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ROULUNDS BRAKING APS
HESTEHAVEN 43, HJALLESE, 5260 ODENSE S
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 21 April 2021**

George Michael Ruhl

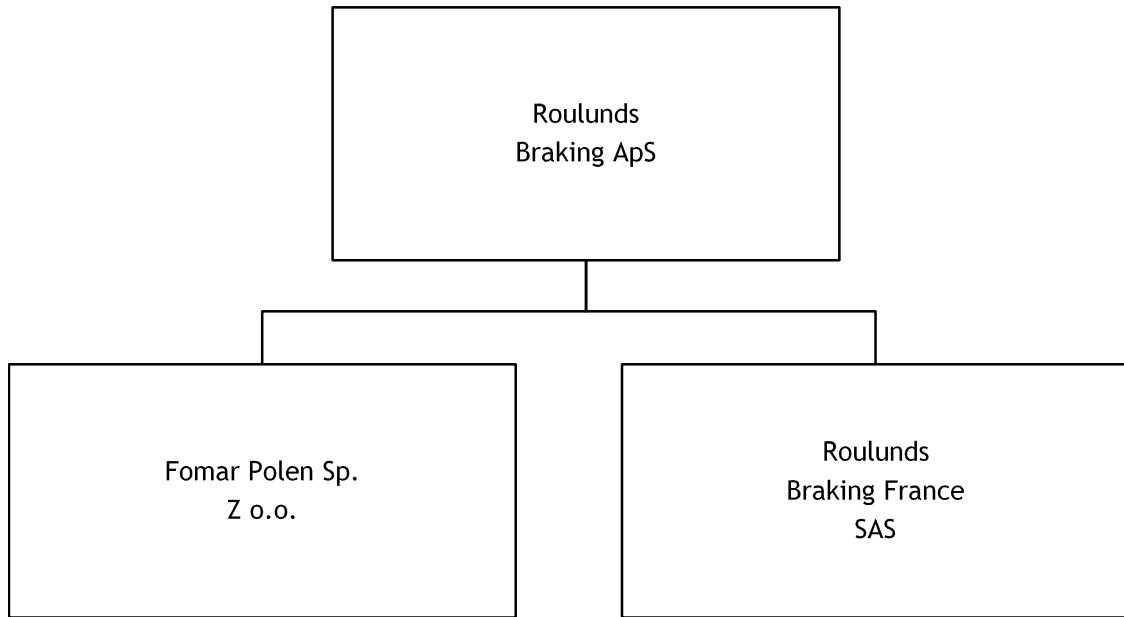
CONTENTS

	Page
Company Details	
Company Details.....	3
Group Structure.....	4
Statement and Report	
Board of Directors Statement and Management's Statement.....	5
Independent Auditor's Report.....	6-8
Management Commentary	
Financial Highlights of the Group.....	9-10
Management Commentary.....	11-12
Consolidated and Parent Company Financial Statements 1 January - 31 December	
Income Statement.....	13
Balance Sheet.....	14-15
Equity.....	16
Cash Flow Statement.....	17
Notes.....	18-24
Accounting Policies.....	25-29

COMPANY DETAILS

Company	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
Board of Directors	George Michael Ruhl, chairman Caroline Evelyne Lachaud Christopher Watson Per Kroer Andersen Lars Bjarne Madsen, elected by employees John Bøgedal, elected by employees
Executive Board	Christopher Watson Per Kroer Andersen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nordea Bank A/S Vestre Stationsvej 7 5000 Odense C
Law Firm	Plesner Advokatpartnerselskab Amerika Plads 37 2100 Copenhagen Ø

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

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Roulunds Braking ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2020 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Odense, 21 April 2021

Executive Board

Christopher Watson

Per Kroer Andersen

Board of Directors

George Michael Ruhl
Chairman

Caroline Evelyne Lachaud

Christopher Watson

Per Kroer Andersen

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 Annual Financial Statements of the Company of Roulunds Braking ApS for the financial year 1 January - 31 December 2020, 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 Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2020 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2020 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 Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company.

