SKAKO

ANNUAL REPORT

2020

Revenue
[DKKm]
335.9
Down from 354.2

EBIT
[DKKm]
17.2
Down from 18.0

EBIT margin
5.1%
Unchanged from 5.1%

ROIC
9.5%
Down from 12.5%

Order backlog
[DKKm]
91.9
Down from 123.7

Accounting period:
1 January – 31 December 2020

Approved at the general meeting:
28 April 2021

SKAKO A/S
CVR: 36440414
Bygmestervej 2
5600 Faaborg
Denmark

Conductor:

Solicitor Jan Bruun Jørgensen

CONTENTS

Management review

Important notice about this document

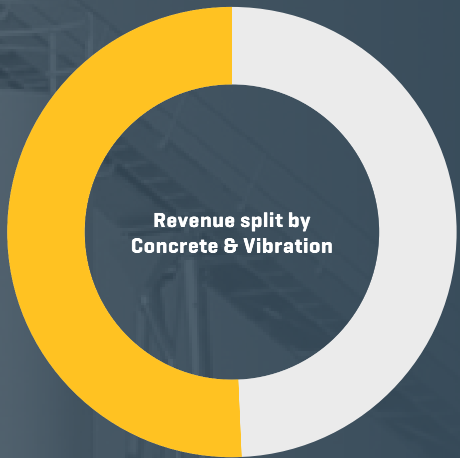
This document contains forward-looking statements. Words such as believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend, outlook, guidance, target and other words and terms of similar meaning in connection with any discussion of future operation of financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect. The Covid-19 pandemic has increased uncertainties in estimates and expectations to the future.

2020 IN BRIEF

Order intake [DKKm]	Order backlog [DKKm]	Revenue [DKKm]	EBIT [DKKm]	EBIT margin	Earnings per share [DKK]	Employees	ROIC
304.1	91.9	335.9	17.2	5.1%	4.19	195	9.5%
Down from 371.0	Down from 123.7	Down from 354.2	Down from 18.0	Unchanged from 5.1%	Down from 4.62	Up from 191	Down from 12.5%

SKAKO Concrete
[DKKk] **172.415**
EBIT margin 4.5%

SKAKO Vibration
167.685 [DKKk]
EBIT margin 7.0%



Plant orders
[DKKk] **209.564**

Aftersales
126.356 [DKKk]

1. HIGHLIGHTS

2020 became an exercise in managing SKAKO under extremely uncertain conditions - yet entering the year with strong confidence after a solid 2019 result

1.1 LETTER TO OUR SHAREHOLDERS

2020 was in many ways an exercise in managing SKAKO under extremely uncertain conditions. We had strong confidence going into the year, following a solid result in 2019, and the first months developed as planned. However, already on 25 March we had to withdraw our financial expectations for the year due to the Covid-19 pandemic. Many mitigating actions and cost cutting measures were taken to ensure that we were able to take the company safely through the pandemic and on 19 May we felt comfortable to reintroduce a more conservative financial guidance.

The pandemic hit the business in many ways. Large projects in Morocco stopped, we could not do all the installations we had planned around the world and normal service work was hindered by access restrictions at many sites. But we were also forced to think of new solutions to assist our customers. On-line processes paved the way for our first delivery of a plant to a customer in South Korea, without ever visiting the site. And the concept of servicing plants with the use of virtual reality technology was introduced. So even during global turmoil, SKAKO experienced fruitful developments which will benefit the business going forward.

2020 was also the last year of the S2020 profit enhancement program in SKAKO Concrete. We had planned to return to stronger profit levels, and despite the Covid-19, we managed to carry it through and lay the foundation for a new ambitious strategy for SKAKO Concrete´s development 2021—2024.

For SKAKO Vibration, 2020 was a very difficult year, and the financial performance was significantly weaker than planned. SKAKO Vibration took over the Spanish recycling-focused company Dartek in November 2019, and 2020 was planned to be a year of integration into the group and with expansion of recycling products in the SKAKO network. As Europe was hit hard by the pandemic, it turned out to be impossible to execute the planned ambitious market expansion. Despite hereof, SKAKO Vibration managed to increase the share of business from the recycling market and drive an ambitious IOT development project in the minerals segment with promising results.

Compared to the situation in the spring of 2020, SKAKO´s financial performance improved over the year, and we were able to gradually improve our guidance. Given the difficult circumstances, we were able to deliver a result at the 2019 level. Not what we had planned for but better than we expected last spring.

We view the Covid-19 pandemic as an external force having a temporary impact on the SKAKO business, and we believe that our businesses will recover through 2021 with full recovery in 2022. Therefore, we now introduce our medium-term financial ambitions until and including 2024 for the SKAKO Group. The medium-term financial ambitions comprise of an organic revenue growth of 8% (CAGR) from 2020 to 2024 and an EBIT margin of 7-9% in 2024. This corresponds to a revenue of approximately DKK 460m with an EBIT result of DKK 32m-DKK 42m in 2024. See more in section 1.6.

Based on market and business conditions, we are guiding for an operating profit (EBIT) of DKK 18-23m in 2021. Our expectations are back-end loaded, and we therefore expect the majority of earnings to be realised in H2 2021.

Due to the dynamic and unpredictable development of the Covid-19 situation and its effects on economies, this guidance is subject to a higher-than-normal degree of uncertainty. The guidance is based on the assumption of continued gradual improvements of the market conditions during 2021 with no new material adverse events affecting the global economies.

The Management would like to thank all the employees of the SKAKO Group for their performance and solid contribution to the results realised in 2020 and preparation for the continuous development of SKAKO.

Lionel Girieud
Director, SKAKO Vibration

Morten Kofod-Jensen
Group CFO

Jens Wittrup Willumsen
Chairman

Steffen Kremmer
Director, SKAKO Concrete

Our purpose

We aim to make our customers' production flow as hassle-free, reliable and sustainable as possible

Our values

We use our know-how to define the industry

as our knowledge and competencies are inherited from more than 60 years of experience and dedicated to your needs

We are always reliable

as we are known for setting the standards of quality and accuracy within our industry

We bring accessible service

as we are well represented around the world and always ready to help

Our brand promises

We develop sustainable, technology-based and visionary solutions

We meet customers with a future-oriented mindset and engage our technical know-how and innovative capacity in companies' individual needs

We provide profitable business

We generate continuous and visible value for our investors and shareholders, as well as attractive ROI and reduced total costs of ownership in plants, spare parts and applications

We are big enough to cope - and small enough to care

We solve complexity in small and large projects and impact the bigger picture by improving even the smallest of detail

We commit ourselves in close partnerships

We put our worldwide customers' needs first and bring our service, customer-adapted solutions and engineering expertise from offices in Faaborg, Strasbourg and San Sebastian

1.2 KEY EVENTS 2020

MAR2020 - MAR2021

COVID-19: Through strict damage control and enforcement of procedures and health measures, SKAKO has managed to maintain momentum in production and thus to get through the pandemic and secure a commercially reasonable level.

25 MAR

Vibratory equipment for a compost refining & recycled glass classification plant in Spain. Despite the beginning of the health and economic crisis, customers' investments in the recycling segment remain high.

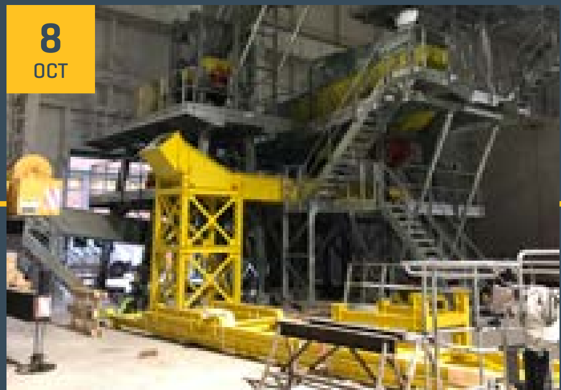
11 JUN

Vibratory equipment for a "waste to energy" plant in Serbia. Once again, the recycling industrial sector shows its resilience to the crisis.

5 AUG

SKAKO Concrete initiates new overall strategy with five individual strategy tracks in terms of culture, digitization, sustainability, subscription solutions and sales/marketing.

8 OCT



Delivery of the first equipment in Terni (Italy) for the Tapojärvi order, which will be followed by many others until the end of the year and the beginning of 2021. The complete slag recycling plant is expected to start producing before end of 2021.

30 OCT

SKAKO

SKAKO's new corporate identity is launched and introduced throughout the entire group.

OCT/NOV

SKAKO DARTEK

Our recycling experts SKAKO Dartek in Spain is fully integrated in the SKAKO Vibration division and the new visual identity is incorporated

1 NOV

Aquisition and 100% ownership of Conparts ApS - a highly specialized company within spare parts, components and technical solutions for concrete producers all over the world.

20 NOV

Sustainability is among SKAKO's overall strategy tracks. Internally we strive for sustainable operation and production. SKAKO's first electric car is introduced into the fleet and power installation for electric cars completed in Faaborg.

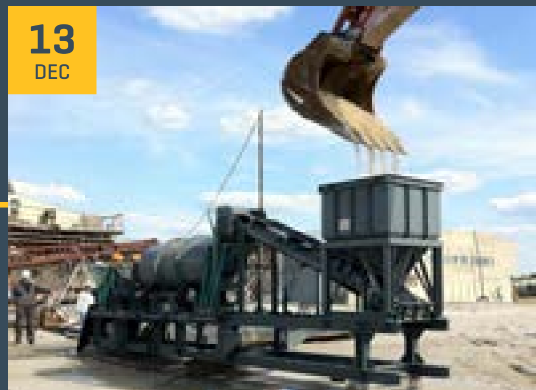
23 NOV

Sampyo: The South Korean business empire chooses SKAKO as their preferred partner for their first of several more projects: A complete concrete mixing plant with control system and supervisor installation for a brand new concrete product factory in the South Korean capital Seoul.

26 NOV

Vic Deep: The largest SKAKO project in the last 20 years was HANSON UK's multi millon-pound redevelopment of Hanson Greenwich Plant in North Greenwich utilizing SKAKO's newly developed AM6000 mixers, high-silo solutions and in-house control system – SKAKOMAT 600.

13 DEC



SKAKO Vibration decides to invest in a mobile testing unit in order to simulate SKAKO equipment capacities of washing and sorting construction and demolition waste. The sector is one of the selected subsegments for SKAKO Vibration.

1.3 FINANCIAL KEY FIGURES

Key figures and financial ratios – DKK

DKK Thousands	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	335,920	354,192	339,273	350,375	308,059
Gross profit	79,914	86,092	79,603	83,800	84,306
Operating profit (EBIT)	17,220	18,005	15,072	20,237	16,411
Special items	-	-	1,331	(24,131)	-
Operating profit (EBIT) after special items	17,220	18,005	16,403	(3,894)	16,411
Net financial items	(3,084)	(2,590)	(3,446)	(2,818)	(3,265)
Profit before tax	14,136	15,413	12,958	-6,712	13,146
Profit for the year	12,908	14,246	12,698	-6,160	16,540
BALANCE SHEET					
Non-current assets	84,265	85,947	40,787	38,911	68,470
Current assets	239,842	236,383	219,320	200,152	176,600
Assets held for sale	-	-	-	22,350	-
Assets	324,107	322,330	260,107	261,414	245,071
Equity	129,301	124,417	109,066	95,701	102,360
Non-current liabilities	38,455	32,851	4,099	3.483	13,545
Current liabilities	156,351	165,062	146,943	152,894	129,166
Liabilities related to assets held for sale	-	-	-	9,336	-
Net debt	40,187	32,370	5,522	25,956	16,870
Net working capital	113,344	93,427	90,454	99,242	81,058
OTHER KEY FIGURES					
Investment in intangible assets	7,236	2,703	1,417	3,007	5,030
Investment in tangible assets	5,860	9,415	2,117	4,481	818
Cash flow from operating activities (CFFO)	4,803	24,451	8,907	(9,060)	16,853
Free cash flow	(8,293)	(20,855)	29,564	(16,547)	11,004
Average number of employees	195	191	197	182	183

Key figures and financial ratios – DKK CONTINUED

DKK Thousands	2020	2019	2018	2017	2016
FINANCIAL RATIOS					
Gross profit margin	23.8%	24.3%	23.5%	23.9%	27.4%
Profit margin (EBIT margin)	5.1%	5.1%	4.4%	5.8%	5.3%
Liquidity ratio	153.4%	141.3%	149.3%	131.8%	136.7%
Equity ration	39.9%	38.6%	41.9%	36.6%	41.8%
Return on equity	10.2%	12.2%	12.4%	-6.4%	17.7%
Financial leverage	31.1%	26.1%	5.1%	27.1%	16.5%
Net debt to EBITDA*	1.7	1.4	0.3	1.0	0.8
NWC/Revenue	33.7%	26.4%	26.7%	28.3%	26.3%
Earnings per share (EPS)	4.19	4.62	4.12	-2.00	5.36
Equity value per share	41.9	40.1	35.4	30.8	33.0
Share price	49.8	45.9	49.2	91.0	92.5
Price-book ratio	1.2	1.1	1.4	3.0	2.8
Market cap	154,699	142,584	151,725	282,683	287,343
Order backlog	91,877	123,654	106,821	72,775	109,103

* Figures before 2019 do not included accounting according to the updated IFRS 16.

