auditor's Report

To the Shareholder of Svendsen Sport A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Svendsen Sport A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 eco-

nomic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management's Review
Management is responsible for Management's Review.

Independent Auditor's Report

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, 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 in Management's Review.

Hellerup, 21 April 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
statsautoriseret revisor
mne18628

Søren Alexander
statsautoriseret revisor
mne42824

Company Information

The Company	Svendsen Sport A/S Erhvervsparken 14 DK-4621 Gadstrup CVR No: 16 99 75 79 Financial period: 1 January - 31 December Municipality of reg. office: Roskilde
Board of Directors	Mikkel Vendelin Olesen, Chairman Mads Peter Hytteballe Andersen, Deputy Chairman Jens Høgsted Lars Erik Svendsen Søren Peschardt Olesen
Executive Board	Hans Maasbøl
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Bankers	Jyske Bank A/S AL Finans A/S Banque Populaire Val de France Arbejdernes Landsbank

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	481.861	444.553	416.071	405.892	367.659
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)	51.253	41.737	52.437	46.383	37.563
Profit/loss before financial income and expenses	37.443	35.127	47.322	41.498	32.969
Net financials	-14.995	-6.887	-5.614	-3.549	-1.578
Net profit/loss for the year	17.333	21.567	32.606	29.488	24.208
Balance sheet					
Balance sheet total	320.710	276.298	254.886	256.104	260.209
Equity	56.655	87.508	84.552	101.891	96.048
Cash flows					
Cash flows from:					
- operating activities	80.136	32.369	39.504	51.265	1.921
- investing activities	-14.189	-15.404	-5.247	-3.935	-16.980
including investment in property, plant and equipment	-11.427	-5.794	-4.052	-2.840	-7.597
- financing activities	-9.800	-10.657	-35.661	-15.000	-47
Change in cash and cash equivalents for the year	56.147	6.308	-1.404	32.330	-15.106
Number of employees	183	191	166	158	159
Ratios					
Gross margin	30,4%	29,7%	32,1%	29,7%	30,4%
Profit margin	7,8%	7,9%	11,4%	10,2%	9,0%
Return on assets	11,7%	12,7%	18,6%	16,2%	12,7%
Solvency ratio	17,7%	31,7%	33,2%	39,8%	36,9%
Return on equity	24,0%	25,1%	35,0%	29,8%	50,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Business Performance

Key activities

The Group's activities are development and sale of branded fishing tackle and related products.

The Group's products are sold directly by own sales forces in most of the largest European fishing markets as well in North America. In rest of the world, the products are sold selectively through agents/distributors. The Group has own inhouse product development, sourcing, sales and marketing. Products are manufactured by 3rd parties.

In terms of corporate social responsibilities, the key risks are connected to the subcontractors handling of work force and environment. Furthermore, due to the long transportation distances, the business model has a CO_2 impact.

Market overview

The Group's products are sold worldwide and cover most of the major fishing disciplines.

Development in the year

The income statement of the Group for 2020 shows a profit of TDKK 17,333, and at 31 December 2020 the balance sheet of the Group shows equity of TDKK 56,655.

The turnover for the year is higher than last year and better than expectations.

The Group's revenue for the year amounted to DKK 481,9 million, which is an increase compared to last year when revenue amounted to DKK 444,6 million. The Group's revenue for the year is in line with the expected revenue.

Profit before tax amounted to DKK 22,4 million.

The net result is below expectations but considered satisfactory.

End of 2018, the Group decided to establish its own subsidiary in USA. During 2020, the American subsidiary shows significant growth, however, it is still contributing negatively to the financial result. The Group expects a significant growth in USA in the coming years.

During 2020, the Group experienced a short dip in activity in March to May due to the Covid-19 pandemic. In the rest of the year, the Group experience an increased demand following the general increased demand for outdoor activities as a consequence of the Pandemic. The impact from the pandemic was not as hard as expected in the 2019 report.

In August 2020, the Group reorganized its sales organization in Germany, France and Poland to obtain a more streamlined operation. As a consequence a significant number of employees were dismissed.

Development on gender composition

The Group strives to maintain and fulfil the goals set for gender quotation at all management levels but will always employ the best qualified candidate. The Group believes that diversity among employees contributes positively to the working environment and strengthens the Group's performance and competitiveness. The Group's policy is to always provide equal job opportunities regardless of gender. The Group's target figure for the proportion of underrepresented gender among members of the Management is 20% in 2022.

