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ROULUNDS BRAKING APS
HESTEHAVEN 43, HJALLESE, 5260 ODENSE S
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 20 May 2020**

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

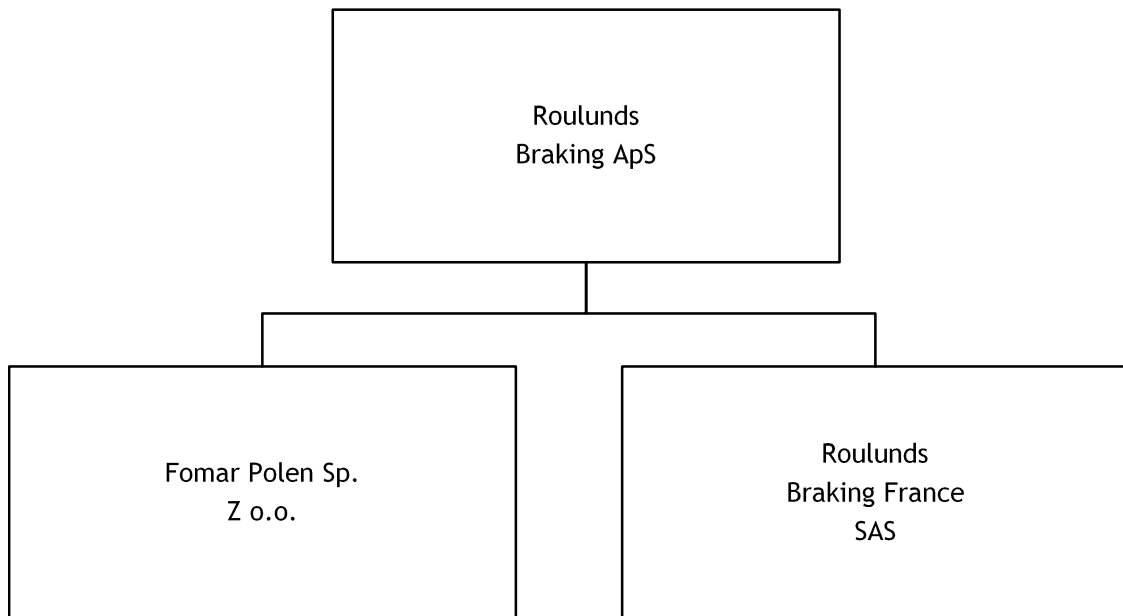
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COMPANY DETAILS

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
Board of Executives	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

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 2019.

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 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

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, 22 April 2020

Board of Executives

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 Parent Company Financial Statements of Roulunds Braking ApS for the financial year 1 January - 31 December 2019, 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 or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2019 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 Responsibilities 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, 22 April 2020

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

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
Income statement					
Net revenue.....	578.714	564.925	542.825	558.106	593.892
Gross profit.....	72.828	81.737	84.553	85.850	104.643
Operating profit.....	17.113	27.592	31.608	35.310	56.114
Financial income and expenses, net.....	-382	-571	-218	-3.735	-5.940
Profit for the year.....	12.399	20.708	23.925	23.554	35.752
Balance sheet					
Balance sheet total.....	367.751	321.210	300.113	293.736	270.349
Equity.....	213.571	201.143	180.572	156.546	133.066
Cash flows					
Cash flows from operating activities.....	11.120	7.622	18.086	20.345	62.042
Cash flows from investing activities.....	-1.154	-3.527	-16.734	-34.387	191
Cash flows from financing activities.....	-922	1.176	10.091	-4.359	-69.350
Investment in tangible fixed assets.....	-1.369	-4.689	-17.722	-34.818	3.597
Ratios					
Gross margin.....	12,6	14,5	15,6	15,4	17,6
Profit margin.....	3,0	4,9	5,8	6,3	5,4
Rate of return.....	8,3	14,5	18,8	24,4	7,0
Solvency ratio.....	58,1	62,6	60,2	53,3	49,2
Return on equity.....	6,0	10,8	14,2	16,3	31,0

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 (ex minorities):	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

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 16,7 million DKK (Roulunds Braking Denmark 19,7 million DKK, Fomar Poland 0,7 million DKK, Roulunds Braking France -3,7 million DKK).

2019 sales were 578,7 million DKK. Sales included 104,1 million DKK resulting from Fomar Friction activities in Poland.

In 2019 the group has invested 1,3 million DKK in tangible fixed assets.

Roulunds Braking Denmark inventory has increased by 9,2 million DKK. Total Group inventory 2019 was 115,3 million DKK.

Major events in the year

The Renault Motrio aftermarket program was awarded.