For calculation of financial ratios please see page 115. Net working capital is calculated as Inventory, Trade receivables and Contract assets less Contract liabilities and Trade payables. Backlog represents revenue from signed contracts or orders executed but not yet completed or performed in full.

Key figures and financial ratios – EUR*

EUR Thousands	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	45,064	47,415	45,520	47,096	41,408
Gross profit	10,720	11,525	10,680	11,246	11,332
Operating profit (EBIT)	2,310	2,410	2,022	2,720	2,206
Special items	-	-	179	(3,244)	-
Operating profit (EBIT) after special items	2,310	2,410	2,201	(523)	2,206
Net financial items	(414)	(347)	(462)	(379)	(439)
Profit before tax	1,896	2,063	1,739	(902)	1,767
Profit for the year	1,732	1,907	1,704	(828)	2,223
BALANCE SHEET					
Non-current assets	11,327	11,506	5,462	5,227	9,197
Current assets	32,240	31,644	29,371	26,885	23,721
Assets held for sale	-	-	-	3,004	-
Assets	43,567	43,150	34,832	35,113	32,918
Equity	17,381	16,655	14,606	12,855	13,749
Non-current liabilities	5,169	4,099	549	599	1,819
Current liabilities	21,017	22,395	19,678	20,405	17,350
Liabilities related to assets held for sale	-	-	-	1,255	-
Net debt	5,402	4,333	740	3,486	2,266
Net working capital	15,236	12,373	12,113	13,330	10,888
OTHER KEY FIGURES					
Investment in intangible assets	366	362	190	404	676
Investment in tangible assets	786	1,260	284	602	110
Cash flow from operating activities (CFFO)	644	3,273	1,193	(1,217)	2,264
Free cash flow	(1,113)	(2,792)	3,959	(2,223)	1,478
Average number of emplyees	195	191	197	182	183

Key figures and financial ratios – EUR* CONTINUED

EUR Thousands	2020	2019	2018	2017	2016
FINANCIAL RATIOS					
Gross profit margin	23.8%	24.3%	23.5%	23.9%	27.4%
Profit margin (EBIT margin)	5.1%	5.1%	4.4%	5.8%	5.3%
Liquidity ratio	153.4%	141.3%	149.3%	131.8%	136.7%
Equity ratio	39.9%	38.6%	41.9%	36.6%	41.8%
Return on equity	10.2%	12.2%	12.4%	-6.4%	17.7%
Financial leverage	31.1%	26.1%	5.1%	27.1%	16.5%
Net debt to EBITDA*	1.7	1.4	0.3	1.0	0.8
NWC/Revenue	33.7%	26.4%	26.7%	28.3%	26.3%
Earnings per share (EPS)	0.56	0.62	0.55	(0.27)	0.72
Equity value per share	5.64	5.36	4.74	4.13	4.43
Share price	6.69	6.14	6.59	12.19	12.44
Price-book ratio	1.2	1.1	1.4	3.0	2.8
Market cap	20,795	19,088	20,319	37,970	38,650
Order backlog	12,350	16,553	14,308	9,775	14,655

* Figures before 2019 do not include accounting according to the updated IFRS 16.

For calculation of financial ratios please see page 115. Net working capital is calculated as Inventory, Trade receivables and Contract assets less Contract liabilities and Trade payables. Backlog represents revenue from signed contracts or orders executed but not yet completed or performed in full.

*On the translation of key figures and financial ratios from Danish kroner to euro, Danmarks Nationalbank's rate of exchange at 31 December 2020 of 743.93 has been used for balance sheet items, and the average rate of exchange of 745.42 has been used for income statement and cash flow items.

1.4 FINANCIAL REVIEW

DKK Thousands	Q4 2020*	Q4 2019*	Change	2020	2019	Change
Plant order revenue	52.741	59.012	(10.6%)	209,564	217,829	(3.8%)
Aftersales revenue	30.503	32.105	(5.0%)	126,356	136,363	(7.3%)
Total revenue	**83,244**	**91,117**	**(8.7%)**	**335,920**	**354,192**	**(5.2%)**
Production costs	(66.899)	(67.864)	(1.4%)	(256,006)	(268,100)	(4.5%)
Gross profit	**16,345**	**23,253**	**(29.7%)**	**79,914**	**86,092**	**(7.2%)**
Gross profit margin	19.6%	25.5%	(5.9%)	23.8%	24.3%	(0.5%)
Distribution costs	(7,169)	(8,064)	(11.1%)	(35,039)	(39,796)	(11.9%)
Administrative expenses	(6,964)	(7,358)	(5.1%)	(27,655)	(28,291)	(2.1%)
Operating profit (EBIT)	**2,212**	**7,831**	**(78.0%)**	**17,220**	**18,005**	**(4.5%)**
Profit margin (EBIT margin)	2.6%	8.6%	(6.0%)	5.1%	5.1%	0.0%
Profit for the period	**419**	**6,265**	**(93.3%)**	**12,908**	**14,246**	**(9.4%)**
Order backlog beginning of period	94,900	92,529	2.6%	123,654	106,821	15.8%
Order intake	80,221	122,242	(34.5%)	304,143	371,025	(18.0%)
Revenue	83,244	91,117	(8.7%)	335,920	354,192	(5.2%)
Order backlog end of period	**91,877**	**123,654**	**(25.7%)**	**91,877**	**123,654**	**(25.7%)**

*Quarterly figures are unaudited

The Covid-19 pandemic created challenging conditions for SKAKO in 2020, both on markets and in operations. Because of the Covid-19 lockdown and uncertainties resulting from the pandemic our markets for both plant orders and aftersales were significantly less active than in previous years. This resulted in a reduction in both revenue and order intake. Operations in SKAKO continued at a reasonable level through the Covid-19 lockdown. Administrative staff in both Denmark and France was sent home to work from home while productions in both Denmark, France and Spain continued through the lockdown. Employees returned to the offices through June, July and August, and safe measures were established at all facilities. With the rise in Covid-19 infections in Q4 2020, administrative staff were once again sent home to work from home while production staff continued working at the factories.

Despite the challenging conditions, the overall financial performance of SKAKO in 2020 was satisfactory and resulted in an operating profit (EBIT) of DKK 17.2m compared to 18.0 in 2019. This is within our guidance for 2020 of DKK 15.0m – 18.0m.

For a financial review for each division, please see section 2.2 for SKAKO Concrete and section 3.2 for SKAKO Vibration.

Revenue

Revenue decreased with 8.7% and 5.2% in Q4 2020 and full year 2020 compared to the same periods last year. Organic growth was negative with 13.6% compared to 2019. The Covid-19 lockdown resulted in a decrease in full year revenue from aftersales with 7.3% (primarily due to a decrease of 20.9% in Q2 2020) compared to 2019. As lockdown measures were eased through Q2 and Q3 2020, we started seeing revenue from aftersales return towards a more normal level. However, as infection rates started rising in Q4 2020, uncertainties regarding the economy once again resulted in revenue from aftersales being realized below a normal level. The Group experienced a decrease of 3.8% in revenue from plant orders in 2020 compared to 2019, primarily due to an increase of 20.4% in Q1 2020, a decrease of 20.5% and 10.6% in Q2 2020 and Q4 2020 while Q3 2020 was close to the levels of Q3 2019. The decrease in revenue from plant orders in Q2 2020 was primarily due to the fact that we were not able to perform on-site plant installations due to the Covid-19 lockdown. In Q4 2020, a lack of order intake in SKAKO Vibration in Q2 2020 and Q3 2020, resulted in a low plant order revenue.

Gross profit

In Q4 2020, revenue decreased with 8.7% while production costs only decreased with 1.4% compared to Q4 2019. This led to a gross profit margin of 19.6% which represents a decrease of 5.9 percentage points compared to Q4 2019. In SKAKO Concrete a decrease of 3.5 percentage points was realized while SKAKO Vibration realized a decrease of 7.5 percentage points. The decrease in gross profit and gross profit margin is primarily due to product mix and fixed production costs being a larger part of the revenue. Because we expect revenue and activity to return to levels seen before the Covid-19 pandemic, we decided not to make extensive reductions in our production capacities which kept fixed production costs at a higher level compared to the decreasing revenue.

In 2020, revenue decreased with 5.2% while production costs decreased with 4.5% compared to 2019. This led to a gross profit margin of 23.8% which represents a decrease of 0.5 percentage points compared to 2019. The large decrease in revenue from aftersales relative to the decrease in revenue from plant orders has had a negative impact on the gross profit margins because revenue from aftersales holds higher margins. On the other hand, improved gross profit margins on plant orders have had a positive effect on gross profit margins in the Concrete Division where we are seeing the positive effects from the S2020 Profit Enhancement Programme. Government compensation (grants) related to Covid-19 has also had a positive impact on gross profit margins in 2020. Received government compensation under gross profit amounts to DKK 2.9m in 2020 of which DKK 1.4m was received in the Concrete Division and DKK 1.5m was received in the Vibration Division.

Capacity costs

Distribution costs decreased with 11.1% in Q4 2020 and with 11.9% in 2020 compared to the same periods last year, and administrative expenses decreased with 5.1% in Q4 2020 and with 2.1% in 2020 compared to Q4 2019 and 2019. The decrease in administrative and distribution expenses in 2020 is primarily due to cost savings initiated in connection to the Covid-19 lockdown, and government compensation (grants) received in the period due to the Covid-19 lockdown. Capacity costs have decreased in the Concrete Division while the Vibration division has seen a small increase in capacity costs due to the acquisition of Dartek. Received government compensation under capacity costs amounts to DKK 0.9m in 2020, of which DKK 0.2m was received in the Concrete Division and DKK 0.7m was received in the Vibration Division.

Operating profit

Operating profit (EBIT) amounted to DKK 2.2m in Q4 2020 and DKK 17.2m in 2020 compared to DKK 7.9m in Q4 2019 and DKK 18.0m in 2019. The lower operating profit (EBIT) in Q4 2020 and full year 2020 is primarily due to the challenging market conditions resulting from the Covid-19 pandemic. The decrease in revenue, both in Q4 2020 and full year 2020, has resulted in a reduced gross profit. Cost saving initiatives and government compensation has not fully offset the reduced gross profit leading to a lower EBIT. However, the EBIT margin was realized at the same level as in 2019 and despite the challenging market conditions, we have remained profitable throughout 2020.

Order intake and backlog

In Q4 2020, order intake amounted to DKK 80.2m which is a decrease of 34.4% compared to the same period last year. In 2020, order intake amounted to DKK 304.1m compared to 371.0m in 2019. Order intake in both divisions in 2020 was negatively impacted by the uncertainties resulting from Covid-19. Furthermore, the acquisition of SKAKO Dartek in Q4 2019 resulted in a higher-than-normal order intake.

The order backlog at the beginning of Q1 2021 amounts to DKK 91.9m which is a decrease of 25.6% compared to the order backlog at the beginning of Q1 2020.