The proportion of underrepresented gender among the Management was 0%, end of 2020.

According to legislation on the gender quotation on the board of directors in Danish enterprises, the Group has set a target for the underrepresented gender among member of the Board of 20%. The proportion of the underrepresented gender among the board was 0%, end of 2020. The Group will work focused towards identifying the possibility of fulfilling the policy and target before the general assembly in 2022.

Development in the number of employees

The Group had 186 employees at the beginning of the year split by 38 employees in Denmark and 148 in rest of the world.

In the year there has been a net outflow of 12 employees split by 3 in Denmark and 9 in rest of the world. The key reason for the larger staff outflow is the restructuring of the sales force as mentioned, above.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty. However, some measurements are based on judgements or assumptions as certain items in financial statements by their nature cannot be measured with precision.

Unusual events

The financial position at 31 December 2020 of the Group and the results of the activities and cash flows of the Group for the financial year for 2020 have not been affected by any unusual events. The impact from the Covid-19 pandemic has been described above. The pandemic creates a more uncertain environment.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Management's Review

Business strategy

Strategy

The Group aims to develop and sell innovative and branded fishing tackle and accessories.

Targets and expectations for the year ahead

The Group has budgeted continued top line growth in 2021, as well as an improved result after taxes in 2021.

Research and development

The Group's development activities include functional development and design of fishing tackle, including lures, rods, reels as well as clothing and other accessories.

Intellectual capital resources

The Group possesses extensive knowledge on product development. Retention and development of competencies in the development department is of major importance for continued growth and earnings.

Business risks

Operating risks

To some extent, the Group's costs depend on the development in raw material prices and wages and salaries among its subcontractors.

To the largest possible extent, the Group attempts to hedge this risk by entering into long-term agreements with its subcontractors.The Group's production and products are mainly based on well-known and thoroughly tested techniques, and the majority of the tasks are performed under well-known risks.

Foreign exchange risks

The Group has a high international activity and is therefore exposed and vulnerable for exchange rate fluctuations primarily on US dollars vs. DKK. The USD flows are hedged in accordance with the Group's policies. As the products are sold on different European markets, the Group is also to a minor extend exposed to fluctuations on other European currencies vs. DKK. The main part of the transactions in foreign currencies is denominated in EUR, which is not hedged due to Denmark's fixed exchange rate policy vis-à-vis the Euro. Transactions in other currencies are in accordance with the Group's policies.

Management's Review

Interest rate risks

In relation to its credit facility, the Group is subject to an interest rate risk. The interest rate exposure is related to fluctuations in the CIBOR rate. The Group is not hedging its interest exposure.

Credit risks

The Group's customers comprise a wide range of retailers in Europe and USA. The maximum credit risk that may occur for trade receivables and other receivables corresponds to the value at which they are recognized in the balance sheet. No single receivable constitutes a significant part.

Risks connected to capital structure

The Group has a balance sheet with a solidity ratio of 17% and a liquidity ratio above 1. In addition the Group as sufficiant cash and loan facilities to secure operation in 2021. The Group is therefore only to a minor extend dependent on support from the mother company. Consequantly, the Management does not see any special risks connected to the capital structure.

The Group is not affected by other unusual risks.

Corporate social responsibility

Statement of corporate social responsibility

Statement of corporate social responsibility in accordance with the Danish Financial Statement Act §99 a.

For a description of the business model, please refer to a separate section, above.

UN Global compact

In its policy for "Business Principles and Corporate Social Responsibility", the Group subscribes to US Global Compact. From this starting point, the Group has selected four key and relevant UN Sustainable Development Goals (hereafter referred to as "Goal(s)"), where it tracks performance:

• Goal no. 7: Affordable and clean energy
• Goal no. 8: Decent work and Economic Growth
• Goal no. 9: Industry innovation and infrastructure
• Goal no. 12: Responsible consumption and production

The performance is described in the relevant sections, below.

The UN Global Compact principles are also the guidance for the Supplier Code of Conduct that the Group developed during 2020 and that is under implementation. The target is that 25% of the purchase of products for reselling in 2021 should come from suppliers that has signed the Code of Conduct. During

2021, the Group will also develop methods to control the suppliers' compliance with the Code of Conduct.

Environment and Climate

Svendsen Sport will continuously improve processes to minimize the environmental impact of the operation. The main environmental impact is in the distribution of products, and the indirect impact from the 3rd party manufacturing of products. This is reflected in the Code of Conduct and the targets as described, above.

