

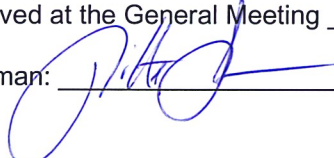


KYOCERA UNIMERCO A/S

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

Annual Report for the period
1 April 2019 – 31 March 2020

Approved at the General Meeting 30. June 2020

Chairman: 

COMPANY DETAILS

KYOCERA UNIMERCO A/S

Drejervej 2

DK-7451 Sunds

Telephone: 97 14 14 11

Telefax: 97 14 14 86

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 Europe 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 June 30, 2020.

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KEY FIGURES

DKK '000

15/16 16/17 17/18 18/19 19/20

Revenue	1.013.475	1.052.452	1.126.933	1.226.156	1.261.696
Expenses	936.710	966.958	1.028.610	1.095.754	1.137.743
EBITDA	120.282	125.852	138.949	173.687	172.631
EBIT	76.765	85.494	98.323	130.402	123.953
Financial items	-3.283	-4.301	-6.386	-208	-2.211
EBT	73.482	81.193	91.937	130.194	121.742
Net profit	49.697	57.108	64.726	93.747	92.152

Fixed assets	245.600	241.513	225.563	240.263	228.462
Current assets	518.553	581.134	638.887	730.143	772.792
Total assets	764.153	822.647	864.450	970.406	1.001.254
Share capital	153.000	153.000	153.000	153.000	153.000
Equity	627.926	663.695	696.196	771.077	821.774
Provisions	22.075	24.272	24.524	25.157	20.458
Non-current liabilities	2.568	2.823	4.250	3.188	3.076
Current liabilities	111.584	131.857	139.480	170.984	155.946

Cash flow from operating activities	71.734	67.845	100.308	115.014	129.740
Cash flow from investing activities	-52.636	-16.253	-33.529	-52.150	-37.594
<i>Of this investment in tangible fixed assets</i>	<i>-22.268</i>	<i>-35.957</i>	<i>-35.367</i>	<i>-54.016</i>	<i>-39.320</i>
Cash flow from financing activities	-22.699	-42.069	-91.098	-48.958	-73.799
Change in cash for the year	-3.601	9.523	-24.319	13.906	18.347
Cash, end of period	131.845	139.932	113.861	128.612	145.274

Average no. of employees	662	666	675	696	707
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Profit margin	7,6	8,1	8,7	10,6	9,8
Return on invested capital p.a.	15,0	16,1	17,2	20,5	18,0
Gross margin ratio	37,1	37,1	36,4	36,8	36,1
Return on equity p.a.	8,0	8,8	9,5	12,8	11,6
Equity ratio	82,2	80,7	80,5	79,5	82,1

For definitions of financial ratios a reference is made to "Financial ratios" under accounting policies.

GROUP MANAGEMENT REPORT

Core activities

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

Development in the year

The revenue in the first half of the financial year was satisfactory mainly derived from good business development at several key customers while the market conditions gradually slowed down due to emerging trade conflict and geopolitical issues in EMEA region. In second half of the financial year we experienced negative market trend heavily accelerated by the Covid-19 outbreak affecting the last month of the financial year.

Group revenue ended at DKK 1,262 million which is record high and an increase of 2,9% compared to last year. The profit before tax ended at DKK 122 million which is 6,5% lower than last year. The largest part of the revenue (81%) derives from markets outside Denmark.

Given the market conditions, we consider our annual result as satisfactory.

Acquisitions and investment

Kyocera Unimerco has not acquired new companies in this financial year. The total investments amount to DKK 39 million - mainly in machines.

Equity and liquidity

Equity increased by DKK 51 million, from DKK 771 million to DKK 822 million. Profit for the year increased equity by DKK 92 million, while exchange rate adjustment of the equity in the subsidiaries decreased equity by DKK 5 million. Dividend payment reduced equity by DKK 36 million. The equity ratio is 82%.

