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BDO Statsautoriseret revisionsaktieselskab  
Havneholmen 29  
DK-1561 Copenhagen V  
CVR no. 20 22 26 70

**ROULUNDS BRAKING APS**  
**HESTEHAVEN 43, HJALLESE, 5260 ODENSE S**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2018**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 25 April 2019**

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**Georg Michael Ruhl**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 26 93 14 52**

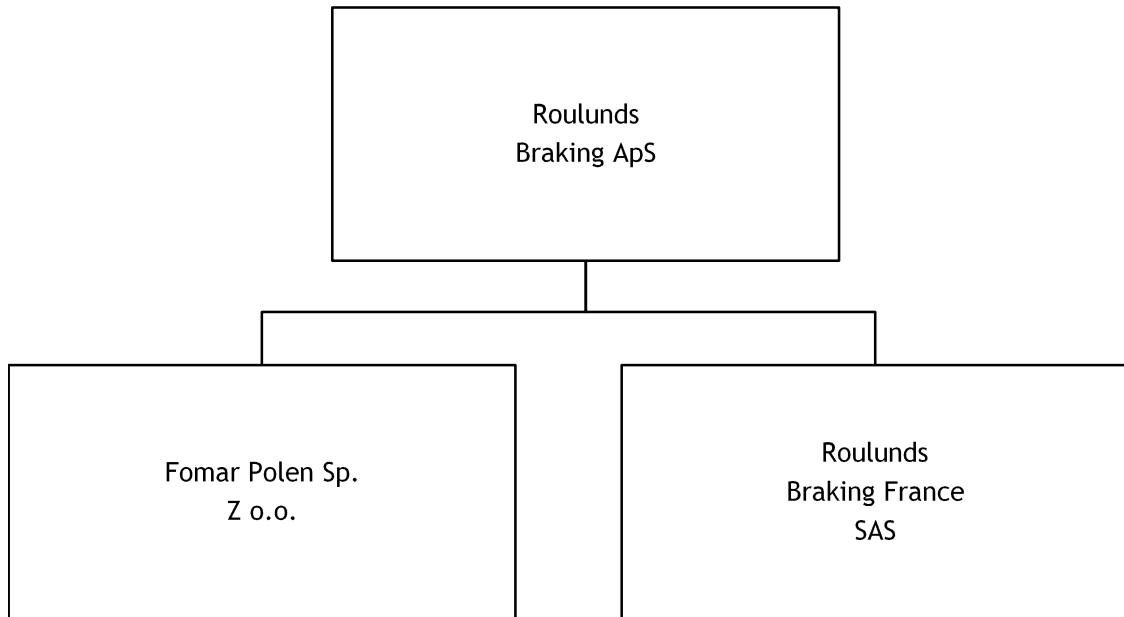
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**COMPANY DETAILS**

<b>Company</b>	Roulunds Braking ApS Hestehaven 43 Hjallese 5260 Odense S  CVR No.: 26 93 14 52 Established: 1 January 2003 Registered Office: Odense Financial Year: 1 January - 31 December
<b>Board of Directors</b>	George Michael Ruhl, chairman Caroline Evelyne Lachaud Christopher Watson Per Kroer Andersen Johnny Haakonsson Lars Bjarne Madsen, elected by employees John Bøgedal, elected by employees
<b>Board of Executives</b>	Christopher Watson Per Kroer Andersen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
<b>Bank</b>	Nordea Bank A/S Vestre Stationsvej 7 5000 Odense C

## GROUP STRUCTURE



The following companies are consolidated and recognised at equity value under the equity method:

Fomar Poland Sp. Z.o.o.  
Roulunds Braking France SAS

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Roulunds Braking ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2018 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2018.