Cash flow developments

In 2020, SKAKO generated a cash flow from operating activities (CFFO) of DKK 4.8m compared to DKK 24.5m in 2019. The cash flow in Q4 2019 was high due to a high amount of prepayments from customers. Therefore, due to the high amount of prepayment at the beginning of the 2020, cash flow from operating activities (CFFO) in 2020 was below earnings for the year. In Q4 2020 cash flow from operating activities (CFFO) amounted to DKK 14.7m compared to DKK 20.2m in Q4 2019. The high cash flow from operating activities (CFFO) in Q4 2020 is a result of the low cash flow in Q1-Q3 2020 as we are now starting to receive postponed payments. Generally, our customers are fulfilling their payment obligations and the Group has a strong liquidity. We expect to see a further improvement of cash flows in Q1 2021.

Equity

The Group's equity was DKK 129.3m on 31 December 2020 (DKK 124.4m on 31 December 2019) matching an equity ratio of 39.9% (38.6% at 31 December 2019). The increase in equity is mainly due to profit for the year of DKK 12.9m. Due to an interim dividend of 6.2m paid in November 2020, the equity does not increase with the full earnings for the year.

Based on the results in 2020 and capital structure of SKAKO as of A/S 31 December 2020, the Board of Directors recommends a dividend distribution of DKK 3 per share, corresponding to 72% of profit for the year and a total dividends distribution of DKK 9.3m. With a share price of DKK 49.8 as of 31 December 2020 this corresponds to a dividend yield of 6.0%.

ROIC

In 2020, return on invested capital amounted to 9.5% compared to 12.5% in 2019. The reduction in return on invested capital is due to the lower result in 2020 compared to 2019 and an increase in average invested capital. Average invested capital increases as a result of investments in Dartek and Conparts in 2019 and 2020, and the implementation of IFRS 16 in 2019.

Balance sheet

As of 31 December 2020, the Group's assets totalled DKK 324.1m (year end 2019: 322.3m). The increase in assets is primarily due an increase in cash and cash equivalents.

Non-current assets decreased by DKK 1.7m and amounted to DKK 84.3m (year end 2019: DKK 86.0), while current assets increased by DKK 3.5m to DKK 239.8m (year end 2019: DKK 236.3m).

Net debt increased by DKK 7.8m and totalled DKK 40.2m on 31 December 2020 (year end 2019: DKK 32.4m). The increase in net debt is due to a cash flow lower than earnings for the year. To secure sufficient liquidity during the Covid-19 an increase in bank facilities was obtained in 2020.

Current liabilities amounted to DKK 156.4m (year end 2019: DKK 165.1m). The decrease in current liabilities is primarily due to a reduction in trade payables and prepayments from customers on construction contracts.

Dividends

Based on the results in 2020 and capital structure of SKAKO A/S as of 31 December 2020, the Board of Directors recommends a dividend distribution of DKK 3 per share, corresponding to 72% of profit for the year and a total dividends distribution of DKK 9.3m. With a share price of DKK 49.8 as of 31 December 2020, this corresponds to a dividend yield of 6.0%.

Ex-dividend date:	29 April 2021
Record date:	3 May 2021
Payment date:	4 May 2021

Interim dividends

Based on results in the first three quarters of 2020, SKAKO paid out interim dividens of DKK 2 per share in November 2020.

The Parent company

The result for the period in the Parent company amounts to a loss of DKK 1.7m. The costs primarily come from remuneration for the Board of Directors and costs for warrants.

Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2020 after the balance sheet date and up to today.


With the right team you will still be able to keep momentum
– even if people have to work from home

1.5 FINANCIAL AMBITIONS

We now introduce financial ambitions for the SKAKO Group, which comprise our medium-term financial ambitions until and including 2024.

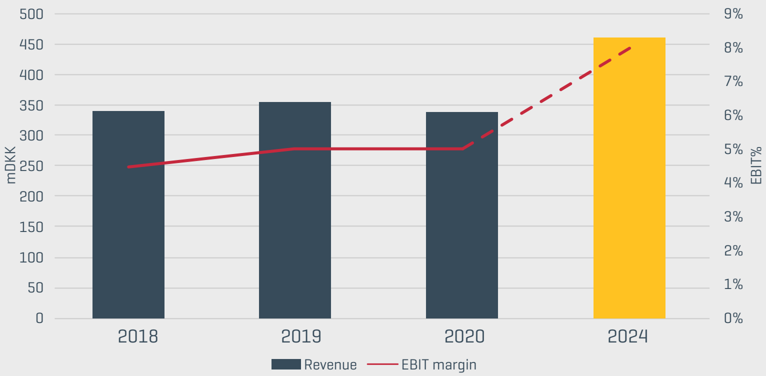
The medium-term financial ambitions for the SKAKO Group comprise a revenue growth at a compound annual growth rate (CAGR) of 8% from 2020 to 2024 and an EBIT margin of 7-9% in 2024. This corresponds to a revenue of approximately DKK 460m with an EBIT result of between DKK 32m and DKK 42m in 2024.

We believe that the recent years strategic development in the Group has laid the ground for a favourable development in results in the coming years. The relatively high ambitions for revenue growth are partly aided by the fact that revenue in 2020 was significantly impacted by the Covid-19 pandemic, especially in SKAKO Vibration. We do not expect the development to be realized in a straight line as some years will show a steeper progress than others and development will be different in each of the two divisions.

SKAKO Concrete

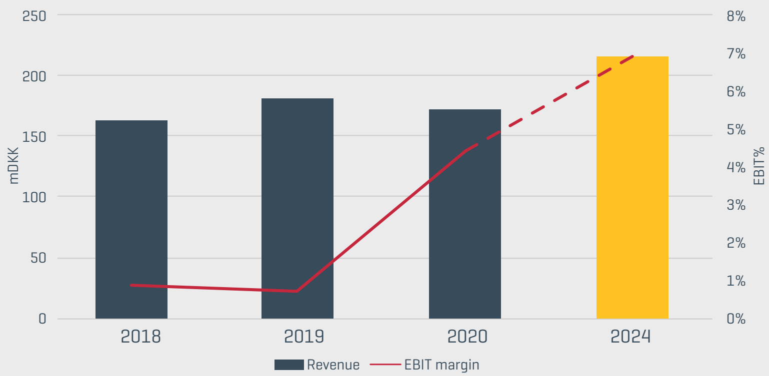
As communicated in previous financial reports, the focus in SKAKO Concrete in 2020 was on reaching a level of sustainable profitability through the S2020 Profitability Enhancement Programme. In 2020 we have seen the EBIT margin in SKAKO Concrete increase from a level of 0%-1% in previous years to 4.5% in 2020. The focus going forward will be on further improving the EBIT margin towards a level of 6%-8% while also driving a revenue growth of 6% (CAGR) until 2024. This corresponds to an EBIT result of DKK 13m to DKK 17m in 2024. As noted under our guidance for 2021, we do not expect to see a material revenue growth in SKAKO Concrete in 2021 compared to 2020 due to the order backlog being negatively impacted by Covid-19 at the beginning of 2021. The majority of the revenue growth is expected to be realised in 2022 to 2024.

Financial ambitions SKAKO Group



In SKAKO Concrete our ambition is to have a revenue growth at a CAGR of 6% with an EBIT margin of 6-8%, while our ambition is to have a revenue growth at a CAGR of 10% with an EBIT margin of 8-10% in SKAKO Vibration.

Financial ambitions SKAKO Concrete

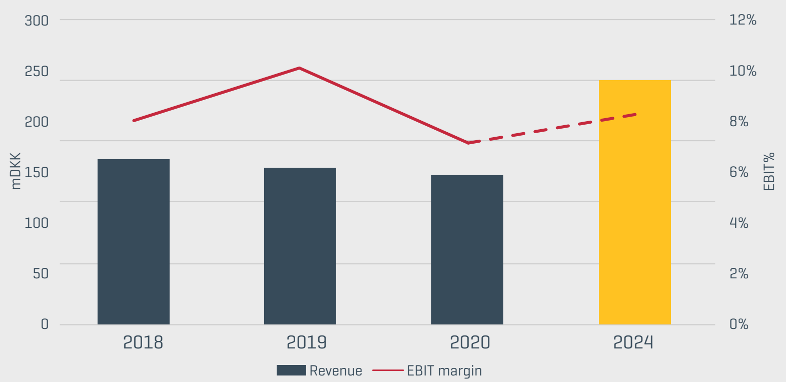


See section 2.1 to further explore the strategic initiatives underlying the financial ambitions for SKAKO Concrete.

SKAKO Vibration

Historically, the EBIT margin in SKAKO Vibration has been realized at a level of 8%-10% while revenue has been realized at a lower level than our financial ambitions. Therefore, the focus in SKAKO Vibration will be on maintaining the historic EBIT margins while driving an expansion in revenue at a CAGR of 10%. This corresponds to an EBIT result of DKK 20m to DKK 25m in 2024. In 2020, revenue in SKAKO Vibration was significantly impacted by the Covid-19 pandemic and decreased with 5.5% compared to 2019 even though SKAKO Dartek was acquired by the division in November 2019. Therefore, already from 2021, we expect to see a significant growth in revenue in SKAKO Vibration as we expect to see revenue returning towards the expected level for the division. The expansion in revenue is primarily expected to be driven by increased revenue in the recycling segment. Increased revenue is expected to help the EBIT margin return to a normal level compared to 2020 as the contribution margin will increase compared to the fixed cost basis.

Financial ambitions SKAKO Vibration



See section 3.1 to further explore the strategic initiatives underlying the financial ambitions for SKAKO Vibration.

Capital structure, dividends and share buybacks

While executing the strategies behind our financial ambitions SKAKO A/S' capital structure allows us to return significant value to our shareholders. It is our ambition to return at least 50% of each year's result to our shareholder as long as capital structure and liquidity allows for it. This will be as either dividends or share buybacks based on our evaluation of what creates the most value to our shareholders. In the medium term it is our ambition to have a net debt relative to EBITDA below 2.5. The ratio may exceed this level temporarily following significant acquisitions.

Risk

Out mid-term ambitions are based on the assumption of continued gradual improvements of the market conditions with no new material adverse events affecting the global economies.

1.6 GUIDANCE 2021

Due to uncertainties resulting from the Covid-19 pandemic order intake in 2020 has been realized below a normal level, and we entered 2021 with a backlog of DKK 91.9m which is 25.7% below the backlog at thebeginning of 2020.

It is our expectation that we will start seeing business picking up through Q2 2021 as more and more of the population will be vaccinated leading to reduced risks in relation to the Covid-19 pandemic. Our current pipeline is strong and we are getting positive feedback from our main markets which indicates a positive order intake in 2021. However, in the first months of 2021 we still experience some hesitation in signing large plant orders.

In SKAKO Concrete we expect revenue from aftersales to perform better than in 2020, while we expect revenue from plant orders to be realized at a level below 2020 due to the low order backlog at the beginning of 2021. However, our aftersales business is more profitable than the plant order business which will outweigh the declining revenue from plant orders and contribute towards improved gross profit margins. Strategic initiatives including added resources and increased focus on existing customers is expected to drive the increase in revenue from aftersales. Furthermore, the acquisition of CONPARTS ApS is expected to increase SKAKO's share in the aftersales market.

In 2021, focus for SKAKO Concrete will not be on revenue growth as much as maintaining and improving the EBIT-margin reached in 2020 through the S2020 Profit Enhancement Programme. However, strategic plans have been initiated to secure revenue growth from 2022 and onwards.

In SKAKO Vibration, we expect to see revenue growth from both plant orders and aftersales in 2021. SKAKO Vibration was significantly impacted by Covid-19 in 2020, both on revenue and order intake, and in 2021 we expect to return towards the EBIT-levels seen in 2019, which will also improve the EBIT margin compared to 2020. We expect to see a positive development in revenue from recycling and mining, while revenue from the German car manufacturing business is still expected to be impacted from the uncertainties in the industry.

Guidance 2021

Based on market and business conditions, we are guiding for an operating profit (EBIT) of DKK 18-23m in 2021. Our expectations are back-end loaded, and we therefore expect the majority of earnings to be realized in H2 2021.

