KYOCERA UNIMERCO A/S

Drejervej 2, 7451 Sunds, Denmark
Company reg. no. 26 77 69 10

Annual Report for the period
1 April 2018 – 31 March 2019

Approved at the General Meeting 2. July 2019
Chairman:

COMPANY DETAILS

KYOCERA UNIMERCO A/S
Drejervej 2
DK-7451 Sunds

Telephone:	97 14 14 11
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Website:	www.kyocera-unimerco.com
E-mail:	umdk@kyocera-unimerco.com
Company reg. no.:	26 77 69 10

Ownership structure
The company is 100% owned by:
KYOCERA Fineceramics GmbH, Germany

Board of Directors
Ken Ishii, Chairman
Shigeru Koyama
Koichi Kano
Shoji Gotoda
Peer Ditlev
Lise Rahbek Laursen

Management
Shigeru Koyama, Chairman
Shoji Gotoda, President
Jan Rønberg, Vice President
Mads Mølbak, Vice President

Financial year
1 April – 31 March

Auditors
PricewaterhouseCoopers

Bankers
Danske Bank

Lawyers
PLESNER, Copenhagen

General Meeting
The company's General Meeting will be held in the company's office Tuesday July 2, 2019.

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KEY FIGURES

DKK '000	14/15	15/16	16/17	17/18	18/19
Revenue	944.596	1.013.475	1.052.452	1.126.933	1.226.156
Expenses	842.765	936.710	966.958	1.028.610	1.095.754
EBITDA	140.256	120.282	125.852	138.949	173.687
EBIT	101.831	76.765	85.494	98.323	130.402
Financial items	1.088	-3.283	-4.301	-6.386	-208
EBT	102.919	73.482	81.193	91.937	130.194
Net profit	73.146	49.697	57.108	64.726	93.747
Fixed assets	244.776	245.600	241.513	225.563	240.263
Current assets	522.453	518.553	581.134	638.887	730.143
Total assets	767.229	764.153	822.647	864.450	970.406
Share capital	153.000	153.000	153.000	153.000	153.000
Equity	620.572	627.926	663.695	696.196	771.077
Provisions	27.002	22.075	24.272	24.524	25.157
Non-current liabilities	2.439	2.568	2.823	4.250	3.188
Current liabilities	117.216	111.584	131.857	139.480	170.984
Cash flow from operating acitivities	90.714	71.734	67.845	100.308	115.014
Cash flow from investing activities	-1.430	-52.636	-16.253	-33.529	-52.150
Of this investment in tangible fixed assets	*-12.915*	*-22.268*	*-35.957*	*-35.367*	*-54.016*
Cash flow from financing activities	-142.023	-22.699	-42.069	-91.098	-48.958
Change in cash for the year	-52.739	-3.601	9.523	-24.319	13.906
Cash, end of period	139.884	131.845	139.932	113.861	128.612
Average no. of employees	589	662	666	675	696
Profit margin	10,8	7,6	8,1	8,7	10,6
Return on invested capital p.a.	23,6	15,0	16,1	17,2	20,5
Gross margin ratio	38,9	37,1	37,1	36,4	36,8
Return on equity p.a.	12,7	8,0	8,8	9,5	12,8
Equity ratio	80,9	82,2	80,7	80,5	79,5

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines concerning the calculation of financial ratios.

GROUP MANAGEMENT REPORT

Core activities

KYOCERA UNIMERCO is a consulting, sales, manufacturing and service company within cutting tools for manufacturers, measuring and calibration, and fastening products for the building and construction industries.

Development in the year

This year the Group's revenue ended at DKK 1,226 million which is record high and an increase of 8,8% compared to last year. The profit before tax ended at DKK 130 million, which is also record high and an increase of 41,6% compared to last year. The largest part of the revenue 81% comes from markets outside Denmark.

The market conditions have in general been positive with good growth rates in most of our markets which have a positive impact in revenue and profit which both has increased more than expected. We expect to see a continued stable growth in revenue and profitability in 2019/20.

We consider the growth and result in both revenue and profit to be on a satisfactory level.

Acquisitions and investment

During the year, no acquisitions has taken place. We have invested DKK 55 million mainly in machines. This represent the highest investment level since Kyocera became owner in 2011.

Equity and liquidity

Equity increased by DKK 75 million, from DKK 696 million to DKK 771 million. Profit for the year increased equity by DKK 94 million, while exchange rate adjustment of the equity in the subsidiaries increased equity by DKK 7 million. Dividend payment reduced equity by DKK 26 million. The equity ratio is 79%.

Liquidity increased from DKK 114 million to DKK 129 million.

Risks

The Group has companies and activities in several countries, which means that profit, cash flow and equity are impacted by foreign exchange rates and interest developments for several currencies. Basically, the Group does not hedge neither commercial currency risks nor currency risk relating to investment in subsidiaries or joint ventures. The Group does not enter speculative currency or interest hedging.

The liquidity risk is limited, since the Group has a high equity ratio, cash on hand, and access to internal financing in Kyocera Group if needed.

Product and process development, environment and education

During the year, the company has expanded its competency, capacity and capability in relation to developing new products and new versions of existing solutions. This mainly happens in development projects together with large international customers.