Liquidity increased from DKK 129 million to DKK 145 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. New developments take place both as developments driven by general future market trends as well as development projects in close cooperation 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. In addition, end of March our German company KYOCERA UNIMERCO Tooling GmbH obtained DIN IN ISO 9001-2015 certification.

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.

GROUP MANAGEMENT REPORT

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

Please refer to the 2019 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

The Board of Directors has set the target that at least 40% of the board members should be female 2023. There has been no change in the current board in this financial year. At present, one out of seven board members is female.

Since the company has less than 50 employees, and 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 the policy how to increase the number of women in the management group.

Expectations for the coming year

Market conditions was uncertain even before the Covid-19 pandemic. Before the Covid-19 pandemic we expected to be able to increase both sales and profit between 5% to 10% in the financial year 2020/21. But the market conditions have been affected severely with the Covid-19 pandemic and most of the countries where we are active have initiated lock downs or restrictions significantly impacting the activities at our customers. It is not possible to predict the strength and the duration of the crisis - other than our sales and profitability will be heavily affected in the coming financial year 2020/21. We have initiated robust and agile countermeasures with the objective to maintain competencies and capacity in the organization as well as improving processes and efficiency preparing us for future growth when the crises is over.

General Meeting and dividend

The Annual General Meeting will be held on 30 June 2020 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 34,870,000 be distributed as dividend for the 2019/20 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 2019 - 31 March 2020.

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 2020, and of the results of the Company's and the Group's activities and the Group's cash flows for the period 2019/20.

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, 30 June 2020

Management



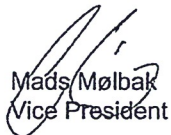
Shigeru Koyama
Chairman



Shoji Gotoda
President

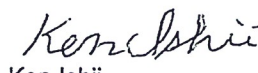


Jan Rønberg
Vice President



Mads Mølbak
Vice President

Board of Directors



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 2020, 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 2019 - 31 March 2020 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 April 2019 - 31 March 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 ("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.

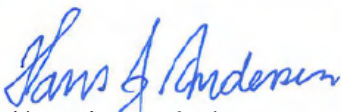
Aarhus, 30 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31


Henrik Trangeled Kristensen
State Authorised Public Accountant
mne23333



Hans Jørgen Andersen
State Authorised Public Accountant
Mne30211

ACCOUNTING POLICIES

Basic principles

The Annual Report for KYOCERA UNIMERCO A/S for 2019/20 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.

The Annual Report is presented in TDKK.

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

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

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

INCOME STATEMENT FOR THE PERIOD 1 APRIL 2019 – 31 MARCH 2020

<u>Note</u>	DKK '000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
1	Revenue	1.261.696	1.226.156	0	0
2	Production expenses	-806.779	-774.513	0	0
	Gross profit	454.917	451.643	0	0
2	Distribution expenses	-256.581	-249.684	0	0
2,3	Administrative expenses	-76.179	-74.041	-8.901	-10.961
	Other operating income	2.013	2.576	7.169	7.748
	Other operating costs	-217	-92	0	0
	Operating profit/loss	123.953	130.402	-1.732	-3.213
4	Profit after tax in subsidiaries	0	0	90.413	97.769
5	Financial income	1.417	1.078	562	433
6	Financial expenses	-3.628	-1.286	-144	-95
	Profit before income tax	121.742	130.194	89.099	94.894
7	Tax on profit for the year	-29.590	-36.447	1.993	-2.069
	Profit for the period	92.152	93.747	91.092	92.825