Due to the dynamic and unpredictable development of the Covid-19 situation and its effects on economies, this guidance is subject to a higher-than-normal degree of uncertainty. The guidance is based on the assumption of continued gradual improvements of the market conditions during 2021 with no new material adverse events affecting the global economies.

1.7 WHY INVEST IN SKAKO

At SKAKO we aim to make our customers' production flow as hassle-free, reliable, and sustainable as possible. We use our know-how to define the industry and develop visionary sustainable and technology-based solutions. Through this, we provide continued value to our partners and customers and increased value to our shareholders.

Vibration

SKAKO Vibration strives to be one of the leading suppliers of vibratory equipment and preferred partners within the automotive industry on targeted markets - especially through European and US players. We are already strong within the minerals segment, with some specific developments in the phosphate mining sector, and with the acquisition of SKAKO Dartek in November 2019, we have also intensified our strategic focus on growth in the recycling segment.

SKAKO Vibration has been a well-run and profitable business for many years with focus on the mining and hardware segments. With the acquisition of SKAKO Dartek in November 2019 we have intensified our strategic focus on business expansion into the mega trend of recycling. Covid-19 has had a negative impact on SKAKO Vibration in 2020 and thereby pausing the positive development. We fully believe that the mining and hardware businesses will return to previous levels of profitability, while expansion into the recycling segment will drive further value creation for our shareholders.

For our mid-term financial ambition and strategic initiatives for SKAKO Vibration, please see section 3.1.

Concrete

SKAKO Concrete strives to be the trendsetter in the concrete industry when it comes to sustainability, digitalization, and total cost of ownership, and from our foundation of reliable delivery and high-quality products, we seek to offer our customers the best solutions in the industry and maximum benefit from our solutions and services.

After some years with unsatisfactory performance and profitability, SKAKO Concrete improved profitability considerably in 2020 in continuation of the S2020 Profit Enhancement Programme. We expect SKAKO Concrete to continue this development while also driving a moderate revenue growth, and thereby contributing to value creation in the SKAKO Group in the coming years.

For our mid-term financial ambition and strategic initiatives for SKAKO Concrete, please see section 2.1.

Capital structure

On 31 December 2020, SKAKO A/S had a strong balance sheet with a net debt to EBITDA of 1.7. This makes it possible to return significant value to our shareholders in the future as our business and earnings improve. The return of value will be through dividends or share buy-back programmes. We will also pursue value creating M&A to expand our business and create additional value to our shareholders.

For our mid-term financial ambition for the SKAKO Group, please see section 1.6.

2. BUSINESS UNIT CONCRETE

Five strategic steps into the future – and five good reasons for working with SKAKO Concrete.

2.1 STRATEGY & BUSINESS MODEL

SKAKO Concrete develops, designs and sells a range of versatile high-end solutions for concrete batching plants for ready-mix and precast. Our main focus is on plant sales with a solid aftersales business.

Through decades we have been known by our customers for our engineering expertise, excellent service and an extensive portfolio of high-quality products based on intensive know-how and own developed technology.

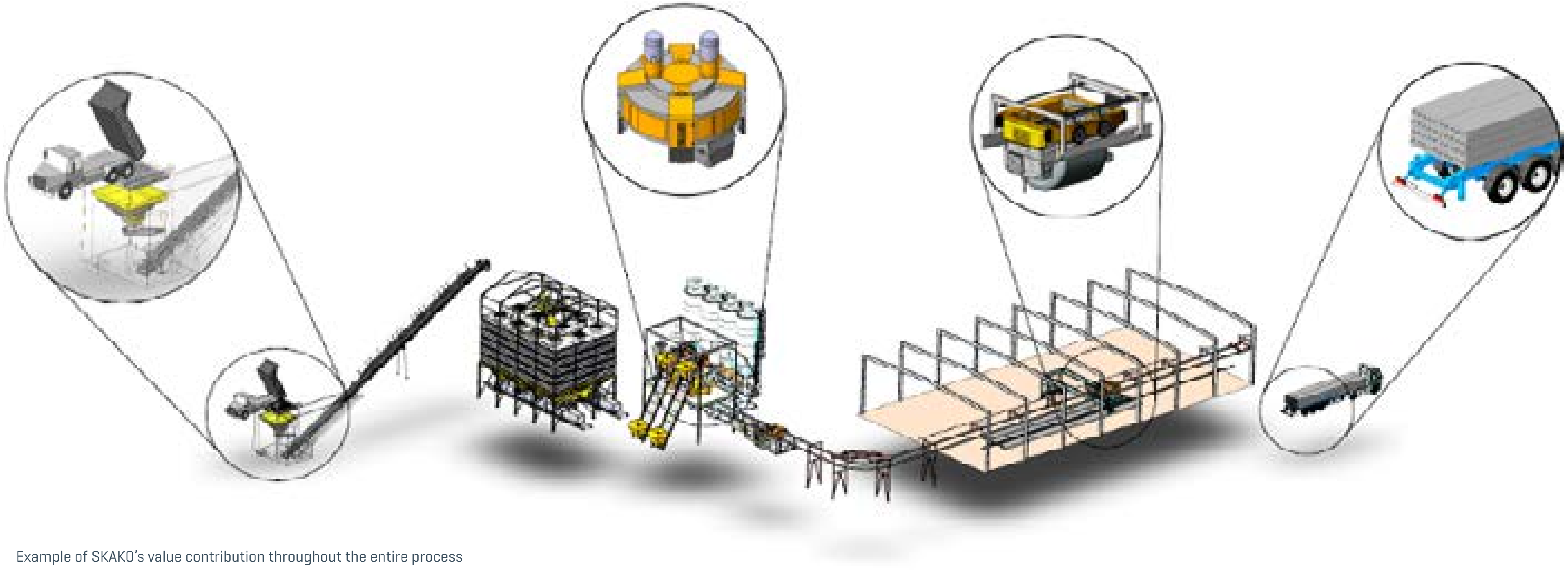
Our engineering, assembling and test facility is located in Faaborg in Denmark and the products are distributed worldwide to customers either directly from assembling in Faaborg or from our suppliers.

Our main markets are EU and North America and we aim to obtain a higher market share on existing markets like Scandinavia, Germany, the UK, Netherlands, France and the USA without increasing the financial risk profile on orders.

SKAKO Concrete strives to be the trendsetter in the concrete industry when it comes to sustainability, digitalization and total cost of ownership, and from our foundation of reliable delivery and high-quality products we seek to offer our customers the best solutions in the industry and maximum benefit from our solutions and services.

Furthermore, we want to add value and reliability by a dedicated team with a collaborative, enthusiastic attitude in a working environment that optimizes processes and execution.

We have a constant focus on sustainable profitability for our customers and are constantly trying to optimize both value- and supply chain throughout the entire process illustrated below:



Example of SKAKO's value contribution throughout the entire process

Through 2020, SKAKO Concrete has implemented various initiatives to improve earnings among others by focusing on internal handover, accuracy and follow-up which has strengthened reliability and profitable project delivery. In addition, a structured system to strengthen and standardize plant sales has been implemented (Lead Qualification System or LQS). This aims to secure that we only offer solutions that are within our core competences and we know will be profitable to us. These initiatives have collectively contributed to improved performance and earnings for SKAKO Concrete in 2020.

A continuous controlled growth, stability and efficiency improvement are some of the key factors for SKAKO Concrete to achieve the required results and increased earnings.

Following the successful implementation of the Profit Enhancement Programme in 2020, we have initiated focused strategic initiatives and ambitions to further develop SKAKO Concrete towards 2024.

From 2021 through 2024 we aim to grow revenue with a CAGR of 6% while increasing the EBIT margin to 6%-8%. With our focused sales and marketing strategy, we expect to grow revenue from both plant orders and aftersales. While doing so, we will continue our constant focus on sustainable profitability to reach attractive EBIT margin levels.

Our masterplan contains five overall strategic tracks with individual task forces:

Vision: We want to be trendsetting in the industry within sustainability, digitization and solutions focused on total economy

Strategy track: Culture, Digitization, Sustainability, subscription solutions, sales and marketing

Products and solutions: AM Mixer, ROTOCONIX, SKAKOMAT, CONFLEX, skip hoist

Segments: Plant (Precast and Ready-mix), SKAKOMAT, aftersales

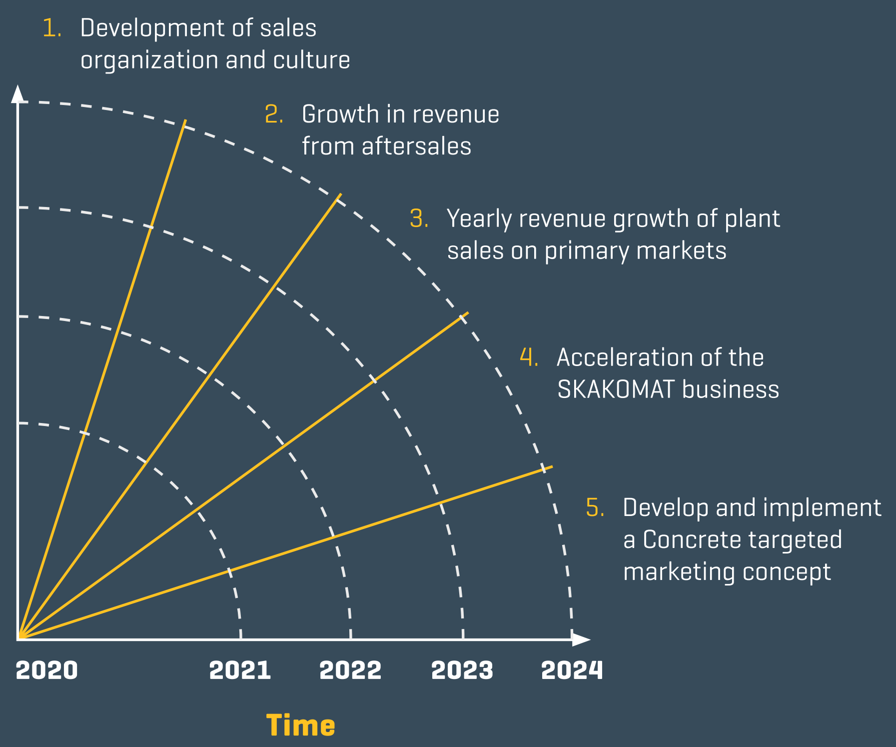
Primary markets: Denmark, Sweden, Norway, the UK, the Netherlands, Germany, Austria, Switzerland, France, the USA

Below the strategic tracks in our overall business model:

Foundation for future sales growth

In 2021, we are building the foundation for revenue expansion in 2022 to 2024 and beyond with focus on sales structure, selected markets, and customer-adapted solutions.

For the commercial department of SKAKO Concrete a separate operational action plan has been defined to support the overall targets and results. The figure below underlines that the sales/marketing organization is facing a significant development over the coming one to three years in selected areas.



Sales organization and culture

The overall culture project and SKAKO's key story are integrated in sales to create a high degree of team spirit for external and internal sales personnel, and the internal communication is strengthened through higher transparency on several channels.

The sales force will be strengthened by appointments of new key account managers on prioritized markets and the aftersales organization has been extended to strengthen the service level and additional sales.

At the beginning of 2021 we have initiated an extensive CRM clean-up and re-alignment of customer data intended to secure data discipline and accuracy. As soon as everything has been updated and synchronized, we will start extending the system to more customer-oriented marketing automation and account based sales.

Aftersales

As we have been in the market for many years, we have many plants throughout the world which means a huge potential for aftersales. This potential must be used to achieve a significant part of our growth through aftersales which also is far less sensitive to trade conditions than plant sales.

One of the first initiatives in 2021 will be to intensify service and follow-up on existing customers simultaneously with update and relaunch of the present webshop to existing and new customers.

Plant sales

In 2020, we initiated a detailed market analysis, market selection and penetration strategy giving us a better view of existing and new market potential as well as market prioritization. The results and output from this work shall create basis for our go-to-market action plans for all markets.