As regards environment and quality, all certified Tooling companies in the Group have retained their ISO and environmental certificates in all audits.

The company's education and competence level has improved this financial year, partly due to new employments and partly due to external and internal education activities.

Mandatory statement on social responsibility under section 99(a) of the Danish Financial Statements Act

Please refer to the 2018 CSR report of the ultimate parent company Kyocera Corporation, which is prepared in accordance with the UN Global Compact guidelines. The report can be obtained from the Kyocera Group website on the following link: https://global.kyocera.com/ecology/catalog.html.

Mandatory statement on the underrepresented gender under section 99(b) of the Danish Financial Statements Act

Previously, the target has been that at least 40% of the board members should be female in 2020. This target is not considered realistic anymore. Therefore, the Board of Directors has set a new target that at least 40% of the board members should be female 2023.

Since the company has less than 50 employees, and since each subsidiary account for its own policy and activity to increase the number of women in the management group, the company is exempted to account for its policy on increasing the number of women in the management group.

Expectations for the coming year

There are many uncertainties, but the general market conditions seem acceptable with a growth rate on a lower level the coming months. With these conditions we expect to be able to increase both sales and profit next year between 2% and 10%.

General Meeting and dividend

The Annual General Meeting will be held on 2 July 2019 at the Group's head office at Drejervej 2, DK-7451 Sunds, Denmark. The Board of Directors will propose to the Annual General Meeting that DKK 36,128,000 be distributed as dividend for the 2018/19 financial year.

MANAGEMENT'S STATEMENT

The Board of Directors and the Management have today considered and adopted the Annual Report of KYOCERA UNIMERCO A/S for the financial year 1 April 2018 - 31 March 2019.

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

We consider the accounting policies applied appropriate, and thus the Annual Report provides a true and fair view of the Company's and the Group's assets, liabilities and financial position as of 31 March 2019, and of the results of the Company's and the Group's activities and the Group's cash flows for the period 2018/19.

We are also of the opinion that the Management's report provides a true and fair account of the development in the Group's and the Company's activities and financial conditions, profit for the year and the Group's and the Company's financial position.

We recommend the Annual Report for adoption at the General Meeting.

Sunds, 2 July 2019

Management

Shigeru Koyama
Chairman

Shoji Gotoda
President

Jan Rønberg
Vice President

Mads Mølbak
Vice President

Board of Directors

Ken Ishii
Ken Ishii
Chairman

Shigeru Koyama

Koichi Kano

Shoji Gotoda

Peer Ditlev

Lise Rahbek Laursen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of KYOCERA UNIMERCO 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 March 2019, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2018 - 31 March 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of KYOCERA UNIMERCO A/S for the financial year 1 March 2018 - 31 March 2019, 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 ("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.

Statement on Management's Review

Management is responsible for Management's Review.

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 Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

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 economic 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 judgment and maintain professional skepticism throughout the audit. We also:

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

Aarhus, 2 July 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Trangeled Kristensen
State Authorised Public Accountant
mne23333

Christian Skriver Bertelsen
State Authorised Public Accountant
mne36171

ACCOUNTING POLICIES

Basic principles
The Annual Report for KYOCERA UNIMERCO A/S for 2018/19 is presented in accordance with the requirements of the Danish Financial Statements Act for class C companies (large).

The accounting policies applied in this Annual Report are unchanged from last year.

In general
Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the company and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and when they can be measured reliably.

Initial recognition of assets and liabilities is done at cost price. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortised cost price, which means a constant true interest is recognised. Amortised cost is calculated as initial cost less any instalments and addition/deduction of the accumulated amortisation of the difference between cost and nominal value. Consequently, the capital gains and losses are allocated over the expected useful lives.

When recognising and measuring, allowance is made for any profits, losses and risks that become known before the financial statements are presented and which confirm or deny conditions, which existed on the balance sheet date.

Income is recognised in the income statement when earned – this includes recognition of value adjustments of financial assets and liabilities which are measured at fair value or amortised cost. Furthermore, all costs incurred to achieve the profit for the year – including depreciation, write-downs and provisions – are recognised in the income statement along with reversal of amounts, which have previously been recognised in the income statement, due to changes in accounting estimates.

Consolidated financial statements
The consolidated financial statements comprise the parent company KYOCERA UNIMERCO A/S and the subsidiaries in which the Group holds more than 50% of the voting rights or, in any other way, holds controlling interest. Companies in which the Group holds between 20% and 50% of the voting rights and has a significant but not a controlling interest are considered as associated companies. In the process of consolidation, intra-group income and expenses, shareholdings, dividends, balances and unrealised intra-group profits and losses have been eliminated.

The accounting principles applied in the foreign subsidiaries have been adjusted to the Group's accounting principles.

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

Recently acquired subsidiaries are included in the consolidated financial statements as from the date of acquisition. Companies sold are included until the date of sale. Comparative figures are not adjusted for newly acquired or sold companies.

Purchases of new companies are accounted for using the purchase method of accounting, according to which the assets and liabilities of the newly acquired companies are measured at fair value at the time of acquisition. Provision is made for liabilities relating to any restructurings decided and published in the acquired company in connection with the purchase. Account is taken of the tax effect of the undertaken revaluations.