BALANCE SHEET AS OF 31 MARCH 2020

<u>Note</u>	DKK '000	<u>Group</u>		<u>Parent company</u>	
		<u>31/3 2020</u>	<u>31/3 2019</u>	<u>31/3 2020</u>	<u>31/3 2019</u>
	<u>ASSETS</u>				
	Acquired rights	11.780	14.971	0	0
	Goodwill	6.172	7.388	0	0
	Development projects in progress and prepayments	378	338	0	0
8	Intangible fixed assets	18.330	22.697	0	0
	Land and buildings	133.467	137.243	0	0
	Plant and machinery	57.951	61.214	0	0
	Other fixtures and fittings, tools and equipment	14.175	12.377	0	0
	Property, plant and equipment in progress	4.159	6.403	0	0
9	Property, plant and equipment	209.752	217.237	0	0
10	Investment in subsidiaries	0	0	704.087	666.171
10	Other investments	380	329	380	329
	Fixed assets investments	380	329	704.467	666.500
	FIXED ASSETS	228.462	240.263	704.467	666.500
	Raw materials and consumables	21.531	20.049	0	0
	Work in progress	4.735	6.185	0	0
	Manufactured goods and goods for resale	162.175	164.749	0	0
	Inventories	188.441	190.983	0	0
	Trade receivables	195.870	211.242	0	0
	Receivables from group enterprises	189.858	152.550	197.600	152.881
	Corporation tax	18.220	15.822	15.330	12.044
	Other receivables	15.555	12.652	107	122
11	Deferred tax assets	3.403	3.512	0	0
12	Prepayments	16.047	14.610	7	63
	Receivables	438.953	410.388	213.044	165.110
	Current asset investments	124	160	0	0
	Cash at bank and in hand	145.274	128.612	12.964	28.103
	CURRENT ASSETS	772.792	730.143	226.008	193.213
	ASSETS	1.001.254	970.406	930.475	859.713

BALANCE SHEET AS OF 31 MARCH 2020

<u>Note</u>	DKK '000	<u>Group</u>		<u>Parent company</u>	
		<u>31/3 2020</u>	<u>31/3 2019</u>	<u>31/3 2020</u>	<u>31/3 2019</u>
	<u>LIABILITIES</u>				
	Share capital	153.000	153.000	153.000	153.000
	Retained earnings	628.088	576.430	628.088	576.430
	Proposed dividend	34.870	36.128	34.870	36.128
	Equity attributable to owner of KYOCERA UNIMERCO A/S	815.958	765.558	815.958	765.558
	Non-controlling interest	5.816	5.519	0	0
13,14	EQUITY	821.774	771.077	815.958	765.558
15	Provision for deferred tax	20.458	25.157	12.834	13.640
	PROVISIONS	20.458	25.157	12.834	13.640
	Leasing commitments	3.076	3.188	0	0
16	Non-current liabilities	3.076	3.188	0	0
16	Leasing commitments	1.030	1.526	0	0
	Payables to group enterprises	22.430	28.409	100.259	78.836
	Trade payables	42.432	44.364	172	0
	Corporation tax	19.128	18.815	0	0
	Other payables	70.926	77.870	1.252	1.679
	Current liabilities	155.946	170.984	101.683	80.515
	LIABILITIES	159.022	174.172	101.683	80.515
	LIABILITIES AND EQUITY	1.001.254	970.406	930.475	859.713
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

<u>Note</u>	<u>DKK '000</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Non-controlling interest</u>	<u>Total</u>
	Equity at 1 April 2018	153.000	511.768	25.471	5.957	696.196
	Exchange rate adjustment of subsidiaries	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
	Exchange rate adjustment of subsidiaries	0	-4.564	0	-763	-5.327
	Addition	0	0	0	0	0
	Dividend paid	0	0	-36.128	0	-36.128
	Net profit for the year	0	56.222	34.870	1.060	92.152
13,14	Equity at 31 March 2020	153.000	628.088	34.870	5.816	821.774

Parent company

<u>Note</u>	<u>DKK '000</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
	Equity at 1 April 2018	153.000	511.768	25.471	690.239
	Exchange rate adjustment of subsidiaries	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
	Exchange rate adjustment of subsidiaries	0	-4.564	0	-4.564
	Dividend paid	0	0	-36.128	-36.128
	Net profit for the year	0	56.222	34.870	91.092
13,14	Equity at 31 March 2020	153.000	628.088	34.870	815.958