Foundation for future sales growth CONTINUED

Sustainability

We want to set the standard in the concrete industry within sustainable solutions – among others by entering into close partnerships with selected, strong, innovative customers who are recycling focused and ready for more sustainable types of concrete, produced with minimal consumption of energy and water. Our solutions shall ensure that customers are at the forefront of future legal requirements. Our general product development will increasingly be oriented towards circular economy, cradle-to-cradle and total cost. An internal production optimization project is initiated and SKAKO has increased our demands on subsuppliers' sustainable production. Finally, a cooperation with and consultancy assistance from the local municipality in Faaborg has been established regarding waste sorting and environmentally friendly garbage bins.

SKAKOMAT

The SKAKOMAT is our Automation System for Advanced Concrete Batching Plants which improves productivity, profitability, logistics and quality control among other features.

To position us as a leader in the management of concrete batching and distribution, we will develop the next generation of SKAKOMAT providing customers' optimized production flow, better efficiency and increased sustainability.

Marketing

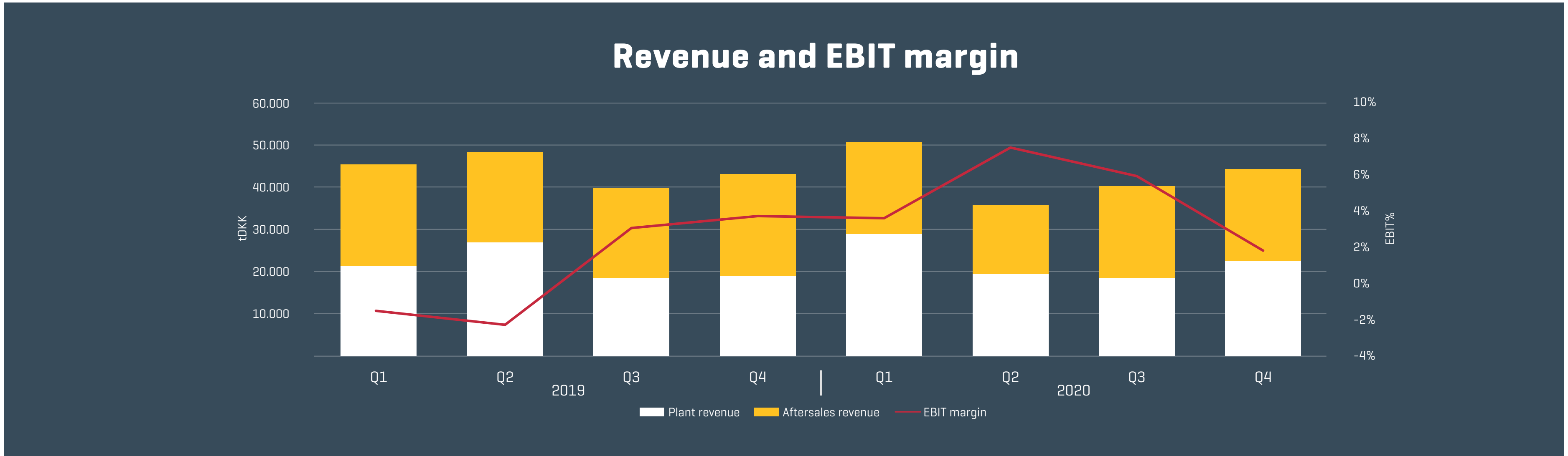
Market and customer behaviour changed during the actual Covid-19 pandemic which has influenced not only SKAKO's overall communication – but also the specific, pragmatic marketing effort. Thus, the marketing platform will successively contain a larger part of digital elements and effects and gradually be redesigned to a more online-based platform where traditional, static elements will be replaced by more dynamic, virtual and IT-based solutions and multimedia elements.

Besides strengthening sales, developing customers and building loyalty, SKAKO's marketing elements shall reduce the frequency and necessity of physical meetings which will probably be the new everyday life of our divisions in a new future – even in the time after the current pandemic. Seen from a marketing perspective, Covid-19 has changed the way we act and interact with each another and the new direction and the global tendencies have been taken into consideration in the planning and development of the overall SKAKO communications and marketing.

2.2 FINANCIAL PERFORMANCE

Financial review SKAKO Concrete

DKK million	Q4 2020	Q4 2019	Change	2020	2019	Change
Plant order revenue	24.5	18.9	29.6%	90.0	85.9	4.8%
Aftersales revenue	21.1	24.9	(15.3%)	82.4	91.9	(10.3%)
Total revenue	45.6	43.8	4.1%	172.4	177.8	(3.0%)
Gross profit	8.5	10.1	(15.8%)	32.9	33.2	(0.1%)
Gross profit margin	19.6%	23.1%	(3.5%)	19.1%	18.6%	0.5%
Operating profit (EBIT)	0.7	1.3	(46.2%)	7.7	1.3	492%
EBIT margin	1.5%	3.0%	(1.5%)	4.5%	0.7%	3.8%
Order book, beginning	42.9	47.9	(10.4%)	64.6	72.9	(11.4%)
Order intake	37.2	60.5	(38.5%)	142.3	169.5	(16.0%)
Order book, ending	34.5	64.6	(46.6%)	34.5	64.6	(46.6%)



Financial performance in Q4 2020

The reoccurrence of Covid-19 in Q4 2020 once again provided challenging market conditions for SKAKO Concrete as aftersales demand was limited and investment decisions postponed.

Revenue from plant orders increased with 29.6% while aftersales revenue decreased with 15.3% compared to Q4 2019. In total revenue increased with 4.1% compared to Q4 2019. The decrease in revenue from aftersales is mainly caused by uncertainties resulting from the reoccurrence of Covid-19 in Q4 2020. Revenue from plant orders remained at a good level as a result of a good backlog going into Q4 2020.

Gross profit and gross profit margin were realized with DKK 8.5m and 19.6% compared to DKK 10.1m and 23.1% in Q4 2019. The decrease in gross profit and gross profit margin is mainly due to revenue mix between plant orders and aftersales and positive net R&D expenses recognized in Q4 2019. Aftersales revenue has a higher contribution margin than revenue from plant orders.

EBIT and EBIT margin were realized with DKK 0.7m and 1.5% compared to DKK 1.3m and 3.0% in Q4 2019. The decrease in EBIT and EBIT margin is mainly due to the decrease in gross profit margin as well as a provision of DKK 0.4m for the dismissal of an employee in France and costs related to the acquisition of Conparts ApS of DKK 0.4m.

Order intake amounted to DKK 37.2 m in Q4 2020 which is a decrease of 38.5% compared to Q4 2019. While order intake was higher than normal in Q4 2019, uncertainties resulting from the reoccurrence of Covid-19 have also had an effect on order intake in Q4 2020 where final decisions were postponed.

Financial performance in 2020

Despite challenging market conditions, the overall financial performance of SKAKO Concrete showed a very positive development in 2020 driven by the strategic initiatives in the S2020 Profit Enhancement Programme with focus on improved gross profit margins and cost savings.

Revenue decreased with 3.0% compared to 2019. Revenue from plant orders increased with 4.8% while revenue from aftersales decreased with 10.3%. The increase in plant order revenue was driven by the high order backlog entering 2020 as well as a strong focus on order execution while aftersales revenue was negatively impacted by the lockdown and uncertainties resulting from the Covid-19 pandemic.

Gross profit and gross profit margin were realized with DKK 32.9m and 19.1% compared to DKK 32.2m and 18.6% in 2019. The increase in gross profit margins has been realized despite an unfavourable mix between revenue from plant order and aftersales as a large part of the improvement has been realized on plant orders.

EBIT and EBIT margin were realized with DKK 7.7m and 4.5% compared to DKK 1.3m and 0.7% in 2019 corresponding to a 492% increase in EBIT and a 3.8 percentage points increase in EBIT margin. The strong development in results has been realized in continuation of the strategic initiatives in the S2020 Profit Enhancement Programme with strong focus on improved project execution and profitability. This development is expected to continue in the coming years.

Order intake amounted to DKK 142.3 compared to DKK 169.5m in 2019. Uncertainties resulting from Covid-19 have had a significant impact on order intake in 2020. We still have a strong pipeline and expect order intake to improve through 2021. The order backlog at the end of 2020 amounts to DKK 34.5m (DKK 64.6m 2019) which is 47% below the order backlog at the end of 2019. The order backlog is expected to improve through 2021.

S2020 Profit Enhancement Programme

In 2019, SKAKO Concrete initiated the S2020 Profit Enhancement Programme where we have had intense focus on improved earnings as well as increased standardization and optimization of all key products. The S2020 Profit Enhancement Programme has been implemented and completed at the end of 2020. Following the successful implementation, we have initiated focused strategic initiatives and ambitions to further develop SKAKO Concrete towards 2024. Our strategic master plan contains five overall tracks with individual task forces.

Development of primary markets

During second half of 2020 we started developing and implementing our new five-track sales strategy in SKAKO Concrete. This strategy provides plans and tools to work our way through the coming three years in a more proactive way, and expectations for 2021 are therefore positive.

Our increased focus on specific types of customers and plant orders combined with the Lead Qualification System (LQS) and front-loading introduced in S2020, will result in better earnings potential on these plant orders. Furthermore, we expect to see a slight growth in revenue from aftersales.

Overall, our primary markets are doing well on both Plant and Aftersales and in general we have positive feedback from all markets.

UN Global Goals and sustainability

In general, SKAKO Concrete seeks to reduce its impact on the environment internally and externally. An internal production optimization project is initiated and SKAKO Concrete has increased focus on reducing energy consumption, recycling of crushed concrete, reduction of cement, less use of water and reuse of aggregates in the production of concrete. All employees complete an annual internal code of conduct (e-learning) to have a common understanding of SKAKO's policies and guidelines.

Product development

To meet the expectations and needs from our customers and the market mainly within recycling, digitalization, and technology, SKAKO Concrete has planned to invest even more in product development. We have focused further development on our key products AM mixers, the SKAKOMAT control system and our CONFLEX distribution system.

3. BUSINESS UNIT VIBRATION

The business of our customers is strengthened by the dedication of our SKAKO Vibration team spread over 3 centers of excellence

3.1 STRATEGY & BUSINESS MODEL

At SKAKO Vibration we develop, design and sell vibratory equipment for industrial use world-wide and our quality products set in motion, separate and wash bulk material.

Our engineering, assembly and test facilities are located in Faaborg in Denmark, Strasbourg in France and San Sebastian in Spain, and our products are based on application know-how and own developed technology.

SKAKO Vibration has a flexible production where parts are sourced through both internal and external suppliers.

Our main markets are EU and North Africa and we are focusing on expanding in Morocco to support our significant growth within supplying to the phosphate mineral sector.

SKAKO Vibration strives to be one of the leading suppliers of vibratory equipment and preferred partners within the automotive industry on targeted markets - especially through European and US players. We are already strong within the mineral segment with a strong presence in the phosphate mining sector in North Africa. With the acquisition of SKAKO Dartek in November 2019, we have also intensified our strategic focus on growth in the recycling segment.

The objectives shall be obtained by having an attractive product range of high quality, and a dynamic organization with a high level of know-how about design and application.

From 2021 through 2024 SKAKO Vibration aims to grow revenue with a CAGR of 10% while maintaining an EBIT margin of 8%-10%. As SKAKO Vibration's revenue was significantly impacted by the Covid-19 pandemic in 2020 some of the revenue growth is expected to come from a return to normal market condition while another part is expected to be realized from strategic growth in the recycling industry.