ACCOUNTING POLICIES

Positive balances (goodwill) between the cost and fair value of identified assets and liabilities acquired, including restructuring provisions, are recognised under intangible assets and amortised systematically through the income statement based on an individual assessment of the economic life of the asset.

Negative balances (negative goodwill) reflecting an anticipated unfavourable trend in the companies concerned are offset against positive balances and subsequently recognised in the income statement in line with the realisation of the unfavourable trend.

Group internal business combinations
The pooling of interest method is applied on investments and divestures, mergers etc. of participating companies under the control of the parent company. Differences in the amounts between the cost price and the booked value of the acquired business are recognized directly in equity. Comparative figures are adjusted in accordance with the business combination.

Translation of foreign currency
Transactions in foreign currency during the year have been booked during the year at the exchange rate effective on the date of transaction. Exchange differences arising from the difference between the exchange rate on the transaction date and the exchange rate prevailing at the balance sheet date are recognised in the income statement.

Receivables, payables and other monetary items in foreign currency, which have not been settled on the balance sheet date, are translated using the closing rate. The difference between the exchange rate of the balance sheet date and the exchange rate when the receivable or debt was incurred or recognised in the latest annual report is recognised in the income statement under financial items.

Non-current assets purchased in foreign currency are translated using the rate of exchange on the date of transaction.

Foreign subsidiaries and associated companies are considered as independent units. When recognising foreign subsidiaries and associated companies, the income statement is translated using the average exchange rate for the month. The balance sheet items are translated using the closing rate. Exchange rate differences deriving from translation of the foreign companies' equity at the beginning of the financial year using the closing rates, and the differences owing to the translation of income statements from the date of transaction to closing rates, are all recognised directly in the equity.

Income statement

Revenue
The revenue related to goods for resale and manufactured goods is recognised in the income statement provided that delivery and passing of the risk have taken place before the end of the financial year, and provided that the income can be stated reliably and is expected to be received. Revenue is recognised ex. VAT, taxes and discounts related to sales.

Production expenses
Production expenses comprise expenses, including depreciation salaries/wages, incurred to achieve the revenue for the year. The trading activities include cost of sales, and the manufacturing activities include production expenses corresponding to the revenue for the year.

Production expenses also include R&D expenses that do not meet the criteria for capitalisation, along with depreciation on capitalised development expenses.

ACCOUNTING POLICIES

Distribution expenses
Distribution expenses comprise expenses regarding sales and distribution personnel, market development expenses, other sales promotion expenses, expenses related to sales risks, etc., including depreciation.

Administrative expenses
Administrative expenses comprise expenses regarding administrative staff, management and office expenses, etc., including depreciation. Administrative expenses also comprise other overheads regarding IT, including technical IT, human resource development, training and education and the company canteen.

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

Profit or loss on investments in subsidiaries
The income statement of the parent company recognises the proportionate share of the profit or loss after tax of each individual subsidiary after full elimination of intercompany gains/losses.

Financial items
Financial income and expenses include interest income and expenses, exchange gains and losses on securities, amortisation of financial assets and liabilities, as well as surcharges and allowances under the tax prepayment scheme.

Tax on profit for the year
Tax for the year, which includes the year's anticipated tax liability on taxable earnings and changes in deferred tax, is recognised in the income statement with the share that is directly attributable to the result for the year and directly on equity with the share, which can be attributed to entries made directly to the equity.

The parent company is taxed jointly with the Danish subsidiaries and other Danish entities in the Kyocera group, and some of the foreign subsidiaries continue to influence the joint taxation. Provisions are made for full tax in all Danish subsidiaries. The difference between the calculated tax on income subject to joint taxation and the tax provided for in the subsidiaries is provided for in the financial statements of the parent company.

Balance sheet

Intangible fixed assets

Acquired rights
Patents and trademarks are measured at cost price with the deduction of accumulated depreciation and write-downs. Patents and trademarks are amortised on a straight-line basis over the expected useful life.

Depreciation of investments in software purchased to improve and streamline routines, processes, etc., is amortised on a straight-line basis over a period of 5 years. Software upgrades and updates are written off immediately.

Goodwill
Goodwill is amortised over its expected economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over the period of amortisation.

The amortisation period for goodwill currently capitalised equals 3-10 years.

ACCOUNTING POLICIES

Tangible fixed assets
Plant and equipment are measured at acquisition cost less accumulated depreciation. Land is not depreciated.

Interest related to loans financing production of tangible fixed assets, and which concerns the production period, is recognised in the income statement.

Depreciation on buildings and installations is carried out on a straight-line basis over the estimated useful lives of the assets, which have been fixed at 25 years.

Plant and machinery as well as vehicles, fixtures, fittings, tools and equipment are depreciated over 5 years with the following profile in per cent of the cost value:

Year 1:	40.0%
Year 2:	24.0%
Year 3:	14.4%
Year 4:	10.8%
Year 5:	10.8%

However, desktop computers and laptops are depreciated over 3 years using the straight-line method.