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 Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company 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 April 2021

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

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	572.495	578.714	564.925	542.825	558.106
Gross profit.....	69.665	72.828	81.737	84.553	85.850
Operating profit.....	17.981	17.113	27.592	31.608	35.310
Financial income and expenses, net.....	-2.867	-382	-571	-218	-3.735
Profit for the year.....	13.343	12.399	20.708	23.925	23.554
Balance sheet					
Total assets.....	384.955	367.751	321.210	300.113	293.736
Equity.....	226.724	213.571	201.143	180.572	156.546
Cash flows					
Cash flows from operating activities.....	17.248	11.120	7.622	18.086	20.345
Cash flows from investing activities.....	-2.599	-1.154	-3.527	-16.734	-34.387
Cash flows from financing activities.....	-1.750	-922	1.176	10.091	-4.359
Investment in property, plant and equipment.....	-3.209	-1.369	-4.689	-17.722	-34.818
Key ratios					
Gross margin.....	12,2	12,6	14,5	15,6	15,4
Operating margin.....	3,1	3,0	4,9	5,8	6,3
Return on invested capital.....	8,2	8,3	14,5	18,8	24,4
Equity ratio.....	58,9	58,1	62,6	60,2	53,3
Return on equity.....	6,1	6,0	10,8	14,2	16,3

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:

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

MANAGEMENT COMMENTARY

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 and economic position

The group result before tax showed a profit of 15,1 million DKK (Roulunds Braking Denmark 13,8 million DKK, Fomar Poland 0,5 million DKK, Roulunds Braking France 0,8 million DKK).

2020 sales were 572,5 million DKK.

In 2020 the group has invested 3,2 million DKK in tangible fixed assets.

Roulunds Braking Denmark inventory has increased by 1,3 million DKK. Total Group inventory 2020 was 116,6 million DKK.

Major events in the year

Managing the impact of the coronavirus epidemic was the major issue in 2020. Despite the an initial business shock RBDK has been able to successfully manage the challenges of conducting business under the conditions imposed by the epidemic.

The transfer of brake shoe production from China to India was completed successfully and Roulunds Braking France has completed the transition to a dedicated sales and distribution center.

Supply of Mercedes OES parts from India was started and new PSA OES business has been awarded. The Renault Motrio aftermarket program was awarded.

Quality Certifications

The company is IATF16949 and ISO 14001 certified.

Profit for the year compared to future expectations

Despite a significant market contraction in the first half of the year, second half sales bounced back strongly.

The combination of strong second half sales, aggressive cost cutting and government incentives were partly offset by an overspend in R&D otherwise full year profit would have been close to budget level. It is expected that sales will continue to recover in 2021.

Significant events after the end of the financial year

Renewed lockdowns across Europe early in 2021 in response to increased coronavirus infection rates suggest that the expected recovery may take longer than initially hoped.

Financial risk

Coronavirus remains a global risk to market sentiment.

The immediate risks associated with Brexit have receded but remains somewhat of an unknown.

MANAGEMENT COMMENTARY

Research and development activities

There was an overspend in R&D in 2020 due to reduced testing income from sister companies and an increase in activity due to the newly awarded PSA OES business.

R&D activity in 2020 continued to focus on copper free product development for both the North American passenger car and commercial vehicle businesses and providing test support to the European sister companies. Additional activities included production support for the launch of the Mercedes OES programs and product validation for the unbudgeted PSA OES business.

Future expectations

The recent sales growth is expected to continue into 2021.

Corporate social responsibility (CSR) report

In response to expected legislation to further reduce vehicle emissions Roulunds is investigating the methodology to measure particle emissions during braking.

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

Target figures and policy 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 met the objective of having a minimum of 20% female board members at the end of 2020.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
NET REVENUE	1	572.495	578.714	572.495	578.714
Cost of sales.....		-450.220	-444.014	-472.291	-468.669
Other operating income.....		2.258	0	2.258	0
Other external expenses.....	2	-54.868	-61.872	-50.686	-52.978
GROSS PROFIT		69.665	72.828	51.776	57.067
Staff costs.....	3	-45.007	-49.843	-28.866	-31.387
Depreciation, amortisation and impairment.....		-6.677	-5.872	-6.438	-5.643
OPERATING PROFIT		17.981	17.113	16.472	20.037
Result of equity investments in group and associat.....		0	0	1.343	-3.128
Other financial income.....	4	12	23	12	43
Other financial expenses.....		-2.879	-405	-2.879	-413
PROFIT BEFORE TAX		15.114	16.731	14.948	16.539
Tax on profit/loss for the year.....	5	-1.771	-4.332	-1.605	-4.140
PROFIT FOR THE YEAR	6	13.343	12.399	13.343	12.399