To support our growth, we have based our strategy on four development stages:

Medium-term perspective

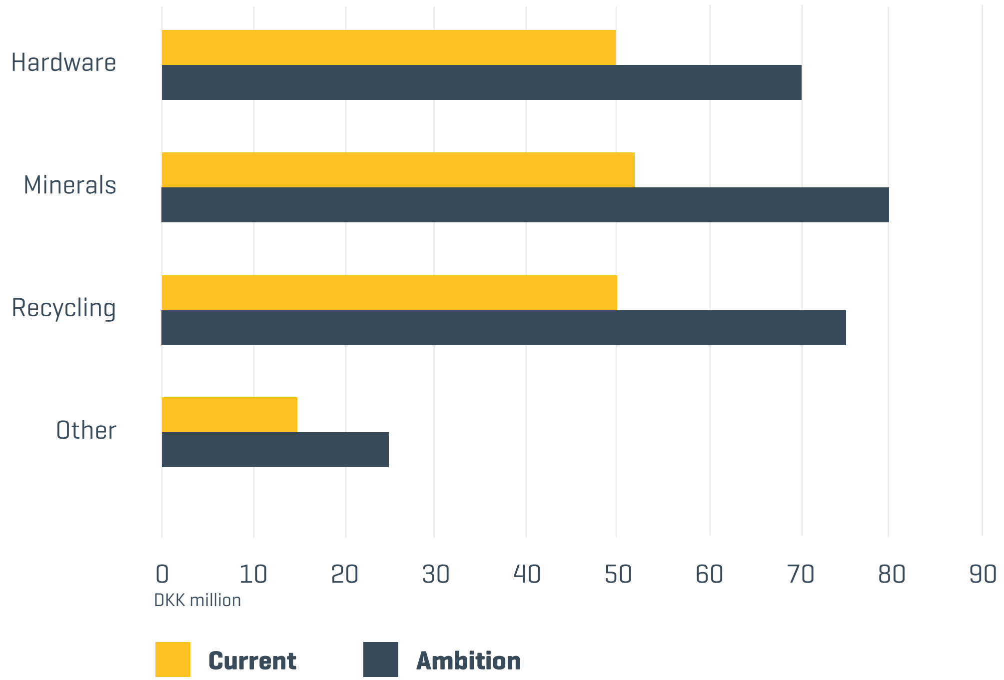
Hardware Expert Center in Denmark

Recycling Expert Center in Spain

Minerals Expert Center in France

Growth from four customer segments

The foundation for the further development of SKAKO Vibration will be our three expert centers, each with their own specific area of core competence. Business relating to the hardware, recycling and mineral segments will be conducted from our offices in Faaborg/Denmark, San Sebastian/Spain, and Strasbourg/France:



Development & goals

Compared to 2020, we expect to see good growth in all segments with recycling having the highest expected growth.

Minerals

In the mineral segment our market focus is primarily North Africa and Europe.

North Africa:

In North Africa, where we already have a strong presence in the Moroccan phosphate mining industry, we want to use our Moroccan subsidiary with a strong sales and sub-contracting network to reach further minerals and mining markets in other North African countries. This is a strategy that has already proven successful to us.

Europe:

In Europe we want to develop sales to become the leader of vibratory and washing equipment.

The European market is primarily related to the construction sector and our customers are mainly users of our equipment for stone and sand pits rather than mineral mines. The mineral segment is also linked to the recycling segment for slag treatment or recycled construction and demolition wastes, and we focus our sales development on the competitive advantages of our equipment that is - e.g. tailor-made, more industrial and reliable than the general market.

Hardware

SKAKO Vibration is the market leader on the largest European hardware segment in Germany, and the success is built on decades of experience. The automotive market in Germany, which is directly linked to our hardware segment, is currently facing difficulties and uncertainty, yet many investments are still being made.

In the USA we have already started to build a stronger presence in the market, which takes time as a new player on the market. We see good opportunities in the US, and we plan to strengthen our position further in the future.

We see good opportunities within the hardware segment in Asia and are also planning to strengthen our position on the market - especially in China.

Recycling

The recycling segment is a focus area in the development of SKAKO Vibration. We have started actively expanding the segment with the combination of our already well-established products and the new SKAKO Dartek products and recycling expert team.

The integration of Dartek in the group will significantly strengthen the position of SKAKO Vibration in the European recycling market and we want to increase sales and reach 25 to 30% of overall revenue of SKAKO Vibration as well as become the European leader of vibratory equipment in the recycling sector.

Generally SKAKO Vibration wants to increase sales support, design and production capacities, improve service function and finally strengthen the presence of SKAKO Dartek in Spain, Portugal and Mexico.

Design and product development

We have decided to increase the use of intelligent design tools in our daily work for our most common product groups, to optimize work procedures, and to minimize the risks of mistakes. We have also decided to update and expand design capacities through re-aligned project organization – e.g. by freeing up sales capacities and adding more design capacity.

Generally our product development will intensify the focus on the recycling industry for example by developing products consuming less energy, lift tippers specified for recycling, etc.

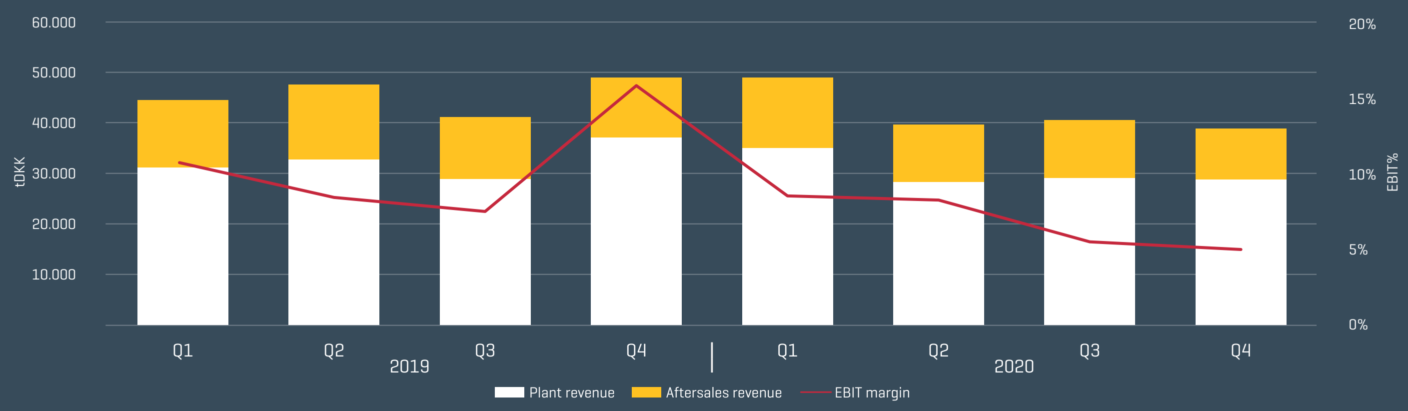
Our systems to online monitor big screens will continue to next step and furthermore the organization will be trained and upgraded to qualified sparring to the customers on the latest tendencies and developments within Industry 4.0

3.2 FINANCIAL PERFORMANCE

Financial review SKAKO Vibration

DKK million	Q4 2020	Q4 2019	Change	2020	2019	Change
Plant revenue	28.7	40.3	(28.8%)	120.8	133.3	(9.4%)
Aftersales revenue	10.3	7.7	33.8%	46.8	47.3	(1.1%)
Total revenue	39.0	48.0	(18.8%)	167.6	180.6	(7.2%)
Gross profit	7.8	13.2	(40.9%)	47.0	52.9	(11.2%)
Gross profit margin	20.0%	27.5%	(7.5%)	28.1%	29.3%	(1.2%)
Operating profit (EBIT)	2.0	7.1	(71.8%)	11.8	18.9	(37.6%)
EBIT margin	5.1%	14.8%	(9.7%)	7.0%	10.5%	(3.5%)
Order book, beginning	53.0	45.3	17.0%	60.0	34.3	74.9%
Order intake	44.6	62.7	(28.9%)	166.2	206.3	(19.4%)
Order book, ending	58.6	60.0	(2.3%)	58.6	60.0	(2.3%)

Revenue and EBIT margin



Financial performance in Q4 2020

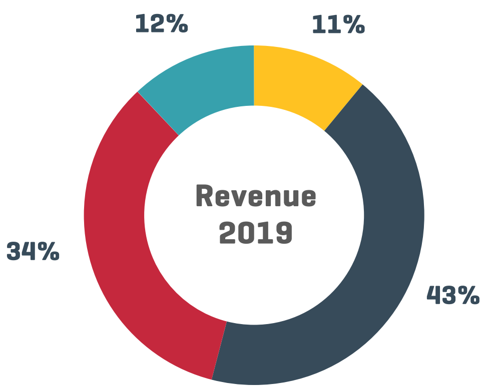
In Q4 2020 revenue in SKAKO Vibration was impacted by the Covid-19 lockdown and uncertainties resulting from the pandemic. Missing order intake in Q2 and Q3 2020 resulted in a significant decrease in revenue from plant orders, especially in the hardware segment.

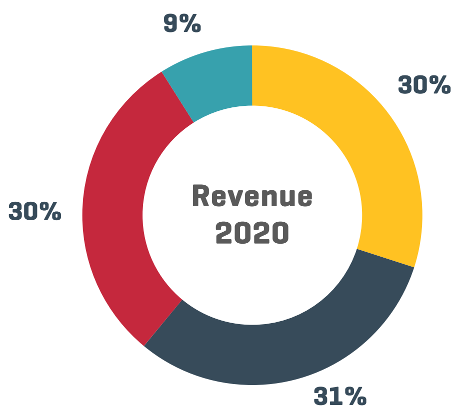
Revenue from plant orders decreased with 28.8% while aftersales revenue increased with 33.8% compared to Q4 2019. In total, revenue decreased with 18.8% compared to Q4 2019. The decrease in revenue from plant orders is mainly due to low plant order intake in Q2 and Q3, primarily in the hardware segment, consequently resulting in a low revenue in Q4 2020. Revenue from aftersales increased due to a very low level in Q4 2019.

Gross profit and gross profit margin were realized with DKK 7.8m and 20.0% compared to DKK 13.2m and 27.5% in Q4 2019. The decrease in gross profit is a result of lower revenue and a lower gross profit margin. The lower gross profit margin is a result of fixed production costs being a larger part of the revenue. Because we expect revenue and activity to return to levels seen before the Covid-19 pandemic, we decided not to make extensive reductions in our production capacities which kept fixed production costs at a higher level compared to the decreasing revenue. Furthermore, the largest decrease in revenue came from the hardware segment where we generally realise higher margins than the other segments.

EBIT and EBIT margin were realized with DKK 2.0m and 5.1% compared to DKK 7.1m and 14.8% in Q4 2019. The lower EBIT and EBIT margin is mainly due to fixed costs being a larger part of the revenue base and a lower gross profit margin. With revenue expected to return towards a normal level, we expect both gross profit margins and EBIT margins to return towards the levels seen before 2020 in 2021.

Order intake amounted to DKK 44.6 m in Q4 2020 which is a decrease of 28.9% compared to Q4 2019. Uncertainties resulting from the reoccurrence of Covid-19 have had an effect on order intake in Q4 2020 where final decisions were postponed.





Financial performance in 2020

The challenging market conditions have had a significant impact on the financial performance of SKAKO Vibration in 2020. Especially in H2 2020, where a lack of order intake in Q2 and Q3 2020 due to uncertainties resulting from the Covid-19 pandemic led to a revenue below the normal levels in Q4 2020.

Revenue declined with 7.2% and organic growth was negative with 23.4% compared to 2019. Revenue from plant orders decreased with 9.4% while revenue from aftersales decreased with 1.1%. The decrease in plant order revenue was driven by the lack of order intake in Q2 and Q3 2020, and the fact that, we have not been able to perform on-site installation of large orders for a part of the year.

Compared to 2019, we realized a large increase in revenue from the recycling segment. This is mainly due to the acquisition of SKAKO DARTEK in November 2019, and work performed on one single large recycling plant order. Furthermore, the largest decreases in revenue were realized in the hardware and minerals segments. This picture is not expected to continue in 2021 as revenue from hardware and minerals is expected to increase relative to revenue from recycling. In the medium term, we expect revenue from the recycling segment to represent 30% of total revenue.

Gross profit and gross profit margin were realized with DKK 47.0m and 28.1% compared to DKK 52.9m and 29.3% in 2019. The decrease in gross profit is a result of lower revenue and a lower gross profit margin because of fixed production costs being a larger part of the revenue base. Because we expect revenue and activity to return to levels seen before the Covid-19 pandemic, we decided not to make extensive reductions in our production capacities which kept fixed production costs at a higher level compared to the decreasing revenue. Received government compensation under gross profit amounts to DKK 1.5m in 2020.