Lease agreements
At the time of purchase, financially leased assets are recognised in the balance sheet at market value or at the current value of the future lease payments, if lower. When calculating the current value, the lease agreement's internal rate of return is used as discount factor, or an approximate value for this. Financially leased assets are depreciated as other tangible fixed assets.

Decrease in value of assets
The accounting values of tangible as well as intangible fixed assets are calculated annually for indications of decrease in value beyond that which is expressed by depreciation. If there are indications of decrease in value, impairment tests are made of each individual asset or group of assets. The assets are written down to recoverable amount if this is lower than the accounting value.

Fixed asset investments
Investments in subsidiaries are measured at equity value in the balance sheet of the parent company with additions or deductions of intra-group profits or losses and non-amortised goodwill calculated according to the acquisition method.

Investments in associated companies are measured at the proportionate share of the equity value in the balance sheets of the parent company and the Group in accordance with the Group's accounting policies, with additions or deductions of unrealised profits or losses and non-amortised goodwill calculated according to the acquisition method.

Listed and non-listed shares recognised under investments are measured at fair value.

Current assets

Inventories
Inventories are recognised at cost, using the FIFO method or net realisation value, if lower.

The cost of goods for resale, raw materials and other materials comprises the purchase price plus delivery costs. The cost of manufactured goods and work in progress comprises the costs for raw materials, other materials and direct labour costs as well as indirect production costs.

ACCOUNTING POLICIES

Indirect production costs comprise indirect materials and labour costs, costs for maintenance of and depreciation on machinery, factory buildings and equipment applied in the production process as well as costs for factory administration and management.

The net realisable value of inventories is calculated as the selling price less cost of completion and costs for executing the sale, and it is fixed in consideration of negotiability, obsolescence and the development in expected sales price.

Receivables
Receivables are measured at amortised cost. Writing down for anticipated uncollectible is carried out.

Prepayments and deferred income
Prepayments recognised under assets comprise incurred costs related to the following financial year.

Equity

Dividend
Proposed dividend is recognised as a liability in the accounts when approved at the General Meeting (the time of announcement). The expected dividend is shown as a separate item under equity.

Provisions

Deferred tax and corporation tax
Provision for deferred tax is calculated according to the debt method on the basis of all temporary differences between the tax and accounting values of assets and liabilities. Deferred tax is measured on the basis of the planned use of the asset as well as the planned settlement of the obligation.

In the calculation of deferred tax, the tax base of possible losses and provisions etc. is entered if it is likely that these can be included in future tax results.

If the deferred tax constitutes a positive amount, this is entered in the balance sheet as a deferred tax asset. Deferred tax is measured on the basis of the tax rules and tax rates in force in the individual countries.

Corporation tax is recognised along with the tax expected to be imposed on taxable profit for the year less tax paid on account.

Liabilities
Debt to mortgage credit institutions and credit institutions is recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial liabilities are recognised at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables and other payables, are measured at amortised cost, which essentially equals the nominal value.

Deferred income
Deferred income recognised under liabilities comprises received payments related to income in the following financial years.

ACCOUNTING POLICIES

Cash flow statement
The cash flow statement shows the company's cash flow for the year, allocated on operating activity, investment activity and financing activity for the year, change in liquid assets for the year and the company's liquid assets at the beginning and end of the financial year.

Cash flow from operating activities
Cash flow from operating activities is calculated as result for the year adjusted for non-cash operating items, changes to working capital as well as corporation tax paid.

Cash flow from investing activities
Cash flow from investing activities comprises cash flows related to purchase and sale of companies and activities as well as purchase and sale of intangible, tangible and financial fixed assets.

Cash flow from financing activities
Cash flow from financing activities comprises changes in size or composition of the company's share capital and related costs as well as raising of loans, repayment on interest-bearing debt as well as distribution of dividend to the shareholders.

Segment information
Segment information on business segments and geographical markets is provided. The segment information follow the Group's accounting policies, risks and internal corporate management accounting.

Liquid funds
Liquid funds cover cash at bank and in hand.

Financial ratios
Financial ratios have been prepared in accordance with the 2015 guidelines of the Danish Society of Financial Analysts concerning the calculation of financial ratios.

The financial ratios mentioned in the section "Key figures" have been calculated as follows:

Profit ratio	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Operational intangible and tangible fixed assets and net working capital
Gross margin ratio	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit for the year x 100}}{\text{Average Equity}}$
Equity ratio	$\frac{\text{Equity (end of period) x 100}}{\text{Liabilities, total (end of period)}}$

INCOME STATEMENT FOR THE PERIOD 1 APRIL 2018 – 31 MARCH 2019

Note	DKK '000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
1	**Revenue**	1.226.156	1.126.933	0	0
2	Production expenses	-774.513	-716.661	0	0
	Gross profit	**451.643**	**410.272**	**0**	**0**
2	Distribution expenses	-249.684	-242.783	0	0
2,3	Administrative expenses	-74.041	-72.037	-10.961	-12.905
	Other operating income	2.576	2.951	7.748	4.881
	Other operating costs	-92	-80	0	0
	Operating profit/loss	**130.402**	**98.323**	**-3.213**	**-8.024**
4	Profit after tax in subsidiaries	0	0	97.769	72.240
5	Financial income	1.078	1.140	433	353
6	Financial expenses	-1.286	-7.526	-95	-560
	Profit before income tax	**130.194**	**91.937**	**94.894**	**64.009**
7	Tax on profit for the year	-36.447	-27.211	-2.069	974
	Profit for the period	**93.747**	**64.726**	**92.825**	**64.983**