CASH FLOW STATEMENT FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

<u>Note</u> DKK '000	Group	
	2019/20	2018/19
Revenue	1.261.696	1.226.156
Expenses	-1.090.032	-1.054.212
17 Cash flows from operating activities before change in working capital	171.664	171.944
Change in inventories	1.674	-25.669
Change in receivables	7.556	-33.496
Change in payables	-12.413	24.306
Cash flows from operating activities before financial items	168.481	137.085
Financial items, net	-2.262	-301
Corporation tax paid	-36.479	-21.770
Cash flows from operating activities	129.740	115.014
Purchase of intangible fixed assets	-116	-1.014
Purchase of tangible fixed assets	-39.320	-54.016
Sale of tangible fixed assets	1.798	2.839
Purchase/sales of financial fixed assets	44	41
Cash flows from investing activities	-37.594	-52.150
<u>Shareholders:</u>		
Dividend paid	-36.128	-25.471
Non-controlling interest	0	0
Participation in group cash pool	-37.383	-22.639
<u>Debt financing:</u>		
Increase of debt to credit institutions etc.	2.268	1.470
Repayment of debt	-2.556	-2.318
Cash flow from financing activities	-73.799	-48.958
Change in cash and cash equivalents	18.347	13.906
Cash and cash equivalents at the beginning of the year	128.612	113.861
Currency adjustments relating to subsidiaries	-1.685	845
Cash and cash equivalents at year end	145.274	128.612

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

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

<u>Note</u>	DKK '000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
1	Revenue				
	<u>Revenue grouped by geographical markets</u>				
	Europe	1.058.564	1.040.004	0	0
	North and South America	131.712	119.952	0	0
	Asia	38.666	32.439	0	0
	Rest of the world	32.754	33.761	0	0
		1.261.696	1.226.156	0	0
	<u>Revenue grouped by segment:</u>				
	Tooling	986.195	973.057	0	0
	Fastening	275.501	253.099	0	0
		1.261.696	1.226.156	0	0
2	Staff expenses				
	Wages and salaries	308.057	297.375	4.570	4.385
	Pension expenses	20.838	19.620	61	59
	Other expenses for social security	22.817	22.215	21	21
		351.712	339.210	4.652	4.465
	Average number of employees	707	696	3	3
	Consideration for Management of the parent company for the period is DKK 2,759 thousand (2018/19: DKK 2,072 thousand) and for the Board DKK 0 thousand (2018/19: DKK 0 thousand).				
3	Fees for auditors appointed by the General Meeting				
	Total fee for PricewaterhouseCoopers				
	Auditing	1.525	1.379	160	155
	Other assurance tasks	64	123	50	69
	Tax consultancy	267	224	0	0
	Other services	337	304	11	15
		2.193	2.030	221	239

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

<u>Note</u>	DKK '000	<u>Parent company</u>	
		<u>2019/20</u>	<u>2018/19</u>
4	Profit after tax in subsidiaries		
	Profits in subsidiaries	125.862	133.791
	Deficits in subsidiaries	-2.962	-723
	Tax in subsidiaries	-31.274	-34.086
	Consolidated goodwill amortisation	-1.213	-1.213
		90.413	97.769
		<u>Parent company</u>	
		<u>2019/20</u>	<u>2018/19</u>
		<u>Group</u>	
		<u>2019/20</u>	<u>2018/19</u>
5	Financial income		
	Interest received from group enterprises	0	0
	Income from fixed asset investments	51	89
	Other financial income	1.366	989
		1.417	1.078
		<u>Parent company</u>	
		<u>2019/20</u>	<u>2018/19</u>
6	Financial expenses		
	Interest paid to group enterprises	0	0
	Loss from fixed asset investments	0	0
	Other financial expenses	-3.628	-1.286
		-3.628	-1.286
		<u>Parent company</u>	
		<u>2019/20</u>	<u>2018/19</u>