EBIT and EBIT margin were realized at DKK11.8m and 7.0% compared to DKK 18.9m and 10.5% in 2019. The lower EBIT and EBIT margin is mainly due to fixed costs being a larger part of the revenue base and a lower gross contribution margin. With revenue expected to return to a normal level, we expect both gross profit margins and EBIT margins to return towards the levels seen before 2020 in 2021. Received government compensation under EBIT amounts to DKK 2.2m in 2020.

Order intake amounted to DKK 166.2 compared to DKK 206.3m in 2019. Uncertainties resulting from Covid-19 have had a significant impact on order intake in 2020. We still have a strong pipeline and expect order intake to improve through 2021. The order backlog at the end of 2020 amounts to DKK 58.6m (DKK 60.0m 2019) which is 2.3% below the order backlog at the end of 2019.

SKAKO DARTEK

Upon acquisition in November 2019, Dartek Proyectos y Maquinara S.L.L was fully integrated into the division and became SKAKO DARTEK. As expected, SKAKO DARTEK's product range has been a good supplement to SKAKO Vibration's product range and allowed the division to become a leading player in the recycling segment. In the meantime, SKAKO Vibration has also considerably reinforced its market presence in Spain and Portugal.

Resilience of the recycling segment faced with the Covid-19 pandemic

The recycling segment has shown more resilience than the minerals or hardware segments faced with the Covid-19 pandemic and low activity in the German automotive sector which significantly impacted SKAKO Vibration in 2020. This confirms our strong belief that the recycling segment is an up-and-coming and forward-looking business.

In the meantime, the complexity of the recycling industry has required a rational sub-segmentation of the segment to be able to offer specific solutions to targeted customers. In addition to SKAKO DARTEK's strong know-how in the field, the other expert centres of the division have started adapting their products to best meet the needs of each sub-segment. For example, the large project for Tapojärvi, which has begun being delivered in the second half of 2020 and which aims to process slags from the Italian iron and steel industry, includes products coming from all the three expert centres in SKAKO Vibration.

Industry 4.0 and new technology

Despite the development of our on-line monitoring system for our largest machines has been delayed due to the Covid-19 pandemic, an industrial prototype has been tested for nine months at a customer's site and the final product is expected to be launched in 2021. This product, which will be used by our customers with "smart production", will also serve to refine our internal digital models of the machines that we are developing. In the same trend of optimizing new technology adoption within our organization, we have decided to update and expand our design capacities. We wish to offer our customers products at the cutting edge of the current industrial revolution but also to provide our own organization with the benefit of the major technological developments

4. GOVERNANCE MAIN SECTION

Conducting business in a reasonable manner – in all countries and operations

4.1 COMPANY ANNOUNCEMENTS 2020

Main company announcements in 2020

12 March	**01** – Annual report 2019
13 March	**02** – Insider trades with SKAKO shares
25 March	**03** – Updated expectations to 2020
31 March	**04** – Notice about ordinary General Assembly
07 April	**05** – Correction to the Board of Directors recommendation on postal vote
22 April	**06** - Course of General Assembly on 22 April 2020
19 May	**07** – Updated expectations to 2020
27 May	**08** – Interim report for the first quarter 2020
17 August	**09** – Update on preliminary results for H1 2020 and expectations for 2020
31 August	**10** – Interim report for SKAKO A/S for the first two quarters of 2020
30 October	**11** - Interim report for SKAKO A/S for the first three quarters of 2020
03 November	**12** – Updated dates for dividend payments
05 November	**13** – SKAKO appoints CFO for the SKAKO Group
17 December	**14** - Financial calendar for 2021
17 December	**15** – Notice about extraordinary general assembly

The company announcements are available on the company website:
https://skako.com/about/investor-relations/#company_announcements

Knowledge and competencies inherited from more than 60 years of experience – dedicated to your needs

4.2 CORPORATE SOCIAL RESPONSIBILITY

Report on Corporate Social Responsibility, cf. Section 99a of the Danish Financial Statements Act

SKAKO strives to operate its business in a responsible manner and wants to comply with the legislation in all the countries where operations are conducted. Furthermore, compliance with Human Rights and consideration for the environment are considerable focus areas for the Group. SKAKO's work with corporate social responsibility is based on value creation and risk management.

SKAKO has chosen to focus its work on social responsibility within five areas: Environment, human rights, working environment, anti-corruption, and equality.

The policies below have been approved by the Board of Directors.

For a description of SKAKOs business model please see sections 2.1 and 3.1.

Environment

Policy

SKAKO seeks to reduce its impact on the environment by reducing energy consumption year on year. The Group is a know-how and engineering company with production of key components. The production mainly consists of assembling and testing and does not include energy-demand or polluting processes. All surface treatment processes are outsourced to sub-suppliers. A part of SKAKO's supplier "Code of Conduct" addresses impact on the environment. See under Human rights for more about the supplier "Code of Conduct".

Furthermore, SKAKO actively seeks to reduce its energy consumption by, for example, installing LED lighting in its facilities. We are also currently exploring the possibility of installing solar roof panels.

In 2020, we have started a project to outline how SKAKO can become CO2 neutral.

Actions

SKAKO will reduce consumption of kWh year on year in its production sites. We expect to see a small increase in consumed kWh in 2021 since we do not expect the same levels of lock downs due to the Covid-19 pandemic in 2021 as in 2020.

KPI

Consumed kWh in production sites.

Result for 2020 compared to goal for 2020

SKAKO realized a large reduction in consumed kWh in 2019. This mainly comes from closing the production site in Lille. Energy consumption in Dartek only includes 1.5 months in 2019.

Results & goals

Goal for 2021	Result 2020	Goal for 2020	Result 2019	Result 2018
900,000	865,865	1,000,000	828,828	1,417,902

Risks

Energy consumption is a variable of activity.

Human rights

Policy

To SKAKO, respect of human rights is about the company's own employees' conditions and securing that suppliers and sub-suppliers deliver services to the Group in a way that considers their employees' rights including safety and health.

Actions

SKAKO has formulated a Supplier "Code of Conduct" that specifies principles we expect our supplier to follow. This ensure that suppliers and their suppliers produce and deliver their services to the Group in a way that considers the environment and the employees' rights.

KPI

The part of our main suppliers that have signed our supplier "Code of Conduct".

Result for 2020 compared to goal for 2020

SKAKO has not reached the goal of having all suppliers sign our code of conduct. This will be a focus point in 2021.

Results & goals

Goal for 2021	Result 2020	Goal for 2020	Result 2019	Result 2018
100%	85%	100%	82%	Unknown

Risks

Lack of transparency in compliance with SKAKOs Supplier "Code of Conduct".

Working environment

Policy

Our employees are our most valuable asset and key to providing high-quality products and services to our customers. It is vital to SKAKO's future success that SKAKO is a safe, motivating and developing place to work.

Actions

1. The sick rate among employees is monitored* and we follow up with employees with high absence.
2. SKAKO will produce an annual employee satisfaction survey to monitor the development in employee satisfaction. Processes are in place to ensure that low-scoring departments receive guidance on how to improve employee satisfaction.
3. Number of on-the-job accidents is measured.
4. All employees must have a least one yearly performance appraisal interview.

KPIs

1. The average sick rate among employees*
2. An average employee satisfaction score of at least 3.5**
3. Number of sick days because of on-the-job accidents
4. Percentage of performance appraisal interviews each year

Results for 2020 compared to goals for 2020

1. In 2020, we have seen an increase in average sick days which Management does not find satisfactory. The cause for the increase can be found in three long term sick leaves for reasons outside SKAKOs control. However, this KPI is still closely monitored by management and is expected to decrease in 2021.
2. SKAKO A/S realized an average score of 3.8 compared to a goal of >3.5. Management finds the result satisfactory. However, we have seen a small decline compared to 2019 and management is actively addressing issues leading to the decline.
3. In 2020, SKAKO has incurred 30 sick days due to on-the-job accidents. Management does not find this satisfactory and will keep working on eliminating on the job accident entirely. Management has a continuous dialog with employees to help identify areas for improvement.
4. In 2020, we have seen an increase in performed appraisal interviews. However, we have still not reached our target and will keep pushing for this.

Results & goals

	Goal for 2020	Result 2019	Goal for 2019	Result 2018	Result 2017
1*	6.0	6.2	7.0	8.06	6.68
2**	>3.5	3.9	>3.5	N/A	N/A
3	0	27	0	28	16
4	100%	90%	100%	78%	47%

Risks

1. Sick rate increases due to workload
2. Results are not followed up by actions rendering the measuring superfluous
3. Management does not reprimand violations of safety standards
4. Performance appraisal interviews are not prioritized due to workload

*Measured as total number of sick days divided by the avarage number of employees in the year
**On a scale from 1 to 5, where 5 is the most positive score

Anti-corruption and bribery

Policy

SKAKO seeks to avoid corruption and bribery by creating a framework that secures that employees at SKAKO are able to abide to laws and regulations, and that there will never exist any doubt with regards to a SKAKO employee's impartiality.

Actions

1. SKAKO enforces a gift policy.
2. SKAKO has introduced an internal whistle blower scheme to give employees the opportunity to report on corruption, bribery and other matters while being anonymous.
3. SKAKO has developed an Employee "Code of Conduct" e-learning that describes the way SKAKO expects all its employees to act in accordance with laws and regulations. The employee "Code of Conduct" also describes usage of the whistle blower scheme. All SKAKO employees must take the Employee "Code of Conduct" e-learning in 2020.
4. Maintain whistle blower scheme to also be available for external parties.

KPIs

2. No reported violations of anti-corruption laws and regulations, and SKAKO Employee Code of Conduct.
3. All employees to pass SKAKO's Employee "Code of Conduct" e-learning.

Results for 2020 compared to goals for 2020

1. SKAKO A/S has maintained it gift policy throughout 2020.
2. SKAKO A/S has received no reported violations of anti-corruption laws and regulations, and SKAKO Employee Code of Conduct in 2020.
3. 99% of SKAKO employees have passed the SKAKO Employee Code of Conduct e-learning. The main reason for the result not being 100% is new hires in December 2020 who did not complete the Code of Conduct before January 2021.
4. In 2020, SKAKO has maintained the whistle blower scheme to also be available to external parties. Furthermore, the whistle blower scheme is part of the SKAKO Employee Code of Conduct e-learning.

Results & goals

	Goals for 2021	Result 2020	Goal for 2020	Result 2019	Result 2018
2	0	0	0	0	0
3	100%	99%	100%	81%	N/A

Risks

2. Employees lack knowledge of the whistle blower scheme.
3. Employee "Code of Conduct" e-learning is not prioritized.

Equality, cf. Section 99b of the Danish Financial Statements Act

Policy

At SKAKO A/S we believe that a diverse and tolerant organization makes the company stronger, increases the competitiveness and creates a good and innovative working environment. We want to develop and benefit from the total potential of all employees and that all employees can develop their full potential in balance between working life and private life. Gender equality in the Management and focus on multiplicity is an integrated part of SKAKO A/S's personnel policy.

At present, SKAKO A/S has one female board member who entered the Board of Directors in April 2020 whereby SKAKO reached its goal of having at least one female board member by 2022. However, the Board of Directors is aware that this still represents an underrepresentation and wants to support and contribute to the part of female board members being increased. Considering SKAKO A/S's business and the line of business within which SKAKO A/S is operating, the Board of Directors has set the specific goal that the part of women elected at the general meeting is to amount to at least 40% by 2024.

In the view of the Board of Directors, the determined goal is an ambitious and realistic goal for a company within the lines of business in which SKAKO is operating as these lines of business traditionally do not have a large number of women neither in the board of directors nor at the other management levels. Within the last 12 months we succeeded in hiring one female manager who replaced a male manager. It is the plan of the Board of Directors to further increase the number of female managers in the years to come.

Ultimately, SKAKO A/S's shareholders elect the Board of Directors at the company's general assembly and consequently also determine the gender composition of the Board of Directors. To the extent that the Board of Directors proposes new candidates for the Board of Directors, the Board of Directors will regard gender as one separate parameter in order to reach the determined goal. When candidates are proposed for SKAKO A/S's Board of Directors, it is essential that the members represent professional competences relevant to SKAKO A/S.