BALANCE SHEET AS OF 31 MARCH 2019

Note	DKK '000	Group 31/3 2019	Group 31/3 2018	Parent company 31/3 2019	Parent company 31/3 2018
	ASSETS				
	Acquired rights	14.971	19.021	0	0
	Goodwill	7.388	8.626	0	0
	Development projects in progress and prepayments	338	131	0	0
8	**Intangible fixed assets**	**22.697**	**27.778**	**0**	**0**
	Land and buildings	137.243	139.524	0	0
	Plant and machinery	61.214	36.115	0	0
	Other fixtures and fittings, tools and equipment	12.377	12.031	0	0
	Property, plant and equipment in progress	6.403	9.875	0	0
9	**Property, plant and equipment**	**217.237**	**197.545**	**0**	**0**
10	Investment in subsidiaries	0	0	666.171	611.704
10	Other investments	329	240	329	240
	Fixed assets investments	**329**	**240**	**666.500**	**611.944**
	FIXED ASSETS	**240.263**	**225.563**	**666.500**	**611.944**
	Raw materials and consumables	20.049	16.652	0	0
	Work in progress	6.185	6.560	0	0
	Manufactured goods and goods for resale	164.749	141.822	0	0
	Inventories	**190.983**	**165.034**	**0**	**0**
	Trade receivables	211.242	178.306	0	0
	Receivables from group enterprises	152.550	133.276	152.881	135.046
	Corporation tax	15.822	20.144	12.044	15.445
	Other receivables	12.652	12.425	122	56
11	Deferred tax assets	3.512	4.448	0	0
12	Prepayments	14.610	11.202	63	54
	Receivables	**410.388**	**359.801**	**165.110**	**150.601**
	Current asset investments	**160**	**191**	**0**	**0**
	Cash at bank and in hand	**128.612**	**113.861**	**28.103**	**17.496**
	CURRENT ASSETS	**730.143**	**638.887**	**193.213**	**168.097**
	ASSETS	**970.406**	**864.450**	**859.713**	**780.041**

BALANCE SHEET AS OF 31 MARCH 2019

Note	DKK '000	Group 31/3 2019	Group 31/3 2018	Parent company 31/3 2019	Parent company 31/3 2018
	LIABILITIES				
	Share capital	153.000	153.000	153.000	153.000
	Retained earnings	576.430	511.768	576.430	511.768
	Proposed dividend	36.128	25.471	36.128	25.471
	Equity attributable to owner of KYOCERA UNIMERCO A/S	**765.558**	**690.239**	**765.558**	**690.239**
	Non-controlling interest	5.519	5.957	0	0
13,14	**EQUITY**	**771.077**	**696.196**	**765.558**	**690.239**
15	Provision for deferred tax	25.157	24.524	13.640	14.664
	PROVISIONS	**25.157**	**24.524**	**13.640**	**14.664**
	Leasing commitments	3.188	4.250	0	0
16	**Non-current liabilities**	**3.188**	**4.250**	**0**	**0**
16	Leasing commitments	1.526	1.671	0	0
	Payables to group enterprises	28.409	29.113	78.836	73.448
	Trade payables	44.364	38.043	0	0
	Corporation tax	18.815	10.156	0	0
	Other payables	77.870	60.497	1.679	1.690
	Current liabilities	**170.984**	**139.480**	**80.515**	**75.138**
	LIABILITIES	**174.172**	**143.730**	**80.515**	**75.138**
	LIABILITIES AND EQUITY	**970.406**	**864.450**	**859.713**	**780.041**

18 **Contingent liabilities and other financial obligations**
19 **Related parties**
20 **Events after reporting period**

STATEMENT OF CHANGES IN EQUITY, GROUP AND PARENT COMPANY

Group

Note	DKK '000	Share capital	Retained earnings	Proposed dividend	Non-controlling interest	Total
	Equity at 1 April 2017	**153.000**	**489.909**	**19.657**	**1.129**	**663.695**
	Exchange rate adjustment of subidiaries	0	-17.653	0	-504	-18.157
	Addition	0	0	0	5.589	5.589
	Dividend paid	0	0	-19.657	0	-19.657
	Net profit for the year	0	39.512	25.471	-257	64.726
13,14	**Equity at 31 March 2018**	**153.000**	**511.768**	**25.471**	**5.957**	**696.196**
	Exchange rate adjustment of subidiaries	0	7.965	0	-1.360	6.605
	Addition	0	0	0	0	0
	Dividend paid	0	0	-25.471	0	-25.471
	Net profit for the year	0	56.697	36.128	922	93.747
13,14	**Equity at 31 March 2019**	**153.000**	**576.430**	**36.128**	**5.519**	**771.077**