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Development projects completed..		0	0	0	0
Knowhow.....		279	458	279	458
Goodwill.....		937	1.612	937	1.612
Intangible assets.....	7	1.216	2.070	1.216	2.070
Land and buildings.....		35.145	36.400	35.145	36.400
Production plants and machinery...		1.381	1.309	0	0
Other plants, machinery, tools and equipment.....		5.671	8.143	5.671	8.143
Leasehold improvements.....		532	715	532	715
Tangible fixed assets in progress and prepayment.....		934	319	934	319
Property, plant and equipment...	8	43.663	46.886	42.282	45.577
Equity investments in group enterprises.....		0	0	4.074	3.419
Financial non-current assets.....	9	0	0	4.074	3.419
NON-CURRENT ASSETS.....		44.879	48.956	47.572	51.066
Raw materials and consumables....		18.386	9.614	18.386	9.614
Finished goods and goods for sale..		98.232	105.703	98.232	105.703
Inventories.....		116.618	115.317	116.618	115.317
Trade receivables.....		163.099	158.796	162.615	157.988
Receivables from group enterprises.....		23.174	17.306	18.557	17.306
Loan to group enterprises.....		0	0	0	893
Other receivables.....		11.227	15.468	11.051	15.290
Receivables corporation tax.....		3.054	0	3.054	0
Receivables.....		200.554	191.570	195.277	191.477
Cash and cash equivalents.....		22.904	11.908	21.091	4.534
CURRENT ASSETS.....		340.076	318.795	332.986	311.328
ASSETS.....		384.955	367.751	380.558	362.394

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Share capital.....		2.560	2.560	2.560	2.560
Retained profit.....		211.858	211.011	211.858	211.011
Proposed dividend.....		12.306	0	12.306	0
EQUITY.....		226.724	213.571	226.724	213.571
Provision for deferred tax.....	10	327	217	327	217
PROVISIONS.....		327	217	327	217
Mortgage debt.....		10.581	11.518	10.581	11.518
Payables to group enterprises.....		0	2.244	0	0
Holiday allowance.....		2.682	1.061	2.682	1.061
Non-current liabilities.....	11	13.263	14.823	13.263	12.579
Mortgage debt.....		961	961	961	961
Bank debt.....		0	1.903	0	1.903
Trade payables.....		16.552	16.715	14.149	13.332
Payables to group enterprises.....		119.791	110.166	119.676	111.741
Corporation tax.....		0	339	0	339
Corporation tax joint taxation.....		970	1.034	970	1.034
Other liabilities.....		6.367	8.022	4.488	6.717
Current liabilities.....		144.641	139.140	140.244	136.027
LIABILITIES.....		157.904	153.963	153.507	148.606
EQUITY AND LIABILITIES.....		384.955	367.751	380.558	362.394
Contingencies etc.	12				
Charges and securities	13				
Related parties	14				

EQUITY

	Group			
	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 January 2020.....	2.560	211.011	0	213.571
Proposed profit allocation, cf. note 6.....		1.037	12.306	13.343
Foreign exchange adjustments.....		-190		-190
Equity at 31 December 2020.....	2.560	211.858	12.306	226.724

	Parent Company			
	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 January 2020.....	2.560	211.011	0	213.571
Proposed profit allocation, cf. note 6.....		1.037	12.306	13.343
Foreign exchange adjustments.....		-190		-190
Equity at 31 December 2020.....	2.560	211.858	12.306	226.724