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

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

Odense, 21 March 2019

### Board of Executives

\_\_\_\_\_  
Christopher Watson

\_\_\_\_\_  
Per Kroer Andersen

### Board of Directors

\_\_\_\_\_  
George Michael Ruhl  
Chairman

\_\_\_\_\_  
Caroline Evelyne Lachaud

\_\_\_\_\_  
Christopher Watson

\_\_\_\_\_  
Per Kroer Andersen

\_\_\_\_\_  
Johnny Haakonsson

\_\_\_\_\_  
Lars Bjarne Madsen  
Elected by employees

\_\_\_\_\_  
John Bøgedal  
Elected by employees

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Roulunds Braking ApS

### Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Roulunds Braking ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company's at 31 December 2018 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

## INDEPENDENT AUDITOR'S REPORT

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Copenhagen, 21 March 2019

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Ole C. K. Nielsen  
State Authorised Public Accountant  
MNE no. mne23299

Søren Søndergaard Jensen  
State Authorised Public Accountant  
MNE no. mne32069



**FINANCIAL HIGHLIGHTS OF THE GROUP**

	2018	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Net revenue.....	564.925	542.825	558.106	593.892	567.155
Gross profit.....	81.737	84.553	85.850	104.643	85.240
Operating profit.....	27.592	31.608	35.310	56.114	29.999
Financial income and expenses, net.....	-571	-218	-3.735	-5.940	-9.143
Profit for the year.....	20.708	23.925	23.554	35.752	15.921
<b>Balance sheet</b>					
Balance sheet total.....	321.210	300.113	293.736	270.349	299.357
Equity.....	201.143	180.572	156.546	133.066	97.286
<b>Cash flows</b>					
Cash flows from operating activities.....	7.622	18.086	20.345	62.042	11.239
Cash flows from investing activities.....	-3.527	-16.734	-34.387	191	-6.414
Cash flows from financing activities.....	1.176	10.091	-4.359	-69.350	1.528
Investment in tangible fixed assets.....	-4.689	-17.722	-34.818	3.597	6.932
<b>Ratios</b>					
Gross margin.....	14,5	15,6	15,4	17,6	15,0
Profit margin.....	4,9	5,8	6,3	5,4	3,4
Rate of return.....	16,8	18,8	24,4	7,0	6,7
Solvency ratio.....	62,6	60,2	53,3	49,2	32,5
Return on equity.....	10,8	14,2	16,3	31,0	25,3

The key figures are prepared in accordance with the guidance of Den Danske Finansanalytikerforening on "Recommendation & Key Figures". Reference is made to the overview of principal figures and key figures concerning the formula for calculation of individual key figures.

## FINANCIAL HIGHLIGHTS OF THE GROUP

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

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

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

## MANAGEMENT'S REVIEW

### Principal activities

The activities of the company in Denmark include:

- Distribution and sale of brake pads, brake shoes, rolled lining, brake discs and brake shoe kits manufactured by other MAT companies into the European market.
- Central R&D for all MAT friction companies.

### Development in activities and financial position

The group result before tax showed a profit of 27,0 million DKK (Roulunds Braking Denmark 28,2 million DKK, Fomar Poland 0,9 million DKK, Roulunds Braking France -2,1 million DKK).

2018 sales were 565 million DKK. Sales included 108 million DKK resulting from Fomar Friction activities in Poland.

In 2018 the group has invested 4,7 million DKK in tangible fixed assets of which R&D amounts to 3,1 million DKK.

Roulunds Braking Denmark inventory has decreased by 3,3 million DKK. Total Group inventory 2018 was 106 million DKK.

### Major events in the year

Roulunds Braking ApS was certified to the new IATF 16949 quality standard in 2018.

Daimler was established as a new OES customer in 2018 with first sales expected early in 2019.

### Quality Certifications

The company is IATF16949 and ISO 14001 certified.

### Profit for the year compared to expectations

2018 results were broadly in line with prior years. Overall sales increased but the margin continued to be impacted by a negative product mix that saw an increase in lower margin aftermarket sales. Buying groups are now driving consolidation of the traditional aftermarket distribution channels which is pushing down market pricing.

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

MAT will restructure the aftermarket brake shoe and brake shoe kit operations in 2019. These operations, currently produced in China and France respectively, will be transferred to India. As a result Roulunds Braking France will in future only have sales and warehouse functions.