Parent company

Note	DKK '000	Share capital	Retained earnings	Proposed dividend	Total
	Equity at 1 April 2017	**153.000**	**489.909**	**19.657**	**662.566**
	Exchange rate adjustment of subidiaries	0	-17.653	0	-17.653
	Dividend paid	0	0	-19.657	-19.657
	Net profit for the year	0	39.512	25.471	64.983
13,14	**Equity at 31 March 2018**	**153.000**	**511.768**	**25.471**	**690.239**
	Exchange rate adjustment of subidiaries	0	7.965	0	7.965
	Dividend paid	0	0	-25.471	-25.471
	Net profit for the year	0	56.697	36.128	92.825
13,14	**Equity at 31 March 2019**	**153.000**	**576.430**	**36.128**	**765.558**

CASH FLOW STATEMENT FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

Note	DKK '000	Group 2018/19	Group 2017/18
	Revenue	1.226.156	1.126.933
	Expenses	-1.054.212	-990.437
17	**Cash flows from operating activities before change in working capital**	**171.944**	**136.496**
	Change in inventories	-25.669	-18.798
	Change in receivables	-33.496	9.040
	Change in payables	24.306	5.465
	Cash flows from operating activities before financial items	**137.085**	**132.203**
	Financial items, net	-301	-6.140
	Corporation tax paid	-21.770	-25.755
	Cash flows from operating activities	**115.014**	**100.308**
	Purchase of intangible fixed assets	-1.014	-1.412
	Purchase of tangible fixed assets	-54.016	-35.367
	Sale of tangible fixed assets	2.839	3.093
	Purchase/sales of financial fixed assets	41	157
	Cash flows from investing activities	**-52.150**	**-33.529**
	Shareholders:		
	Dividend paid	-25.471	-19.657
	Non-controlling interest	0	4.492
	Participation in group cash pool	-22.639	-78.332
	Debt financing:		
	Increase of debt to credit institutions etc.	1.470	4.071
	Repayment of debt	-2.318	-1.672
	Cash flow from financing activities	**-48.958**	**-91.098**
	Change in cash and cash equivalents	**13.906**	**-24.319**
	Cash and cash equivalents at the beginning of the year	113.861	139.932
	Currency adjustments relating to subsidiaries	845	-1.752
	Cash and cash equivalents at year end	**128.612**	**113.861**

The cash flow statement cannot be derived directly from the consolidated financial statements.

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
1	**Revenue**				
	Revenue grouped by geographical markets				
	Europe	1.040.004	959.294	0	0
	North and South America	119.952	98.388	0	0
	Asia	32.439	68.337	0	0
	Rest of the world	33.761	914	0	0
		1.226.156	**1.126.933**	**0**	**0**
	Revenue grouped by segment:				
	Tooling	973.057	894.273	0	0
	Fastening	253.099	232.660	0	0
		1.226.156	**1.126.933**	**0**	**0**
2	**Staff expenses**				
	Wages and salaries	297.375	279.100	4.385	6.139
	Pension expenses	19.620	18.150	59	87
	Other expenses for social security	22.215	20.832	21	27
		339.210	**318.082**	**4.465**	**6.253**
	Average number of employees	**696**	**675**	**3**	**5**

Consideration for Management of the parent company for the period is DKK 2,072 thousand (2017/18: DKK 1,587 thousand) and for the Board DKK 0 thousand (2017/18: DKK 0 thousand).

Note	DKK '000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
3	**Fees for auditors appointed by the General Meeting**				
	Total fee for PricewaterhouseCoopers				
	Auditing	1.379	1.448	155	157
	Other assurance tasks	123	102	69	74
	Tax consultancy	224	300	0	0
	Other services	304	82	15	25
		2.030	**1.932**	**239**	**256**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Parent company 2018/19	Parent company 2017/18
4	**Profit after tax in subsidiaries**		
	Profits in subsidiaries	133.791	104.690
	Deficits in subsidiaries	-723	-510
	Tax in subsidiaries	-34.086	-28.010
	Consolidated goodwill amortisation	-1.213	-3.930
		97.769	**72.240**

		Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
5	**Financial income**				
	Interst received from group enterprises	0	0	19	305
	Income from fixed asset investments	89	32	89	32
	Other financial income	989	1.108	325	16
		1.078	**1.140**	**433**	**353**
6	**Financial expenses**				
	Interest paid to group enterprises	0	0	-68	-60
	Loss from fixed asset investments	0	-273	0	-273
	Other financial expenses	-1.286	-7.253	-27	-227
		-1.286	**-7.526**	**-95**	**-560**