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

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent Company	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Profit/loss for the year.....	13.343	12.399	13.343	12.399
Depreciation and amortisation, reversed....	6.677	5.872	6.438	5.643
Profit/loss from subsidiaries.....	0	0	-1.343	3.128
Tax on profit/loss, reversed.....	1.771	4.332	1.605	4.140
Corporation tax paid.....	-5.119	-3.473	-4.953	-3.282
Change in inventories.....	-1.301	-9.202	-1.301	-14.922
Change in receivables (ex tax).....	-5.930	-38.132	-746	-38.006
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)..	7.807	39.324	6.523	41.207
CASH FLOWS FROM OPERATING ACTIVITY..	17.248	11.120	19.566	10.307
Purchase of property, plant and equipment.	-3.209	-1.369	-2.898	-1.171
Sale of property, plant and equipment.....	610	215	610	165
Purchase of financial assets.....	0	0	0	-6.234
Other cash flows from investing activities...	0	0	688	0
CASH FLOWS FROM INVESTING ACTIVITY...	-2.599	-1.154	-1.600	-7.240
Proceeds from non-current borrowing.....	0	4	0	0
Repayment on loans.....	-937	-955	-937	-955
Other changes in non-current debt.....	-623	0	1.621	0
Other cash flows from financing activities...	-190	29	-190	29
CASH FLOWS FROM FINANCING ACTIVITY...	-1.750	-922	494	-926
CHANGE IN CASH AND CASH EQUIVALENTS.	12.899	9.044	18.460	2.141
Cash and cash equivalents at 1. januar.....	10.005	961	2.631	490
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	22.904	10.005	21.091	2.631
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents.....	22.904	11.908	21.091	4.534
Bank overdraft.....	0	-1.903	0	-1.903
CASH AND CASH EQUIVALENTS, NET DEBT.	22.904	10.005	21.091	2.631

NOTES

	Group		Parent Company		Note
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000	
Net revenue					1
Revenue, Denmark.....	4.037	3.718	4.037	3.718	
Revenue, Europe.....	568.458	574.996	568.458	574.996	
	572.495	578.714	572.495	578.714	
Segment details (geography)					
Revenue, Denmark.....	4.037	3.718	4.037	3.718	
Revenue, Europe.....	568.458	574.996	568.458	574.996	
	572.495	578.714	572.495	578.714	
Fee to statutory auditor					2
Statutory audit.....	374	528	295	295	
Other services.....	217	217	217	217	
	591	745	512	512	
Staff costs					3
Average number of employees	94	102	54	58	
Wages and salaries.....	38.989	43.593	25.123	27.399	
Pensions.....	3.987	4.249	2.335	2.524	
Social security costs.....	2.031	2.001	1.408	1.464	
	45.007	49.843	28.866	31.387	
Information on management remuneration is omitted in accordance with the exemption provision in the Danish Financial Statements Act, section 98 b, subsection 3 No. 2.					
Other financial income					4
Group enterprises.....	0	0	0	20	
Other interest income.....	12	23	12	23	
	12	23	12	43	
Tax on profit for the year					5
Calculated tax on taxable income of the year.....	1.661	4.450	1.495	4.258	
Adjustment of deferred tax.....	110	-118	110	-118	
	1.771	4.332	1.605	4.140	

NOTES

	Group		Parent Company		Note
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000	
Proposed distribution of profit					6
Proposed dividend for the year.....	12.306	0	12.306	0	
Retained earnings.....	1.037	12.399	1.037	12.399	
	13.343	12.399	13.343	12.399	

Intangible assets

	Group			Note
	Development projects completed	Knowhow	Goodwill	
Cost at 1 January 2020.....	11.715	1.786	6.572	7
Cost at 31 December 2020.....	11.715	1.786	6.572	
Amortisation at 1 January 2020.....	11.715	1.328	4.960	
Amortisation for the year.....	0	179	675	
Amortisation at 31 December 2020.....	11.715	1.507	5.635	
Carrying amount at 31 December 2020.....	0	279	937	
	Parent Company			
	Development projects completed	Knowhow	Goodwill	
Cost at 1 January 2020.....	11.715	1.786	6.572	
Cost at 31 December 2020.....	11.715	1.786	6.572	
Amortisation at 1 January 2020.....	11.715	1.328	4.960	
Amortisation for the year.....	0	179	675	
Amortisation at 31 December 2020.....	11.715	1.507	5.635	
Carrying amount at 31 December 2020.....	0	279	937	