Brake shoe kit production was stopped in France and production transferred to MAT Brakes India. The transfer of brake shoe production from China to India was started.

Quality Certifications

The company is IATF16949 and ISO 14001 certified.

Profit for the year compared to future expectations

Despite a significant market contraction 2019 RBDK sales increased over those in 2018. However net income was not at the expected level. Sales growth has continued in the lower margin private label segment and the historically profitable OES business has seen significant margin erosion as new players enter this segment.

Significant events after the end of the financial year

Following restructuring activities in 2019, Roulunds Braking France became a dedicated sales and distribution center at the beginning of 2020.

The rapid global spread of the Corona virus in March 2020 has made it necessary for authorities to impose a number restrictions which will potentially have significant economic consequences.

Special risks

The immediate risks associated with Brexit have receded but could resurface later in 2020 once the terms of the withdrawal agreement are better understood.

The Coronavirus represents a global risk to market sentiment.

MANAGEMENT'S REVIEW

Research and development activities

R&D expenditure was reduced in 2019.

R&D activity in 2019 was focused on copper free product development for North America and product cost reductions (margin enhancement) for the European aftermarket business.

Future expectations

It is expected that the COVID19 virus will have a direct impact on revenue in 2020. Management is taking all actions necessary to minimize the full year impact.

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 met the objective of having a minimum of 20% female board members at the end of 2019.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
NET REVENUE	1	578.714	564.925	578.714	564.925
Cost of sales.....		-444.014	-422.266	-468.669	-446.286
Other external expenses.....	2	-61.872	-60.922	-53.192	-51.672
GROSS PROFIT		72.828	81.737	56.853	66.967
Staff costs.....	3	-49.843	-46.100	-31.173	-30.482
Depreciation, amortisation and impairment.....		-5.872	-8.045	-5.643	-7.683
OPERATING PROFIT		17.113	27.592	20.037	28.802
Result of equity investments in group and associat.....		0	0	-3.128	-1.449
Other financial income.....	4	23	15	43	39
Other financial expenses.....		-405	-586	-413	-610
PROFIT BEFORE TAX		16.731	27.021	16.539	26.782
Tax on profit/loss for the year.....	5	-4.332	-6.313	-4.140	-6.074
PROFIT FOR THE YEAR	6	12.399	20.708	12.399	20.708

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Development projects completed..		0	0	0	0
Knowhow.....		458	637	458	637
Goodwill.....		1.612	2.287	1.612	2.287
Intangible fixed assets.....	7	2.070	2.924	2.070	2.924
Land and buildings.....		36.400	37.655	36.400	37.655
Production plants and machinery...		1.309	1.391	0	0
Other plants, machinery, tools and equipment.....		8.143	7.902	8.143	7.902
Leasehold improvements.....		715	810	715	810
Tangible fixed assets in progress and prepayment.....		319	2.993	319	2.993
Tangible fixed assets.....	8	46.886	50.751	45.577	49.360
Equity investments in group enterprises.....		0	0	3.419	2.948
Fixed asset investments.....	9	0	0	3.419	2.948
FIXED ASSETS.....		48.956	53.675	51.066	55.232
Raw materials and consumables....		9.614	14.473	9.614	14.473
Finished goods and goods for sale..		105.703	91.642	105.703	85.922
Inventories.....		115.317	106.115	115.317	100.395
Trade receivables.....		158.796	128.834	157.988	128.793
Receivables from group enterprises.....		17.306	12.425	17.306	12.374
Loan to group enterprises.....		0	0	893	0
Other receivables.....		15.468	12.179	15.290	10.799
Receivables corporation tax joint taxation.....		0	68	0	68
Receivables.....		191.570	153.506	191.477	152.034
Cash and cash equivalents.....		11.908	7.914	4.534	7.443
CURRENT ASSETS.....		318.795	267.535	311.328	259.872
ASSETS.....		367.751	321.210	362.394	315.104

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Share capital.....		2.560	2.560	2.560	2.560
Retained profit.....		211.011	198.583	211.011	198.583
EQUITY.....		213.571	201.143	213.571	201.143
Provision for deferred tax.....	10	217	335	217	335
Provisions for equity investments in group enterprises.....		0	0	0	1.130
PROVISION FOR LIABILITIES.....		217	335	217	1.465
Mortgage debt.....		11.518	12.473	11.518	12.473
Payables to group enterprises.....		2.244	2.240	0	0
Long-term liabilities.....	11	13.762	14.713	11.518	12.473
Short-term portion of long-term liabilities.....	11	961	935	961	935
Bank debt.....		1.903	6.953	1.903	6.953
Trade payables.....		16.715	16.923	13.332	12.912
Payables to group enterprises.....		110.166	72.086	111.741	72.734
Corporation tax.....		339	465	339	465
Corporation tax joint taxation.....		1.034	0	1.034	0
Other liabilities.....		9.083	7.657	7.778	6.024
Current liabilities.....		140.201	105.019	137.088	100.023
LIABILITIES.....		153.963	119.732	148.606	112.496
EQUITY AND LIABILITIES.....		367.751	321.210	362.394	315.104
Contingencies etc.	12				
Charges and securities	13				
Related parties	14				

EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2019.....	2.560	198.583	201.143
Foreign exchange adjustments.....		29	29
Proposed distribution of profit.....		12.399	12.399
Equity at 31 December 2019.....	2.560	211.011	213.571

	Parent company		
	Share capital	Retained profit	Total
Equity at 1 January 2019.....	2.560	198.583	201.143
Foreign exchange adjustments.....		29	29
Proposed distribution of profit.....		12.399	12.399
Equity at 31 December 2019.....	2.560	211.011	213.571

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

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Profit for the year.....	12.399	20.708	12.399	20.708
Reversed depreciation of the year.....	5.872	8.045	5.643	7.683
Profit/loss from subsidiaries.....	0	0	3.128	1.449
Reversed tax on profit for the year.....	4.332	6.313	4.140	6.074
Corporation tax paid.....	-3.473	-6.890	-3.282	-6.651
Change in inventory.....	-9.202	1.760	-14.922	3.269
Change in receivables.....	-38.132	-25.224	-38.006	-26.070
Change in current liabilities.....	39.324	2.910	41.207	2.596
CASH FLOWS FROM OPERATING ACTIVITY..	11.120	7.622	10.307	9.058
Purchase of tangible fixed assets.....	-1.369	-4.689	-1.171	-3.793
Sale of tangible fixed assets.....	215	1.162	165	1.162
Purchase of financial assets.....	0	0	-6.234	0
CASH FLOWS FROM INVESTING ACTIVITY...	-1.154	-3.527	-7.240	-2.631
Proceeds from long-term borrowing.....	4	2.240	0	0
Repayments of loans.....	-955	-927	-955	-927
Other cash flows from financing activities...	29	-137	29	-137
CASH FLOWS FROM FINANCING ACTIVITY...	-922	1.176	-926	-1.064
CHANGE IN CASH AND CASH EQUIVALENTS.	9.044	5.271	2.141	5.363
Cash and cash equivalents at 1. januar.....	961	-4.310	490	-4.873
CASH AND CASH EQUIVALENTS AT 31.				
DECEMBER.....	10.005	961	2.631	490
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents.....	11.908	7.914	4.534	7.443
Bank debt.....	-1.903	-6.953	-1.903	-6.953
CASH AND CASH EQUIVALENTS, NET DEBT.	10.005	961	2.631	490

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Net revenue					1
Revenue, Denmark.....	2.861	13.600	2.861	13.600	
Revenue, Europe.....	575.853	551.325	575.853	551.325	
	578.714	564.925	578.714	564.925	
Segment details (geography)					
Revenue, Denmark.....	2.861	13.600	2.861	13.600	
Revenue, Europe.....	575.853	551.325	575.853	551.325	
	578.714	564.925	578.714	564.925	
Fee to statutory auditors					2
Statutory audit.....	528	523	295	295	
Other services.....	217	217	217	217	
	745	740	512	512	
Staff costs					3
Average number of employees Group: 102 (2018: 100) Parent company: 58 (2018: 58)					
Wages and salaries.....	43.593	40.130	27.293	26.755	
Pensions.....	4.249	4.114	2.524	2.512	
Social security costs.....	2.001	1.856	1.356	1.215	
	49.843	46.100	31.173	30.482	
Other financial income					4
Group enterprises.....	0	0	20	20	
Other interest income.....	23	15	23	19	
	23	15	43	39	
Tax on profit for the year					5
Calculated tax on taxable income of the year.....	4.450	7.093	4.258	6.854	
Adjustment of deferred tax.....	-118	-780	-118	-780	
	4.332	6.313	4.140	6.074	

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Proposed distribution of profit					
Retained earnings.....	12.399	20.708	12.399	20.708	6
	12.399	20.708	12.399	20.708	

Intangible fixed assets

	Group			Note
	Development projects completed	Knowhow	Goodwill	
Cost at 1 January 2019.....	11.715	1.786	6.572	
Cost at 31 December 2019.....	11.715	1.786	6.572	
Amortisation at 1 January 2019.....	11.715	1.149	4.285	
Amortisation for the year.....	0	179	675	
Amortisation at 31 December 2019.....	11.715	1.328	4.960	
Carrying amount at 31 December 2019.....	0	458	1.612	