Note	DKK '000	Group 2018/19	Group 2017/18	Parent company 2018/19	Parent company 2017/18
7	**Tax on profit for the year**				
	Current tax for the year	34.164	25.018	2.916	-213
	Change in deferred tax liabilities for the year	-1.741	559	-3.076	-897
	Change in deferred tax assets for the year	978	1.453	0	0
	Adjustment of write-down on deferred tax assets	0	0	0	0
	Tax relating to previous years	3.046	181	2.229	136
		36.447	**27.211**	**2.069**	**-974**
	Tax on profit for the year can be specified as:				
	Tax on profit for the year	28.643	20.226	20.877	14.082
	Higher/lower tax rate of foreign subsidiaries	4.190	3.068	0	0
	Tax effect of:				
	Reduction of tax rates	164	658	0	0
	Non-taxable income	-963	-157	-21	-7
	Non-taxable result in subsidiaries	0	0	-21.509	-15.893
	Non-deductible amortisation of goodwill	267	701	0	0
	Other non-deductible expenses	607	1.902	0	75
	Dividend tax subsidiaries	493	633	493	633
	Adj. of retaxable value re. jointly taxed income	2.052	288	2.052	288
	Tax relating to previous years	994	-108	177	-152
		36.447	**27.211**	**2.069**	**-974**

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

8 Intangible fixed assets, group

	Acquired rights	Goodwill	Intangible fixed assets in progress	Total
Cost at 1 April 2018	64.431	118.866	131	183.428
Exchange adjustment	-1.116	20	3	-1.093
Additions for the year	810	0	279	1.089
Disposals for the year	-4.495	0	-75	-4.570
Cost at 31 March 2019	**59.630**	**118.886**	**338**	**178.854**
Amortisation at 1 April 2018	45.410	110.240	0	155.650
Exchange adjustment	-162	15	0	-147
Amortisation for the year	3.906	1.243	0	5.149
Reversal of amortisation of disposed assets	-4.495	0	0	-4.495
Amortisation at 31 March 2019	**44.659**	**111.498**	**0**	**156.157**
Carrying amount at 31 March 2019	**14.971**	**7.388**	**338**	**22.697**
Carrying amount at 31 March 2018	19.021	8.626	131	27.778

9 Property, plant and equipment, group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Tangible fixed assets in progress	Total
Cost at 1 April 2018	250.346	316.127	49.969	9.875	626.317
Exchange adjustment	6.206	6.891	574	77	13.748
Additions for the year	634	49.816	7.112	6.351	63.913
Disposals for the year	-401	-23.821	-11.559	-9.900	-45.681
Cost at 31 March 2019	**256.785**	**349.013**	**46.096**	**6.403**	**658.297**
Depreciation at 1 April 2018	110.822	280.012	37.938	0	428.772
Exchange adjustment	2.188	6.132	530	0	8.850
Depreciation for the year	6.905	24.854	6.377	0	38.136
Reversal of depreciation of disposed assets	-373	-23.199	-11.126	0	-34.698
Depreciation at 31 March 2019	**119.542**	**287.799**	**33.719**	**0**	**441.060**
Carrying amount at 31 March 2019	**137.243**	**61.214**	**12.377**	**6.403**	**217.237**
Carrying amount at 31 March 2018	139.524	36.115	12.031	9.875	197.545

The carrying amount at 31 March 2019 consists of:					
Recognised interest expenses	868				
Recognised leased assets			2.924		

Note **DKK '000**

10 Fixed assets investments, group and parent company

	Parent comp.	Parent comp. and group
	Investment in subsidiaries	**Other Investments**
Cost at 1 April 2018	765.270	1.025
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 March 2019	**765.270**	**1.025**
Revaluations and amortisation at 1 April 2018	-153.566	-785
Exchange adjustment	7.965	0
Disposals for the year	0	0
Market value adjustments concerning securities	0	89
Profit before tax in subsidiaries	133.065	0
Tax on net profit in subsidiaries	-34.159	0
Dividend to the parent company	-51.264	0
Goodwill amortization	-1.213	0
Adjustments in internal avance	73	0
Revaluations and amortisation at 31 March 2019	**-99.099**	**-696**
Carrying amount at 31 March 2019	**666.171**	**329**
Carrying amount at 31 March 2018	611.704	240

Investment in subsidiaries includes the following:

Company	Place of residence	Owner's share
KYOCERA UNIMERCO Tooling A/S	Sunds, Denmark	100%
KYOCERA UNIMERCO Fastening A/S	Sunds, Denmark	100%
KYOCERA UNIMERCO Tooling AB	Jönköping, Sweden	100%
KYOCERA UNIMERCO Tooling AS	Oslo, Norway	100%
KYOCERA UNIMERCO Tooling Inc.	Saline, Michigan, USA	100%
KYOCERA UNIMERCO Tooling Ltd.	Lichfield, UK	100%
KYOCERA UNIMERCO Tooling GmbH	Neuss, Germany	100%
KYOCERA UNIMERCO Fastening GmbH	Esslingen, Germany	100%
KYOCERA UNIMERCO Tooling s.r.o., Brno	Brno, Czech Republic	100%
KYOCERA UNIMERCO Tooling Sp. z o.o.	Wroclaw, Poland	100%
KYOCERA UNIMERCO Tooling Oy	Lahti, Finland	100%
KYOCERA UNIMERCO Tooling Walmsley Ltd.	Sheffield, UK	100%
KYOCERA UNIMERCO Tooling S.r.l.	Milan, Itlay	100%
KYOCERA UNIMERCO Tooling UAB	Vilnius, Lithuania	100%
KYOCERA BILGINOGLU Precision Tools Industry & Trade A.S.	Istanbul, Turkey	70%