### Special risks

Brexit is a major concern because of the associated negative market sentiment. Roulunds Braking ApS doesn't have any supply chain risk from Brexit.

GM Europe has been purchased by PSA. The impact on Roulunds' existing GM business is unknown.

## MANAGEMENT'S REVIEW

### Research and development activities

R&D expenditure was in line with budget in 2018.

R&D activity in 2018 was focused on copper free product development for North America and the launch of several new products for European aftermarket together with Daimler OES testing.

### Future expectations

Sales are expected to continue to grow in 2019 based on new business awards. However price pressure resulting from market consolidation is a concern therefore renewed focus on costs will be required to address recent margin erosion.

### Corporate social responsibility

Product development is focused on reducing the environmental impact of our products including the elimination of heavy metal and copper compounds.

Roulunds Braking ApS operates under the common MAT Friction Group Human Resources Policy.

### Target figures and policies for the underrepresented gender

The company focuses on increasing the number of female managers and in 2013 established target figures for how many of the underrepresented gender should sit on the board of directors. Further the company has prepared policies to ensure the right composition of gender in the management generally.

### Target Figures

The company did meet the objective of having a minimum of 20% female board members at the end of 2018.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
<b>NET REVENUE</b> .....	1	<b>564.925</b>	<b>542.825</b>	<b>564.925</b>	<b>542.825</b>
Cost of sales.....		-422.266	-398.458	-446.286	-418.472
Other external expenses.....	2	-60.922	-59.814	-51.672	-52.438
<b>GROSS PROFIT</b> .....		<b>81.737</b>	<b>84.553</b>	<b>66.967</b>	<b>71.915</b>
Staff costs.....	3	-46.100	-42.348	-30.482	-28.886
Depreciation, amortisation and impairment.....		-8.045	-10.597	-7.683	-9.440
<b>OPERATING PROFIT</b> .....		<b>27.592</b>	<b>31.608</b>	<b>28.802</b>	<b>33.589</b>
Result of equity investments in group and associat.....		0	0	-1.449	-2.175
Other financial income.....	4	15	3.538	35	3.538
Other financial expenses.....		-586	-3.756	-606	-3.747
<b>PROFIT BEFORE TAX</b> .....		<b>27.021</b>	<b>31.390</b>	<b>26.782</b>	<b>31.205</b>
Tax on profit/loss for the year.....	5	-6.313	-7.465	-6.074	-7.280
<b>PROFIT FOR THE YEAR</b> .....	6	<b>20.708</b>	<b>23.925</b>	<b>20.708</b>	<b>23.925</b>