For its own operation, most of the energy is consumed in the central warehouse. According to Goal no. 7, the Company measures kWh spend in the warehouse per 1,000 DKK of Cost of Goods Sold (hereafter COGS) during the warehouse:

	2018	2019	2020	Target 2021
kWh/1,000 DKK of COGS	1.23	2.03	0.72	0.68

Due to the Company's diverse product portfolio, it is impossible to find a uniform measurement for the volume except the COGS. The reader must understand that the KPI is misleading to the extend that the COGS is inflated by price increases and is impacted by the development of exchange rates vs. DKK.

The company has together with the landlord invested in more energy efficient lightning during the last couple of years.

To track the development of Goal no. 9 and Goal no. 12, the Company tracks the amount of waste in central warehouse kg in relation to COGS.

Kg/1,000 DKK of COGS	2020	Target 2021
Wood Waste	0.021	0.020
Plastic Waste	<0.010	<0.010
Cardboard Waste	n/a	n/a

Systems to track cardboard waste is under development.

Human rights and social & employee conditions

Respect for human rights is fundamental. This goes for the employees of Svendsen Sport as well as the communities Svendsen Sport lives and operates in. The CSR policy is described in the employee handbook, which is given to new employees upon employment.

- Svendsen Sport supports and respects the protection of internationally proclaimed human rights,
- Svendsen Sport will ensure that we are not complicit in human rights abuse in any of our operations,
- Svendsen Sport will uphold the freedom of association and the effective recognition of the rights to collective bargaining,
- Svendsen Sport will not use any form of forced or compulsory labor,
- Svendsen Sport will support the elimination of direct and indirect discrimination in respect of

employment and occupation, including race, color, sex, religion, political opinion and nationality or social origin,
• Svendsen Sport will continuously develop employees' competencies and flexibility and will provide safe and healthy working conditions.

The key risk in terms of human rights, social and employee conditions lies with the sub-contractors. Consequently, the Group works with its Code of Conduct as described above.

According to Goal no. 8, the Group measures the share of purchase of trading goods (COGS) purchased from suppliers that have signed the Group's Code of Conduct. The goal for 2021 is 25%

Svendsen Sports offers their employees an opportunity for further training by offering courses to help develop their competencies.

Svendsen Sport main risk for Social and employee conditions lies within maintaining that employees have the proper skills to maintain their job and create value for the Group. The Group does not see any other specific, material risks to violate human rights.

Anticorruption

All Svendsen Sport employees are informed, when employed, that conduct of unethical, dishonest behavior and bribery is not tolerated.

• Svendsen Sport will conduct its business with high ethical standards, honesty and respect for other,
• Svendsen Sport will be compliant with the laws and regulations in the countries where we are present,
• Neither Svendsen Sport nor its employees will offer, promise, give and/or accept a bribe for business purposes,
• Neither Svendsen Sport nor the employees will be involved in non-competition activities i.e. illegal price fixing, sharing of customers and markets.

Svendsen Sports' risks related to anti-corruption and bribery is mainly present within our own operation and with our collaboration partners.

Svendsen Sport has not discovered any breach of anti-corruption or bribery in 2020.

Statutory report on corporate governance

The Group has since the beginning of November 2015 been majority owned by a private equity fund, Maj Invest Equity 4 K/S, which is a member of Active Owners Denmark. As a private equity portfolio company, the Group generally follows Active Owners Denmark 's recommendations, except that the Group based on its size, has not established an audit committee. These tasks are handled by the Board.

The Board of Directors meets with the Executive Board at least five times a year.

Management's Review

The Board of Director and the Executive Board work together to identify the main business risks for realizing the Groups strategic and financial objectives, as well as to ensure the Group has appropriate control and monitoring procedures in place

The Executive Board reports on a regular basis on the development on the identified risks and financial position of the Group to the Board of Directors in form of monthly management reports and in-depth presentations at the board meetings.

Refer to www.aktiveejere.dk for more information about the guidelines.

Ownership

Svendsen Sport A/S is 100% owned by MIE4 7 Datter ApS. Maj Invest Equity 4 K/S is the ultimate owner with 82% of the shares in MIE4 7 Datter ApS. The Board of Directors and the Executive Board hold combined 17% of the remaining shares in MIE4 7 Datter ApS.