		Group		Parent company	
Note	DKK '000	2018/19	2017/18	2018/19	2017/18
11	**Deferred tax assets**				
	Deferred tax assets at 1 April	4.448	5.491	0	0
	Exchange adjustment at the end of the year	29	-114	0	0
	Adjustment relating to previous years	13	524	0	0
	Adjustment of write-down	0	0	0	0
	Changes of the year	-978	-1.453	0	0
	Carrying amount at 31 March	**3.512**	**4.448**	**0**	**0**
	Deferred tax assets relate to:				
	Fixed assets	-1.407	-1.509	0	0
	Current assets etc.	709	653	0	0
	Tax losses	4.210	5.304	0	0
	Carrying amount at 31 March	**3.512**	**4.448**	**0**	**0**

The recognised tax assets mainly relate to tax losses carry forward and are recognised in the balance sheet due to the expectation that the tax losses will be realize in the future.
The assumptions for recognising the tax assets in the balance sheet are that one of the companies with a tax loss has been profitable in the past couple of years and the other one ended strong in FY19.
The plan and expectations for the future are further growth and better profitability.

12 Prepayments

Prepayments mainly comprise prepaid software subscriptions and insurance premiums.

13 Share capital

The share capital of the company is DKK 153,000 divided into shares of DKK 25 each or multiples thereof.
No share certificates have been issued.

		Group		Parent company	
Note	DKK '000	2018/19	2017/18	2018/19	2017/18
14	**Proposed distribution of profit:**				
	Proposed dividend for the year	36.128	25.471	36.128	25.471
	Non-controlling interest	922	-257	0	0
	Retained earnings	56.697	39.512	56.697	39.512
	Profit for the period	**93.747**	**64.726**	**92.825**	**64.983**

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
15 Provision for deferred tax				
Deferred tax at 1 April	24.524	24.272	14.664	15.456
Market value adj. at the beginning of the year	69	-82	0	0
Adj. of retaxable value re. jointly taxed income	2.052	288	2.052	288
Adjustments relating to previous years	253	-513	0	-183
Deferred tax on net profit for the year	-1.741	559	-3.076	-897
Carrying amount at 31 March	**25.157**	**24.524**	**13.640**	**14.664**
Deferred tax relates to:				
Intangible fixed assets	13	-259	0	0
Property, plant and equipment	11.157	9.764	0	0
Current assets	603	882	0	0
Retained earnings subsidiary	0	0	0	0
Current liabilities	-256	-527	0	0
Retaxation balances	13.640	14.664	13.640	14.664
Carrying amount at 31 March	**25.157**	**24.524**	**13.640**	**14.664**
16 Non-current liabilities				
Short-term debt:				
Leasing commitments	1.526	1.671	0	0
Long-term debt:				
Leasing commitments	3.188	4.250	0	0
Long-term liabilities total	**4.714**	**5.921**	**0**	**0**
Of this, falling due after more than 5 years	**0**	**0**	**0**	**0**

Note DKK '000	Group	
	2018/19	2017/18
17 Cash flows from operating activities before changes in working capital		
Operating profit	130.402	98.323
Adjustment of non-cash operating items:		
Depreciation and write-down	43.285	40.626
Gain/loss on disposal of fixed assets	-1.743	-2.453
	171.944	**136.496**

18 Contingent liabilities and other financial obligations

Group:

Contractual obligations
The Group has entered into agreements concerning purchase of machines and software at a value of DKK 10,165 thousand. Of this, DKK 6,007 thousand has been prepaid.

Rental and lease obligations
The Group has entered into operational lease commitments at a yearly instalment of DKK 6,461 thousand over a period of 1 to 5 years. The total lease commitment amounts to DKK 15,031 thousand.
The Group has entered into tenancy agreements to rent office and store rooms for a total annual rent of DKK 2,617 thousand.

Deferred tax
No provisions have been made for deferred tax on the part of the retaxation balance which can be expected to be eliminated by means of a credit relief for current foreign tax. The deferred tax is estimated to DKK 3,963 thousand.

Parent company:

Contingent liabilities
The Group's Danish companies are jointly and severally liable for tax of the Group's jointly taxed income.

19 Related parties

The company's principal shareholder is Kyocera Fineceramics GmbH, Germany.
The company's other related parties comprise the Management and Board of Kyocera Unimerco A/S, cf. page 2 of the Annual Report, as well as the other companies in the Kyocera Group.

Consolidated annual report
The company is included in the consolidated annual report for the ultimative parent company
Kyocera Corporation, Kyoto, Japan
The consolidated annual report for Kyocera Corporation, Kyoto, Japan, can be obtained on the following address:
Kyocera Corporation, 6 Takeda Tobadono-cho, Fushimi-ku, Kyoto 612-8501, Japan

Transactions:
Purchases with Kyocera companies have been made on market terms.
Insignificant management fees have also been calculated on market terms.
Beyond this, no transactions with Board, Management, executives, important shareholders, subsidiaries or other related parties have been made, apart from intra-group transactions, which have been eliminated in the consolidated accounts, and ordinary management remuneration.

20 Events after reporting period
No events have occured after the reporting period of importance to the parent or the consolidated financial statements.