**BALANCE SHEET AT 31 DECEMBER**

ASSETS	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Development projects completed..		0	0	0	0
Knowhow.....		637	816	637	816
Goodwill.....		2.287	2.962	2.287	2.962
<b>Intangible fixed assets.....</b>	<b>7</b>	<b>2.924</b>	<b>3.778</b>	<b>2.924</b>	<b>3.778</b>
Land and buildings.....		37.655	38.873	37.655	38.873
Production plants and machinery..		1.391	857	0	0
Other plants, machinery, tools and equipment.....		7.902	10.345	7.902	10.345
Leasehold improvements.....		810	336	810	336
Tangible fixed assets in progress and prepayment.....		2.993	4.004	2.993	4.004
<b>Tangible fixed assets.....</b>	<b>8</b>	<b>50.751</b>	<b>54.415</b>	<b>49.360</b>	<b>53.558</b>
Equity investments in group enterprises.....		0	0	2.948	2.491
<b>Fixed asset investments.....</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>2.948</b>	<b>2.491</b>
<b>FIXED ASSETS.....</b>		<b>53.675</b>	<b>58.193</b>	<b>55.232</b>	<b>59.827</b>
Raw materials and consumables...		14.473	4.868	14.473	4.868
Finished goods and goods for sale..		91.642	103.007	85.922	98.796
<b>Inventories.....</b>		<b>106.115</b>	<b>107.875</b>	<b>100.395</b>	<b>103.664</b>
Trade receivables.....		128.834	99.147	128.793	97.598
Receivables from group enterprises.....		12.425	12.213	12.374	12.147
Loan to group enterprises.....		0	0	0	893
Other receivables.....		12.179	16.657	10.799	15.837
Receivables corporation tax joint taxation.....		68	273	68	273
<b>Receivables.....</b>		<b>153.506</b>	<b>128.290</b>	<b>152.034</b>	<b>126.748</b>
<b>Cash and cash equivalents.....</b>		<b>7.914</b>	<b>5.755</b>	<b>7.443</b>	<b>5.192</b>
<b>CURRENT ASSETS.....</b>		<b>267.535</b>	<b>241.920</b>	<b>259.872</b>	<b>235.604</b>
<b>ASSETS.....</b>		<b>321.210</b>	<b>300.113</b>	<b>315.104</b>	<b>295.431</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Share capital.....		2.560	2.560	2.560	2.560
Retained profit.....		198.583	178.012	198.583	178.012
<b>EQUITY.....</b>		<b>201.143</b>	<b>180.572</b>	<b>201.143</b>	<b>180.572</b>
Provision for deferred tax.....	10	335	1.115	335	1.115
Provisions for equity investments in group enterprises.....		0	0	1.130	0
<b>PROVISION FOR LIABILITIES.....</b>		<b>335</b>	<b>1.115</b>	<b>1.465</b>	<b>1.115</b>
Mortgage debt.....		12.473	13.400	12.473	13.400
Payables to group enterprises.....		2.240	0	0	0
<b>Long-term liabilities.....</b>	11	<b>14.713</b>	<b>13.400</b>	<b>12.473</b>	<b>13.400</b>
Short-term portion of long-term liabilities.....	11	935	928	935	928
Bank debt.....		6.953	10.065	6.953	10.065
Trade payables.....		16.923	13.414	12.912	9.876
Payables to group enterprises.....		72.086	71.464	72.734	72.647
Corporation tax.....		465	271	465	271
Other liabilities.....		7.657	8.884	6.024	6.557
<b>Current liabilities.....</b>		<b>105.019</b>	<b>105.026</b>	<b>100.023</b>	<b>100.344</b>
<b>LIABILITIES.....</b>		<b>119.732</b>	<b>118.426</b>	<b>112.496</b>	<b>113.744</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>321.210</b>	<b>300.113</b>	<b>315.104</b>	<b>295.431</b>
Contingencies etc.	12				
Charges and securities	13				
Related parties	14				

## EQUITY

	<b>Group</b>		
	Share capital	Retained profit	Total
Equity at 1 January 2018.....	2.560	178.012	180.572
Foreign exchange adjustments.....		-137	-137
Proposed distribution of profit.....		20.708	20.708
<b>Equity at 31 December 2018.....</b>	<b>2.560</b>	<b>198.583</b>	<b>201.143</b>

	<b>Parent company</b>		
	Share capital	Retained profit	Total
Equity at 1 January 2018.....	2.560	178.012	180.572
Foreign exchange adjustments.....		-137	-137
Proposed distribution of profit.....		20.708	20.708
<b>Equity at 31 December 2018.....</b>	<b>2.560</b>	<b>198.583</b>	<b>201.143</b>

The share capital has remained unchanged for the last 5 years.