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

<u>Note</u> DKK '000	<u>Group</u>		<u>Parent company</u>	
	<u>2019/20</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2018/19</u>
7 Tax on profit for the year				
Current tax for the year	35.216	34.164	856	2.916
Change in deferred tax liabilities for the year	-3.913	-1.741	-806	-3.076
Change in deferred tax assets for the year	-418	978	0	0
Adjustment of write-down on deferred tax assets	0	0	0	0
Tax relating to previous years	-1.295	3.046	-2.043	2.229
	29.590	36.447	-1.993	2.069
Tax on profit for the year can be specified as:				
Tax on profit for the year	26.784	28.643	19.602	20.877
Higher/lower tax rate of foreign subsidiaries	3.906	4.190	0	0
Tax effect of:				
Reduction of tax rates	-57	164	0	0
Non-taxable income	-644	-963	-11	-21
Non-taxable result in subsidiaries	0	0	-19.891	-21.509
Non-deductible amortisation of goodwill	267	267	0	0
Other non-deductible expenses	283	607	4	0
Dividend tax subsidiaries	346	493	346	493
Adj. of retaxable value re. jointly taxed income	0	2.052	0	2.052
Tax relating to previous years	-1.295	994	-2.043	177
	29.590	36.447	-1.993	2.069

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

8 Intangible fixed assets, group

	Acquired rights	Goodwill	Development pro- jects in progress and prepayments	Total
Cost at 1 April 2019	59.630	118.886	338	178.854
Exchange adjustment	-500	3	1	-496
Additions for the year	77	0	270	347
Disposals for the year	-679	0	-231	-910
Cost at 31 March 2020	58.528	118.889	378	177.795
Amortisation at 1 April 2019	44.659	111.498	0	156.157
Exchange adjustment	-104	3	0	-101
Amortisation for the year	2.871	1.216	0	4.087
Reversal of amortisation of disposed assets	-678	0	0	-678
Amortisation at 31 March 2020	46.748	112.717	0	159.465
Carrying amount at 31 March 2020	11.780	6.172	378	18.330
Carrying amount at 31 March 2019	14.971	7.388	338	22.697

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 2019	256.785	349.013	46.096	6.403	658.297
Exchange adjustment	-1.802	475	-483	-71	-1.881
Additions for the year	4.670	27.695	9.129	4.158	45.652
Disposals for the year	-232	-8.807	-9.411	-6.331	-24.781
Cost at 31 March 2020	259.421	368.376	45.331	4.159	677.287
Depreciation at 1 April 2019	119.542	287.799	33.719	0	441.060
Exchange adjustment	-520	280	-296	0	-536
Depreciation for the year	6.966	31.152	6.473	0	44.591
Reversal of depreciation of disposed assets	-34	-8.806	-8.740	0	-17.580
Depreciation at 31 March 2020	125.954	310.425	31.156	0	467.535
Carrying amount at 31 March 2020	133.467	57.951	14.175	4.159	209.752
Carrying amount at 31 March 2019	137.243	61.214	12.377	6.403	217.237

The carrying amount at 31 March 2020 consists of:

Recognised interest expenses	<u>696</u>
Recognised leased assets	<u>3.257</u>

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

10 Fixed assets investments, group and parent company

	<u>Parent comp.</u>	<u>Parent comp. and group</u>
	<u>Investment in subsidiaries</u>	<u>Other Investments</u>
Cost at 1 April 2019	765.270	1.025
Additions for the year	2.158	0
Disposals for the year	0	0
Cost at 31 March 2020	<u>767.428</u>	<u>1.025</u>
Revaluations and amortisation at 1 April 2018	-99.099	-696
Exchange adjustment	-4.564	0
Disposals for the year	0	0
Market value adjustments concerning securities	0	51
Profit before tax in subsidiaries	121.442	0
Tax on net profit in subsidiaries	-30.954	0
Dividend to the parent company	-50.091	0
Goodwill amortization	-1.213	0
Adjustments in internal avance	1.138	0
Revaluations and amortisation at 31 March 2019	<u>-63.341</u>	<u>-645</u>
Carrying amount at 31 March 2020	<u>704.087</u>	<u>380</u>
Carrying amount at 31 March 2019	666.171	329