Presentation of the Board of Directors

Maj Invest Equity 4 K/S is represented on the board by Mikkel Vendelin Olesen, Mads Peter Hytteballe Andersen, Søren Peschardt Olesen and Jens Høgsted. In addition, Lars Erik Svendsen is represented in the Board of Directors. Board positions and other managerial positions are set out below.

Mikkel Vendelin Olesen

Mikkel Vendelin Olesen, Chairman, has joined the Board on 29 November 2007 and joined as Chairman on 15 march 2013.

He holds the following other directorships:
• Chairman of Orphism ApS, Fleye ApS, Nordisk Company A/S, Karmameju ApS, MIE4 7 Datter ApS, Svendsen Sport A/S, Outfit International A/S, Rexholm A/S, Rockstarlife ApS and Care by me Aps.
• Board member of BBHS A/S and Infinita Invest ApS
• Director of Vendelin & Vendelin ApS, Vendelin Ejendomme ApS, Vendelin Olesen Holding ApS and Nordisk Finance ApS.

Mads Peter Hytteballe Andersen

Mads Peter Hytteballe Andersen has joined as board member on 3 November 2015.

He holds the following other directorships:
• Chairman of Equity Datterholding 13 ApS
• Deputy chairman of MIE4 7 Datter ApS, Svendsen Sport A/S, Sovino Brands ApS, Sovino Brands Holding ApS and Itadel A/S
• Board member of Icotera A/S
• Director of LDE Holding 13 ApS, MIE4 Holding 7 ApS, MIE5 Holding 1 ApS, MIE5 Holding 2 ApS,

Management's Review

MIE5 Holding 4 ApS and Equity Datterholding 13 ApS
• CEO of MPHA Invest ApS.
•Partner af Maj Invest Equity A/S

Søren Peschardt Olesen

Søren Peschardt Olesen has joined as board member 8 March 2012.

He holds the following other directorships:
• Chairman of Stark Danmark A/S, Stark Deutschland GmbH, DT Holding (Sweden) AB, Beijer Byggmaterial AB, Beijer Byggmaterial i Uppsaala AB and Neumann Bygg AS
• Board member of Svendsen Sport A/S, Hempel A/S, MIE4 7 Datter ApS, Hobro Ny Trælast A/S, Stark Kalaallit Nunaat A/S and Stark Soumi OY
• SPO Invest Holding ApS , Director of Stark ApS and Stark Group Holding Germany GmbH
• CEO of Stark Group A/S and Hobro Ny Trælast A/S.

Lars Erik Svendsen

Lars Erik Svendsen has joined the board since the founding on 18 May 1993.

He holds the following other directorships:
• Board member of MIE4 7 Datter ApS, WIIK & Co. A/S, Langø A/S, EFTTA (European Fish Tackle Trade Association) and Svendsen Sport A/S
• Director of Lars Svendsen Holding ApS, Langø A/S and LSH PE ApS.

Jens Høgsted

Jens Høgsted has joined the board on 13 May 2016.

He holds the following other directorships:
• Board member of MIE4 7 Datter ApS, Svendsen Sport A/S, Imerco A/S, Imerco Holding A/S, Pack Tech A/S and Day et A/S.
• Director of Høgsted Consulting ApS
• Managing director of Karmameju ApS

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**481.861**	**444.553**	**463.066**	**432.996**
Other operating income		3.705	0	3.705	0
Expenses for raw materials and consumables		-271.591	-248.853	-258.128	-239.556
Other external expenses		-67.460	-63.509	-61.475	-57.672
Gross profit/loss		**146.515**	**132.191**	**147.168**	**135.768**
Staff expenses	2	-95.262	-90.456	-88.561	-84.662
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-13.810	-6.608	-13.393	-6.343
Profit/loss before financial income and expenses		**37.443**	**35.127**	**45.214**	**44.763**
Financial income	3	0	138	603	586
Financial expenses	4	-14.995	-7.025	-14.700	-6.413
Profit/loss before tax		**22.448**	**28.240**	**31.117**	**38.936**
Tax on profit/loss for the year	5	-5.115	-6.673	-6.924	-8.569
Net profit/loss for the year		**17.333**	**21.567**	**24.193**	**30.367**