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

	Group		Parent company	
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000
Profit for the year.....	20.708	23.925	20.708	23.925
Reversed depreciation of the year.....	8.045	10.597	7.683	9.440
Profit/loss from subsidiaries.....	0	0	1.449	2.176
Reversed tax on profit for the year.....	6.313	7.465	6.074	7.280
Corporation tax paid.....	-6.890	-10.674	-6.651	-10.489
Change in inventory.....	1.760	-7.586	3.269	-7.788
Change in receivables.....	-25.224	7.415	-26.070	7.905
Change in current liabilities.....	2.910	-13.056	2.596	-14.075
<b>CASH FLOWS FROM OPERATING ACTIVITY..</b>	<b>7.622</b>	<b>18.086</b>	<b>9.058</b>	<b>18.374</b>
Purchase of tangible fixed assets.....	-4.689	-17.722	-3.793	-17.333
Sale of tangible fixed assets.....	1.162	988	1.162	988
<b>CASH FLOWS FROM INVESTING ACTIVITY....</b>	<b>-3.527</b>	<b>-16.734</b>	<b>-2.631</b>	<b>-16.345</b>
Proceeds from long-term borrowing.....	2.240	14.328	0	14.328
Repayments of loans.....	-927	-4.338	-927	-4.338
Other cash flows from financing activities...	-137	101	-137	101
<b>CASH FLOWS FROM FINANCING ACTIVITY...</b>	<b>1.176</b>	<b>10.091</b>	<b>-1.064</b>	<b>10.091</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.</b>	<b>5.271</b>	<b>11.443</b>	<b>5.363</b>	<b>12.120</b>
Cash and cash equivalents at 1. januar.....	-4.310	-15.753	-4.873	-16.993
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>961</b>	<b>-4.310</b>	<b>490</b>	<b>-4.873</b>
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents.....	7.914	5.755	7.443	5.192
Bank debt.....	-6.953	-10.065	-6.953	-10.065
<b>CASH AND CASH EQUIVALENTS, NET DEBT..</b>	<b>961</b>	<b>-4.310</b>	<b>490</b>	<b>-4.873</b>

## NOTES

	Group		Parent company		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
<b>Net revenue</b>					<b>1</b>
Revenue, Denmark.....	13.600	16.529	13.600	16.529	
Revenue, Europe.....	551.325	526.296	551.325	526.296	
	<b>564.925</b>	<b>542.825</b>	<b>564.925</b>	<b>542.825</b>	
<b>Segment details (geography)</b>					
Revenue, Denmark.....	13.600	16.529	13.600	16.529	
Revenue, Europe.....	551.325	526.296	551.325	526.296	
	<b>564.925</b>	<b>542.825</b>	<b>564.925</b>	<b>542.825</b>	
<b>Fee to statutory auditors</b>					<b>2</b>
Statutory audit.....	523	518	295	295	
Other services.....	217	228	217	228	
	<b>740</b>	<b>746</b>	<b>512</b>	<b>523</b>	
<b>Staff costs</b>					<b>3</b>
Average number of employees					
Group: 100 (2017: 99)					
Parent company: 58 (2017: 57)					
Wages and salaries.....	40.130	36.712	26.755	25.523	
Pensions.....	4.114	3.960	2.512	2.336	
Social security costs.....	1.856	1.676	1.215	1.027	
	<b>46.100</b>	<b>42.348</b>	<b>30.482</b>	<b>28.886</b>	
<b>Other financial income</b>					<b>4</b>
Group enterprises.....	0	0	20	20	
Other interest income.....	15	3.538	15	3.518	
	<b>15</b>	<b>3.538</b>	<b>35</b>	<b>3.538</b>	
<b>Tax on profit for the year</b>					<b>5</b>
Calculated tax on taxable income of the year.....	7.093	7.605	6.854	7.420	
Adjustment of deferred tax.....	-780	-140	-780	-140	
	<b>6.313</b>	<b>7.465</b>	<b>6.074</b>	<b>7.280</b>	

## NOTES

	Group		Parent company		Note
	2018 DKK '000	2017 DKK '000	2018 DKK '000	2017 DKK '000	
<b>Proposed distribution of profit</b>					<b>6</b>
Reserve for net revaluation according to equity value.....	0	0	0	-401	
Retained earnings.....	20.708	23.925	20.708	24.326	
	<b>20.708</b>	<b>23.925</b>	<b>20.708</b>	<b>23.925</b>	
<b>Intangible fixed assets</b>					<b>7</b>
	Group				
	Development projects completed	Knowhow	Goodwill		
Cost at 1 January 2018.....	11.715	1.786	6.572		
<b>Cost at 31 December 2018.....</b>	<b>11.715</b>	<b>1.786</b>	<b>6.572</b>		
Amortisation at 1 January 2018.....	11.715	970	3.610		
Depreciation for the year.....	0	179	675		
<b>Depreciation at 31 December 2018.....</b>	<b>11.715</b>	<b>1.149</b>	<b>4.285</b>		
Carrying amount at 31 December 2018.....	0	637	2.287		
	Parent company				
	Development projects completed	Knowhow	Goodwill		
Cost at 1 January 2018.....	11.715	1.786	6.572		
<b>Cost at 31 December 2018.....</b>	<b>11.715</b>	<b>1.786</b>	<b>6.572</b>		
Amortisation at 1 January 2018.....	11.715	970	3.610		
Depreciation for the year.....	0	179	675		
<b>Depreciation at 31 December 2018.....</b>	<b>11.715</b>	<b>1.149</b>	<b>4.285</b>		
Carrying amount at 31 December 2018.....	0	637	2.287		