	Parent company		
	Development projects completed	Knowhow	Goodwill
Cost at 1 January 2019.....	11.715	1.786	6.572
Cost at 31 December 2019.....	11.715	1.786	6.572
Amortisation at 1 January 2019.....	11.715	1.149	4.285
Amortisation for the year.....	0	179	675
Amortisation at 31 December 2019.....	11.715	1.328	4.960
Carrying amount at 31 December 2019.....	0	458	1.612

NOTES

Note

Tangible fixed assets

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	Group		
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2019.....	40.370	3.205	45.232
Transferred.....	0	0	2.918
Additions.....	0	199	844
Disposals.....	0	-52	-790
Cost at 31 December 2019.....	40.370	3.352	48.204
Depreciation and impairment losses at 1 January 2019.....	2.715	1.814	37.330
Reversal of depreciation of assets disposed of..	0	0	-640
Depreciation for the year.....	1.255	229	3.371
Depreciation and impairment losses at 31 December 2019.....	3.970	2.043	40.061
Carrying amount at 31 December 2019.....	36.400	1.309	8.143

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019.....	2.956	2.993
Transferred.....	37	-2.954
Additions.....	46	280
Cost at 31 December 2019.....	3.039	319
Depreciation and impairment losses at 1 January 2019.....	2.146	
Depreciation for the year.....	178	
Depreciation and impairment losses at 31 December 2019...	2.324	
Carrying amount at 31 December 2019.....	715	319

NOTES

Note

Tangible fixed assets (continued)

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	<u>Parent company</u>	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2019.....	40.370	45.232
Transferred.....	0	2.918
Additions.....	0	844
Disposals.....	0	-790
Cost at 31 December 2019.....	40.370	48.204
Depreciation and impairment losses at 1 January 2019.....	2.715	37.330
Reversal of depreciation of assets disposed of.....	0	-640
Depreciation for the year.....	1.255	3.371
Depreciation and impairment losses at 31 December 2019...	3.970	40.061
Carrying amount at 31 December 2019.....	36.400	8.143

	<u>Parent company</u>	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2019.....	2.822	2.993
Transferred.....	37	-2.954
Additions.....	46	280
Cost at 31 December 2019.....	2.905	319
Depreciation and impairment losses at 1 January 2019.....	2.012	
Depreciation for the year.....	178	
Depreciation and impairment losses at 31 December 2019...	2.190	
Carrying amount at 31 December 2019.....	715	319

NOTES

Note

Fixed asset investments

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	<u>Parent company</u>
	Equity investments in group enterprises
Cost at 1 January 2019.....	7.468
Additions.....	6.234
Disposals.....	0
Cost at 31 December 2019.....	13.702
Revaluation at 1 January 2019.....	-4.520
Exchange adjustment.....	29
Dividend.....	-621
Profit/loss for the year.....	-3.128
Other adjustments.....	-2.043
Revaluation at 31 December 2019.....	-10.283
Carrying amount at 31 December 2019.....	3.419

Investments in subsidiaries (DKK '000)

Company	Equity	Profit/loss for the year	Ownership %
Fomar Polen Sp. Z o.o., Polen.....	2.879	523	100 %
Roulunds Braking France SAS, France.....	540	-3.651	100 %

NOTES

Note

Provision for deferred tax

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

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Knowhow.....	100	140	100	140
Goodwill.....	355	503	355	503
Land and buildings.....	239	194	239	194
Other plants, machinery, tools and equipment.....	-694	-691	-694	-691
Leasehold improvements.....	40	36	40	36
Other receivables.....	177	153	177	153
	217	335	217	335

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Deferred tax, beginning of year.....	335	1.115	335	1.115
Adjustment for the year.....	-118	-780	-118	-780
Provision for deferred tax 31 December 2019.....	217	335	217	335

Long-term liabilities

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	Group				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt.....	12.479	961	7.798	13.408	935
Payables to group enterprises...	2.244	0	2.240	2.240	0
	14.723	961	10.038	15.648	935

	Parent company				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt.....	12.479	961	7.798	13.408	935
	12.479	961	7.798	13.408	935

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

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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) 4,974 up to 3 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) 339 at the balance sheet date.

Charges and securities

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Land and buildings with a carrying amount of DKK('000) 36,400 have been provided as security for mortgage debt off DKK('000) 12.479.

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 2019 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.

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.

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

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.