NOTES

Note

Property, plant and equipment

8

	Group		
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2020.....	40.370	3.352	48.204
Additions.....	0	311	1.744
Disposals.....	0	-189	-548
Cost at 31 December 2020.....	40.370	3.474	49.400
Depreciation and impairment losses at 1 January 2020.....	3.970	2.043	40.061
Reversal of depreciation of assets disposed of..	0	-189	-483
Depreciation for the year.....	1.255	239	4.151
Depreciation and impairment losses at 31 December 2020.....	5.225	2.093	43.729
Carrying amount at 31 December 2020.....	35.145	1.381	5.671

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2020.....	3.039	319
Additions.....	0	1.154
Disposals.....	0	-539
Cost at 31 December 2020.....	3.039	934
Depreciation and impairment losses at 1 January 2020.....	2.324	
Depreciation for the year.....	183	
Depreciation and impairment losses at 31 December 2020...	2.507	
Carrying amount at 31 December 2020.....	532	934

NOTES

Note

Tangible fixed assets (continued)

8

	Parent Company	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2020.....	40.370	48.204
Additions.....	0	1.744
Disposals.....	0	-548
Cost at 31 December 2020.....	40.370	49.400
Depreciation and impairment losses at 1 January 2020.....	3.970	40.061
Reversal of depreciation of assets disposed of.....	0	-483
Depreciation for the year.....	1.255	4.151
Depreciation and impairment losses at 31 December 2020...	5.225	43.729
Carrying amount at 31 December 2020.....	35.145	5.671

	Parent Company	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2020.....	2.905	319
Additions.....	0	1.154
Disposals.....	0	-539
Cost at 31 December 2020.....	2.905	934
Depreciation and impairment losses at 1 January 2020.....	2.190	
Depreciation for the year.....	183	
Depreciation and impairment losses at 31 December 2020...	2.373	
Carrying amount at 31 December 2020.....	532	934

NOTES

Note

Financial non-current assets

9

	<u>Parent Company</u>
	Equity investments in group enterprises
Cost at 1 January 2020.....	13.702
Additions.....	0
Disposals.....	0
Cost at 31 December 2020.....	13.702
Revaluation at 1 January 2020.....	-10.283
Exchange adjustment.....	-190
Dividend.....	-498
Profit/loss for the year.....	1.343
Revaluation at 31 December 2020.....	-9.628
Carrying amount at 31 December 2020.....	4.074

Investments in subsidiaries (DKK '000)

Company	Equity	Profit/loss for the year	Ownership %
Fomar Polen Sp. Z o.o., Polen.....	2.679	486	100 %
Roulunds Braking France SAS, France.....	1.395	857	100 %

NOTES

Note

Provision for deferred tax

10

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

	Group		Parent Company	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Knowhow.....	61	100	61	100
Goodwill.....	206	355	206	355
Land and buildings.....	284	239	284	239
Other plants, machinery, tools and equipment.....	-893	-694	-893	-694
Leasehold improvements.....	42	40	42	40
Other receivables.....	627	177	627	177
	327	217	327	217

	Group		Parent Company	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Deferred tax, beginning of year.....	217	335	217	335
Adjustment for the year.....	110	-118	110	-118
Provision for deferred tax 31 December 2020.....	327	217	327	217

Long-term liabilities

11

	Group			
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Mortgage debt.....	11.542	961	7.798	12.479
Payables to group enterprises.....	0	0	0	2.244
Holiday allowance.....	2.682	0	0	1.061
	14.224	961	7.798	15.784

	Parent Company			
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Mortgage debt.....	11.542	961	7.798	12.479
Holiday allowance.....	2.682	0	0	1.061
	14.224	961	7.798	13.540

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) 5,174 up to 2 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 recievable of the group's jointly taxed income amounts to DKK ('000) 3.054 at the balance sheet date.

Charges and securities

13

Land and buildings with a carrying amount of DKK('000) 35,145 have been provided as security for mortgage debt off DKK('000) 11.542.

Related parties

14

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 partiesterial interests.

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 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

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.

The date of acquisition is the date at which the Group gains actual control over the acquired business.

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.

At 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.

Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.

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

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

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.

Income from equity interests 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.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

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

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.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

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

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

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 receivables, the residual amount is recognised under provision for liabilities to the extent that the company’s has a legal or actual liability to cover the subsidiary’s deficit.

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

Liabilities

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

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.