Balance Sheet 31 December

Assets

	Note	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Completed development projects		8.189	7.654	7.233	6.613
Acquired patents		1.538	1.694	1.364	1.513
Goodwill		6.809	7.920	6.809	7.920
Intangible assets	6	**16.536**	**17.268**	**15.406**	**16.046**
Other fixtures and fittings, tools and equipment		10.442	9.249	10.222	8.993
Leasehold improvements		1.639	1.722	1.639	1.722
Property, plant and equipment	7	**12.081**	**10.971**	**11.861**	**10.715**
Investments in subsidiaries	8	0	0	1	1
Deposits	9	596	596	548	543
Fixed asset investments		**596**	**596**	**549**	**544**
Fixed assets		**29.213**	**28.835**	**27.816**	**27.305**
Inventories	10	**127.751**	**149.279**	**118.205**	**139.649**
Trade receivables		84.435	83.519	80.070	81.631
Receivables from group enterprises		2.580	0	36.428	26.895
Other receivables		1.848	1.370	1.843	1.370
Deferred tax asset	14	6.737	0	6.737	0
Prepayments	11	5.476	6.772	4.020	5.482
Receivables		**101.076**	**91.661**	**129.098**	**115.378**
Current asset investments		**0**	**102**	**0**	**102**
Cash at bank and in hand		**62.670**	**6.421**	**62.261**	**5.096**
Currents assets		**291.497**	**247.463**	**309.564**	**260.225**
Assets		**320.710**	**276.298**	**337.380**	**287.530**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Share capital	12	1.000	1.000	1.000	1.000
Reserve for development costs		0	0	6.516	5.224
Reserve for hedging transactions		-721	0	-2.192	0
Retained earnings		51.376	86.508	62.849	92.448
Proposed dividend for the year		5.000	0	5.000	0
Equity		**56.655**	**87.508**	**73.173**	**98.672**
Provision for deferred tax	14	0	1.737	0	1.737
Provisions		**0**	**1.737**	**0**	**1.737**
Credit institutions		60.638	0	60.638	0
Long-term debt	15	**60.638**	**0**	**60.638**	**0**
Credit institutions	15	78.919	73.196	78.919	73.196
Trade payables		56.383	46.765	54.274	45.083
Payables to group enterprises		6.279	34.939	6.279	34.939
Corporation tax		23.773	13.864	28.148	16.823
Other payables	16	35.728	18.289	33.614	17.080
Deferred income	17	2.335	0	2.335	0
Short-term debt		**203.417**	**187.053**	**203.569**	**187.121**
Debt		**264.055**	**187.053**	**264.207**	**187.121**
Liabilities and equity		**320.710**	**276.298**	**337.380**	**287.530**

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Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.000	0	0	86.543	0	87.543
Exchange adjustments	0	0	1.471	0	0	1.471
Extraordinary dividend paid	0	0	0	-47.500	0	-47.500
Fair value adjustment of hedging instruments, end of year	0	0	-2.192	0	0	-2.192
Net profit/loss for the year	0	0	0	12.333	5.000	17.333
Equity at 31 December	**1.000**	**0**	**-721**	**51.376**	**5.000**	**56.655**

Parent Company

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	1.000	5.224	0	92.448	0	98.672
Extraordinary dividend paid	0	0	0	-47.500	0	-47.500
Fair value adjustment of hedging instruments, end of year	0	0	-2.192	0	0	-2.192
Development costs for the year	0	1.292	0	-1.292	0	0
Net profit/loss for the year	0	0	0	19.193	5.000	24.193
Equity at 31 December	**1.000**	**6.516**	**-2.192**	**62.849**	**5.000**	**73.173**

Cash Flow Statement 1 January - 31 December

	Note	Group 2020	Group 2019
		TDKK	TDKK
Net profit/loss for the year		17.333	21.567
Adjustments	18	35.425	22.938
Change in working capital	19	46.055	-2.166
Cash flows from operating activities before financial income and expenses		**98.813**	**42.339**
Financial income		0	139
Financial expenses		-14.997	-7.026
Cash flows from ordinary activities		**83.816**	**35.452**
Corporation tax paid		-3.680	-3.083
Cash flows from operating activities		**80.136**	**32.369**
Purchase of intangible assets		-2.762	-9.995
Purchase of property, plant and equipment		-11.427	-5.794
Sale of property, plant and equipment		0	385
Cash flows from investing activities		**-14.189**	**-15.404**
Raising of loans from credit institutions		70.000	5.853
Repayment of payables to group enterprises		-28.661	3.490
Payment of interests		-3.639	0
Dividend paid		-47.500	-20.000
Cash flows from financing activities		**-9.800**	**-10.657**
Change in cash and cash equivalents		**56.147**	**6.308**
Cash and cash equivalents at 1 January		6.523	215
Cash and cash equivalents at 31 December		**62.670**	**6.523**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		62.670	6.421
Current asset investments		0	102
Cash and cash equivalents at 31 December		**62.670**	**6.523**

Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK

1 Revenue

Management has assessed that the total revenue of the Group is ascribed to one business activity: Sale of fishing tackle

Geographical segments

	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Domestic	41.241	33.184	41.241	33.184
EU excl. Domestiv	378.915	353.424	378.915	353.426
Rest of the world	61.705	57.945	42.910	46.386
	481.861	**444.553**	**463.066**	**432.996**

2 Staff expenses

	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Wages and salaries	82.839	78.246	77.161	73.067
Pensions	1.528	1.621	1.528	1.621
Other social security expenses	9.297	8.836	8.283	8.229
Other staff expenses	1.598	1.753	1.589	1.745
	95.262	**90.456**	**88.561**	**84.662**
Average number of employees	**183**	**191**	**176**	**185**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Financial income

	Group 2020 TDKK	Group 2019 TDKK	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Interest received from group enterprises	0	0	603	448
Other financial income	0	138	0	138
	0	**138**	**603**	**586**

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
	TDKK	TDKK	TDKK	TDKK
4 Financial expenses				
Other financial expenses	10.281	6.973	9.975	6.372
Exchange loss	4.714	52	4.725	41
	14.995	**7.025**	**14.700**	**6.413**
5 Tax on profit/loss for the year				
Current tax for the year	9.214	5.680	11.023	7.576
Deferred tax for the year	-4.099	993	-4.099	993
	5.115	**6.673**	**6.924**	**8.569**

6 Intangible assets

Group

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	16.793	3.862	13.394
Additions for the year	3.681	873	0
Disposals for the year	-56	0	0
Transfers for the year	-1.756	0	0
Cost at 31 December	18.662	4.735	13.394
Impairment losses and amortisation at 1 January	9.138	2.169	5.474
Amortisation for the year	1.335	1.028	1.111
Impairment losses and amortisation at 31 December	10.473	3.197	6.585
Carrying amount at 31 December	**8.189**	**1.538**	**6.809**

The Group's development expenses relates to capitalisation of costs in respect of filing for trademarks and patents and development of the Group's ERP system in connection with the Group's entrance on the US market

Parent Company

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	15.558	3.681	13.394
Additions for the year	3.413	873	0
Transfers for the year	-1.756	0	0
Cost at 31 December	17.215	4.554	13.394
Impairment losses and amortisation at 1 January	8.945	2.168	5.474
Amortisation for the year	1.037	1.022	1.111
Impairment losses and amortisation at 31 December	9.982	3.190	6.585
Carrying amount at 31 December	**7.233**	**1.364**	**6.809**

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	25.517	2.610
Additions for the year	9.543	121
Transfers for the year	1.756	0
Cost at 31 December	36.816	2.731
Impairment losses and depreciation at 1 January	16.268	888
Depreciation for the year	10.106	204
Impairment losses and depreciation at 31 December	26.374	1.092
Carrying amount at 31 December	**10.442**	**1.639**

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent Company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	25.175	2.610	27.785
Additions for the year	9.493	121	9.614
Transfers for the year	1.756	0	1.756
Kostpris at 31 December	36.424	2.731	39.155
Impairment losses and depreciation at 1 January	16.182	888	17.070
Depreciation for the year	10.020	204	10.224
Impairment losses and depreciation at 31 December	26.202	1.092	27.294
Carrying amount at 31 December	**10.222**	**1.639**	**11.861**

8 Investments in subsidiaries

	Parent Company	
	2020	2019
	TDKK	TDKK
Cost at 1 January	1	1
Carrying amount at 31 December	**1**	**1**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Savage Gear Americas, Inc.	Miramar, Florida, USA	USD 1	100%	-16.517.202	-6.858.748

Notes to the Financial Statements

9 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	591	543
Additions for the year	23	23
Disposals for the year	-18	-18
Cost at 31 December	596	548
Carrying amount at 31 December	**596**	**548**

10 Inventories

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Finished goods and goods for resale	127.751	149.279	118.205	139.649
	127.751	**149.279**	**118.205**	**139.649**