## NOTES

Note

## Tangible fixed assets

8

	Group		
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2018.....	40.333	2.309	43.058
Transferred.....	0	0	3.097
Additions.....	37	896	1.112
Disposals.....	0	0	-2.035
<b>Cost at 31 December 2018.....</b>	<b>40.370</b>	<b>3.205</b>	<b>45.232</b>
Depreciation and impairment losses at 1 January 2018.....	1.460	1.452	32.713
Reversal of depreciation of assets disposed of..	0	0	-1.278
Depreciation for the year.....	1.255	362	5.895
<b>Depreciation and impairment losses at 31 December 2018.....</b>	<b>2.715</b>	<b>1.814</b>	<b>37.330</b>
<b>Carrying amount at 31 December 2018.....</b>	<b>37.655</b>	<b>1.391</b>	<b>7.902</b>

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2018.....	2.399	4.004
Transferred.....	493	-3.591
Additions.....	64	2.580
<b>Cost at 31 December 2018.....</b>	<b>2.956</b>	<b>2.993</b>
Depreciation and impairment losses at 1 January 2018.....	2.063	
Depreciation for the year.....	83	
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>2.146</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>810</b>	<b>2.993</b>

## NOTES

Note

## Tangible fixed assets (continued)

8

	<u>Parent company</u>	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2018.....	40.333	43.058
Transferred.....	0	3.097
Additions.....	37	1.112
Disposals.....	0	-2.035
<b>Cost at 31 December 2018.....</b>	<b>40.370</b>	<b>45.232</b>
Depreciation and impairment losses at 1 January 2018.....	1.460	32.713
Reversal of depreciation of assets disposed of.....	0	-1.278
Depreciation for the year.....	1.255	5.895
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>2.715</b>	<b>37.330</b>
<b>Carrying amount at 31 December 2018.....</b>	<b>37.655</b>	<b>7.902</b>
	<u>Parent company</u>	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2018.....	2.265	4.004
Transferred.....	493	-3.591
Additions.....	64	2.580
<b>Cost at 31 December 2018.....</b>	<b>2.822</b>	<b>2.993</b>
Depreciation and impairment losses at 1 January 2018.....	1.929	
Depreciation for the year.....	83	
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>2.012</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>810</b>	<b>2.993</b>

## NOTES

Note

## Fixed asset investments

9

	<u>Parent company</u>
	Equity investments in group enterprises
Cost at 1 January 2018.....	7.468
Additions.....	0
Disposals.....	0
<b>Cost at 31 December 2018.....</b>	<b>7.468</b>
Revaluation at 1 January 2018.....	-4.977
Exchange adjustment.....	-63
Profit/loss for the year.....	520
<b>Revaluation at 31 December 2018.....</b>	<b>-4.520</b>
<b>Carrying amount at 31 December 2018.....</b>	<b>2.948</b>

## Investments in subsidiaries (DKK '000)

Company	Equity	Profit/loss for the year	Ownership %
Fomar Polen Sp. Z o.o., Polen.....	2.948	617	100 %
Roulunds Braking France SAS, France.....	-2.043	-2.066	100 %

## NOTES

Note

**Provision for deferred tax**

10

Provision for deferred tax comprises deferred tax on intangible fixed assets, tangible fixed assets and other receivables.