Investment in subsidiaries includes the following:

<u>Company</u>	<u>Place of residence</u>	<u>Owner's shar</u>
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, Italy	100%
KYOCERA UNIMERCO Tooling UAB	Vilnius, Lithuania	100%
KYOCERA BILGINOGLU Precision Tools Industry & Trade A.S.	Istanbul, Turkey	70%

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

<u>Note</u> DKK '000	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
11 Deferred tax assets				
Deferred tax assets at 1 April	3.512	4.448	0	0
Exchange adjustment at the end of the year	-114	29	0	0
Adjustment relating to previous years	-413	13	0	0
Adjustment of write-down	0	0	0	0
Changes of the year	418	-978	0	0
Carrying amount at 31 March	3.403	3.512	0	0
Deferred tax assets relate to:				
Fixed assets	-698	-1.407	0	0
Current assets etc.	773	709	0	0
Tax losses	3.328	4.210	0	0
Carrying amount at 31 March	3.403	3.512	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 realized 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 a turnaround plan has been made for the other one.

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.

<u>Note</u> DKK '000	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
14 Proposed distribution of profit:				
Proposed dividend for the year	34.870	36.128	34.870	36.128
Non-controlling interest	1.060	922	0	0
Retained earnings	56.222	56.697	56.222	56.697
Profit for the period	92.152	93.747	91.092	92.825

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
15 Provision for deferred tax				
Deferred tax at 1 April	25.157	24.524	13.640	14.664
Market value adj. at the beginning of the year	35	69	0	0
Adj. of retaxable value re. jointly taxed income	0	2.052	0	2.052
Adjustments relating to previous years	-821	253	0	0
Deferred tax on net profit for the year	-3.913	-1.741	-806	-3.076
Carrying amount at 31 March	20.458	25.157	12.834	13.640
Deferred tax relates to:				
Intangible fixed assets	-1.732	13	0	0
Property, plant and equipment	8.548	11.157	0	0
Current assets	850	603	0	0
Current liabilities	-42	-256	0	0
Retaxation balances	12.834	13.640	12.834	13.640
Carrying amount at 31 March	20.458	25.157	12.834	13.640
16 Non-current liabilities				
Short-term debt:				
Leasing commitments	1.030	1.526	0	0
Long-term debt:				
Leasing commitments	3.076	3.188	0	0
Long-term liabilities total	4.106	4.714	0	0
Of this, falling due after more than 5 years	0	0	0	0
			Group	
Note	DKK '000		2019/20	2018/19
17 Cash flows from operating activities before changes in working capital				
Operating profit			123.953	130.402
Adjustment of non-cash operating items:				
Depreciation and write-down			48.678	43.285
Gain/loss on disposal of fixed assets			-967	-1.743
			171.664	171.944

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

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 7,045 thousand. Of this, DKK 2,028 thousand has been prepaid.

Rental and lease obligations

The Group has entered into operational lease commitments of primarily company cars and tenancy agreements to rent office and store rooms at a instalment of DKK 8,222 thousand next financial year.

The total lease commitment amounts to DKK 25,417 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 6,007 thousand.

Parent company:

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group.

There is no corporation tax payable by the Group due to voluntary payment of tax on account.

Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

19 Related parties

The company's principal shareholder is Kyocera Europe 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 ultimate 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:

The company has chosen only to disclose transactions which have not been made on normal market conditions. There are no transactions to disclose.

20 Events after reporting period

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