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

12 Share capital

The share capital consists of 2 shares of a nominal value of TDKK 500. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

13 Distribution of profit

	Parent Company 2020	Parent Company 2019
	TDKK	TDKK
Extraordinary dividend paid	47.500	20.000
Proposed dividend for the year	5.000	0
Retained earnings	-28.307	10.367
	24.193	**30.367**

14 Deferred tax asset

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
	TDKK	TDKK	TDKK	TDKK
Deferred tax asset at 1 January	1.222	-744	-1.737	-744
Amounts recognised in the income statement for the year	5.515	-993	4.099	-993
Amounts recognised in equity for the year	0	0	4.375	0
Deferred tax asset at 31 December	**6.737**	**-1.737**	**6.737**	**-1.737**
Intangible assets	2.293	2.083	2.293	2.083
Property, plant and equipment	-1.635	-346	-1.635	-346
Inventories	-1.481	0	-1.481	0
Trade receivables	-1.539	0	-1.539	0
Tax loss carry-forward	-4.375	0	-4.375	0
Transferred to deferred tax asset	6.737	0	6.737	0
	0	**1.737**	**0**	**1.737**
Deferred tax asset				
Calculated tax asset	6.737	0	6.737	0
Carrying amount	**6.737**	**0**	**6.737**	**0**

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	13.971	0	13.971	0
Between 1 and 5 years	46.667	0	46.667	0
Long-term part	60.638	0	60.638	0
Other short-term debt to credit institutions	78.919	73.196	78.919	73.196
	139.557	**73.196**	**139.557**	**73.196**

16 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Liabilities	2.811	0	2.811	0

The Group entered into forward contracts for hedging future purchases in USD for a total of TDKK 2,811 for payment in EUR in 2020.

17 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group 2020 TDKK	Group 2019 TDKK
18 Cash flow statement - adjustments		
Financial income	0	-138
Financial expenses	14.995	7.025
Depreciation, amortisation and impairment losses, including losses and gains on sales	13.812	6.608
Tax on profit/loss for the year	5.115	6.673
Other adjustments	1.503	2.770
	35.425	**22.938**

	Group 2020 TDKK	Group 2019 TDKK
19 Cash flow statement - change in working capital		
Change in inventories	21.528	-8.698
Change in receivables	-2.674	1.830
Change in trade payables, etc	29.393	3.201
Fair value adjustments of hedging instruments	-2.192	1.501
	46.055	**-2.166**

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK

20 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
The factoring of receivables, TDKK 57,497, has been put up as security for the company's debt.

As security for the Group's credit facilities with Jyske Bank as of 31 December 2020, a floating company charge ("virksomhedspant") of up to nominal TDKK 60,000 has been put up. The floating charge covers the Group's assets in general including inventories, trade receivables, tangible assets and intangible assets. AL Finans and the Group has also agreed on a pledge as security up to nominal TDKK 1,432.

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations (continued)

Rental and lease obligations

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	6.596	6.477	6.272	6.130
Between 1 and 5 years	10.338	16.929	10.014	16.572
	16.934	**23.406**	**16.286**	**22.702**

Notes to the Financial Statements

21 Related parties

	Basis
Controlling interest	
MIE4 7 Datter ApS	Parent Company

Transactions

The Group has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MIE4 7 Datter ApS has a controlling interest in the company.
MIE4 Holding 7 ApS has a controlling interest in the company.
Maj Invest Equity 4 K/S has a controlling interest in the company.

Consolidated Financial Statements

The Company is included in the consolidation of the parent companies.

Name	Place of registered office
MIE 4 Holding 7 ApS	Copenhagen, Denmark
MIE 4 7 Datter ApS	Gadstrup, Denmark

The Group Annual Report of MIE 4 7 Datter ApS may be obtained at the following address:

Erhvervsparken 14
DK-4621 Gadstrup

22 Fee to auditors appointed at the general meeting

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	518	240	518	240
Tax advisory services	3.930	280	3.930	280
Other services	36	30	36	30
	4.484	**550**	**4.484**	**550**

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Svendsen Sport A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

23 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Notes to the Financial Statements

23 Accounting Policies (continued)

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

23 Accounting Policies (continued)

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses and income from royalties and licenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 15 years.

Notes to the Financial Statements

23 Accounting Policies (continued)

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	2-5	years
Other fixtures and fittings, tools and equipment	2-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

23 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

23 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

23 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

23 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$