	<b>Group</b>		<b>Parent company</b>	
	<b>2018</b> DKK '000	<b>2017</b> DKK '000	<b>2018</b> DKK '000	<b>2017</b> DKK '000
Knowhow.....	140	123	140	123
Goodwill.....	503	445	503	445
Land and buildings.....	194	149	194	149
Other plants, machinery, tools and equipment.....	-691	-293	-691	-293
Leasehold improvements.....	36	15	36	15
Other receivables.....	153	676	153	676
	<b>335</b>	<b>1.115</b>	<b>335</b>	<b>1.115</b>
Deferred tax, beginning of year.....	1.115	1.255	1.115	1.255
Adjustment for the year.....	-780	-140	-780	-140
<b>Provision for deferred tax 31 December 2018.....</b>	<b>335</b>	<b>1.115</b>	<b>335</b>	<b>1.115</b>

**Long-term liabilities**

11

	<b>Group</b>				
	<b>31/12 2018</b> total liabilities	<b>Repayment</b> next year	<b>Debt</b> outstanding after 5 years	<b>31/12 2017</b> total liabilities	<b>Repayment</b> 2018
Mortgage debt.....	13.408	935	8.733	14.328	928
Payables to group enterprises..	2.240	0	2.240	0	0
	<b>15.648</b>	<b>935</b>	<b>10.973</b>	<b>14.328</b>	<b>928</b>
	<b>Parent company</b>				
	<b>31/12 2018</b> total liabilities	<b>Repayment</b> next year	<b>Debt</b> outstanding after 5 years	<b>31/12 2017</b> total liabilities	<b>Repayment</b> 2018
Mortgage debt.....	13.408	935	8.733	14.328	928
	<b>13.408</b>	<b>935</b>	<b>8.733</b>	<b>14.328</b>	<b>928</b>

**NOTES****Note****Contingencies etc.**

12

The company has in addition to finance lease contracts entered into operating rent and lease agreements with an average annual lease payment of DKK (000) 4,588 up to 4 years.

**Contingent liabilities****Joint liabilities**

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 465 at the balance sheet date.

**Charges and securities**

13

Land and buildings with a carrying amount of DKK('000) 37,655 have been provided as security for mortgage debt off DKK('000) 13,408.

**Related parties**

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Roulunds Braking ApS' related parties include:

**Controlling interest**

MAT Holdings Inc. is the principal shareholder.

MAT Holdings Inc.

6700 Wildlife Way

Long Grove, IL 60047, U.S.A.

**Other related parties having performed transactions with the company**

Roulunds Braking ApS' related parties with a significant influence comprise subsidiaries and associates as well as the companies' board of directors, board of executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

**Transactions with related parties**

Roulunds Braking ApS did not carry out any substantial transactions that were not concluded on market conditions.



## ACCOUNTING POLICIES

The Annual Report of Roulunds Braking ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

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

The Annual Report is prepared with the following accounting principles.

### **Consolidated financial statements**

The consolidated financial statements include the parent company Roulunds Braking ApS and its subsidiaries in which Roulunds Braking ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life. Negative differences are recognised in the Income Statement upon acquisition. Differences from acquired enterprises amounts to DKK 0('000).

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

#### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

#### Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

#### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

#### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

**ACCOUNTING POLICIES**

**BALANCE SHEET**

**Intangible fixed assets**

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company’s position in the market and earnings profile, and the industry-specific conditions.

Patents, knowhow and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company’s development activities and which fulfil the criteria for recognition.

**Tangible fixed assets**

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	30 years	0 %
Production plant and machinery.....	3-7 years	0 %
Other plant, fixtures and equipment.....	3-7 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Fixed asset investments**

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

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises’ carrying equity value, calculated in accordance with the parent company’s accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

In connection with purchase of companies the purchase method is applied. Added values in the form of consolidated goodwill are amortised over the estimated financial useful life, which is determined based on management’s experience within the individual lines of business.

## ACCOUNTING POLICIES

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiaries, see description above under consolidated financial statements.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

### **Impairment of fixed assets**

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### **Inventories**

Inventories are measured at cost based on weighted average prices. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

## CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.