It is SKAKO's goal to increase the part of women in the management group within a three-year period. SKAKO A/S will reach the goal by requiring candidates of both genders in the recruiting phase and by taking into account the underrepresented gender at succession planning. SKAKO works very intentionally on showing multiplicity in its marketing to signal that the company wants to reflect the society in its employee composition.

Actions

1. SKAKO actively seeks to recruit new employees of all ethnicities and genders.
2. SKAKO seeks to have an improved gender distribution in employees and Management.
3. SKAKO seeks to have an improved gender distribution in the Board of Directors.

KPIs

1. Share of the underrepresented gender among all employees.
2. Share of the underrepresented gender in Management.

Share of the underrepresented gender in the Board of Directors.

Results for 2020 compared to goals for 2020

1. In 2020, SKAKO has been successful in increasing the share of women in the workforce. However, the goal has not yet been realized. According to our policy this will be a continuous focus for SKAKO.
2. In 2020, SKAKO experienced one replacement in a management position. In this situation a male manager was replaced by a female manager. Otherwise, there was no reason to change employees in management positions.
3. In 2020, SKAKO experienced one replacement in the Board of directors. In this situation a male board member was replaced by a female board member. Thereby, SKAKO reached the goal of having a least one female board member.

Results & goals

	Goal for 2021	Result 2020	Goal for 2020	Result 2019	Result 2018
1	20% women	17% women	20% women	14% women	17% women
2	20% women	17% women	20% women	13% women	13% women
3	20% women	20% women	20% women	0% women	0% women

Risks

1. We will not reach our targets because SKAKO's industry is historically a male-dominated industry with limited access to female candidates.

Diversity, cf. Section 107d of the Danish Financial Statements Act

Policy

At SKAKO A/S we believe that a diverse and tolerant organisation makes the company stronger, increases the competitiveness and creates a good and innovative working environment. We want to develop and benefit from the total potential of all employees and that all employees can develop their full potential in balance between working life and private life. Therefore, no discrimination based on gender, religion, ethnicity, sexual orientation, etc. is tolerated in SKAKO.

To make sure all employees and management in SKAKO comply with SKAKOs policies of tolerance and inclusion, we have an established an Employee "Code of Conduct" e-learning that describes the way SKAKO expects all its employees to act in accordance with our policies, and laws and regulations.

Actions

1. SKAKO has developed an Employee "Code of Conduct" e-learning that describes the way SKAKO expects all its employees to act in accordance with laws and regulations. The employee "Code of Conduct" also describes usage of the whistle blower scheme. All SKAKO employees must carry through the Employee "Code of Conduct" e-learning in 2020.

KPIs

1. All employees to pass SKAKO's Employee "Code of Conduct" e-learning.

Results for 2020 compared to goals for 2020

1. 99% of SKAKO employees have passed the SKAKO Employee Code of Conduct e-learning. The main reason for the result not being 100% is new hires in December 2020 who did not complete the Code of Conduct until January 2021. Results & goals

Results for 2020 compared to goals for 2020

	Goal for 2021	Result 2020	Goal for 2020	Result 2019	Result 2018
1	100%	99%	100%	81%	N/A

Risks

1. Employee "Code of Conduct" e-learning is not prioritised.

4.3 RISK MANAGEMENT

First and foremost, risk management activities in the SKAKO Group focus on financial risks to which the Company is fairly likely to be exposed. In connection with the preparation of the Group's strategic, budgetary and annual plans, the Board of Directors considers the risks identified in these activities.

Financial risks

Financial risk management concentrates on identifying risks in respect of exchange rates, credit and liquidity with a view to protecting the Group against potential losses and ensuring that Management's forecasts for the current year are only to a limited extent affected by changes or events in the surrounding world – be the changes in exchange rates or in interest rates. It is Group policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Exchange rate risks

With more than 90% of the Group's sales being invoiced in foreign currencies, reported revenue is affected by movements in the Group's trading currencies. The Group seeks to hedge against such exchange rate risks by seeking to match positive and negative cash flows in the main currencies as much as possible. If deemed appropriate, foreign exchange rate contracts are entered into.

Credit risks

The Group's credit risks relate primarily to trade receivables. For large projects we have a signed Letter of Credit from the customer's bank before we undertake any work. Our remaining customer base is fragmented so credit risks in general only lead to minor losses on individual customers. Overall, we therefore estimate that we have no major credit exposure on Group level.

Liquidity risk

The Group aims at having sufficient cash resources to be able to take appropriate steps in case of unforeseen fluctuations in cash outflows. We have access to suitable undrawn credit facilities, and the liquidity risk is therefore considered to be low.

Financial reporting process and internal controls

SKAKO has established and maintains an internal controls setup that supports correct and timely reporting to Management and Market. The responsibility of maintaining sufficient and efficient internal control and risk management in connection with financial reporting lies with the Executive Board. The Board of Directors has assessed the Group's existing control environment and concluded that it is adequate and that there is no need for setting up an internal audit function.

Once every quarter we carry through a detailed planning and forecast process, and any deviations from the plans and budgets are carefully monitored. Furthermore, we perform weekly, monthly and quarterly reviews and assessments of all large projects.

Safeguarding corporate assets

The Management continuously seeks to minimize any financial consequences of damage to corporate assets including any operating losses resulting from such damage. We have invested in security and surveillance systems to prevent damage and to minimize such damage, should it arise. Major risks, which cannot be adequately minimized, are identified by the Company's Management, who will ensure that appropriate insurance policies are, on a continuous basis, established under the Group's global insurance programme administered by recognized and credit-rated insurance brokers and that such insurances are taken out with insurance companies with high credit ratings. The Group's insurance programme has deductible clauses in line with normal market terms. The Board of Directors reviews the Company's insurance policies once a year including the coverage of identified risks and is briefed regularly on developments in identified risks. The purpose of this reporting is to keep the Board members fully updated and to facilitate corrective action to minimize any such risks.

Declining market conditions

The Management continuously monitors market conditions and maintains close relations to significant customers in order to be able to make a timely response in light of changing circumstances. Monitoring of consequences regarding the Corona virus falls under this category.

Cyber security

SKAKO maintains and enforces an IT safety policy to reduce risks from cybercrime. Furthermore, SKAKO has implemented an IT contingency plan based on recommendations from the Danish Data Protection Agency. SKAKO's head of IT operations oversees monitoring and enforcing of the IT contingency plan.

Project execution

The Company continuously executes projects across the world, and in some cases faces challenges in the execution. The Management continuously monitors project execution to identify possible risks as early as possible. Furthermore, projects are actively distributed among project managers to ensure that the most experienced managers execute the most complex projects.

4.4 CORPORATE GOVERNANCE AND REMUNERATION REPORT

Recommendations on corporate governance

As a listed company on 31 December 2020, SKAKO observes the ´Recommendations on Corporate Governance´ (issued in November 2017 and updated in May 2018) implemented by Nasdaq Copenhagen in its ´Rules for issuers of shares´. The ´Recommendations on Corporate Governance´ contain 47 recommendations and are based on the comply-or-explain principle, which makes it legitimate for a company to explain why it does not comply with them. SKAKO fully complies with 44 of the 47 recommendations, and partially complies with one, and therefore complies with the ´Recommendations on Corporate Governance´ in all material respects.

A complete schematic presentation of the recommendations and how we comply, Statutory report on corporate governance, cf. section 107 b of the Danish Financial Statements Act, is available on our website, https://skako.com/wp-content/uploads/2021/03/Statutory-statement-for-corporate-governance-cf.-§107-b-in-the-Financial-Statements-Act-2020.pdf

We find it relevant to highlight a number of aspects and supplementary information on corporate governance in the SKAKO Group in this chapter.

Deviations from recommendations

SKAKO has not established a nomination or a remuneration committee. Given the size of SKAKO, the Board of Directors finds it most suitable that the total Board of Directors takes care of the tasks.

Audit committee

The Company's Board of Directors has set up an audit committee. The Board of Directors appoints the chairman of the Audit Committee, who must be independent and who must not be Chairman of the Board of Directors.

According to its charter, the Audit Committee, among other things, assists the Board of Directors in relation to internal accounting and financial control systems, the integrity of the company's financial reports and engagements with external auditors. The audit committee also carries out ongoing assessments of the company's financial and business risks.

In 2020, the committee reviewed the main accounting principles, tax strategy and compliance and key risks, etc.

In 2020, the Audit Committee held four meetings.

Remuneration

The Company has formulated remuneration policies for the Board of Directors and Executive Management. The policies were approved on the general assembly 22 April 2020.

The policies can be found here: https://skako.com/wp-content/uploads/2021/03/Remuneration_policy.pdf

Furthermore, the Company has produced a remuneration report for the Board of Directors and Executive Management.

The report can be found here: https://skako.com/wp-content/uploads/2021/03/Remuneration_report_2020.pdf

4.5 EXECUTIVE MANAGEMENT

			
Name	Steffen Kremmer	Lionel Girieud	Morten Kofod-Jensen
Born in	1962	1971	1983
Title	Director	Director	Group CFO
Member of the management since	2019	2016	2020
Number of shares in SKAKO	1,236	5,166	1,250
Board positions	–	–	–

4.6 BOARD OF DIRECTORS

		
Name	Jens Wittrup Willumsen	Christian Herskind Jørgensen
Title	Chairman of the Board of Directors and member of the audit committee Considered as a non-independent Board member	Deputy Chairman Considered as a non-independent Board member
Born in	1960	1961
Board member since	2010	2009
SKAKO shares	Jens Wittrup Willumsen owns 50% of the shares in Frederik2 Aps. Frederik2 Aps owns 800.000 shares in SKAKO. Further, Jens Wittrup Willumsen has a direct ownership of 19,876 shares in SKAKO.	Christian Herskind Jørgensen owns 50% of the shares in Frederik2 Aps. Frederik2 Aps owns 800.000 shares in SKAKO. Further, Christian Herskind Jørgensen has a direct ownership of 109,000 shares in SKAKO.
Managerial positions in other companies	**Chairman of the Board:** Licensewatch A/S, Kontrapunkt Group A/S, Everland ApS, COMIT A/S, Copenhagen Optimization ApS, The INDEX, Projects A/S, Begravelse Danmark A/S, TMC Nordic **Deputy Chairman:** Billund Lufthavn A/S **Board member:** FDM Travel A/S, Charlotte Sparre A/S, Ejendomsselskabet Experimentarium A/S, Museum Kolding, SEC Datacom Group A/S, Cogo ApS **Others positions:** Colonial ApS, Director own holding company Colonial 2 ApS, Director own holding company Frederik2 ApS, Director own holding company Conchylium Capital IVS, Director own investment company	**Chairman of the Board:** Fonden Amager Bakke, LABFLEX A/S, Taulov DryPort A/S, Skive Holding ApS **Deputy Chairman:** Fonden til støtte for soldater i internationale missioner (Soldaterlegatet) **Board member:** Fonden Peder Skram, Su Misura A/S, Nordsøenheden/Nordsøfonden, Associated Danish Ports A/S, LM Byg A/S, Pihl & Søn A/S, BNS A/S **Others positions:** Herskind Venture Capital ApS, Director own holding company, Ejendomsselskabet Helsingør/Århus, Director Frederik2 ApS, Director own holding company
Special competences	Jens Wittrup Willumsen is educated Cand. Merc. from Copenhagen Business School and has had managing positions in Denmark and abroad. His competences include strategy, finance, financing, sales and marketing.	Christian Herskind Jørgensen is educated lawyer from University of Copenhagen and University of London and is also Brigadier. His competences include significant experience within sales, marketing, strategy, management, HR and legal matters.
Participation in board meetings	Jens Wittrup Willumsen participated in all board and audit committee meetings in 2020.	Christian Herskind Jørgensen participated in all board meetings in 2020.

			
Name	Carsten Krogsgaard Thomsen	Lars Tveen	Sophie Louise Knauer
Title	Chairman of the Audit Committee Considered as an independent Board member	Considered as an independent Board member	Considered as an independent Board member
Born in	1957	1963	1983
Board member since	2017	2017	2020
SKAKO shares	19,255	6,104	–
Managerial positions in other companies	**Board member:** NTG Nordic Transport Group A/S	**Chairman of the Board:** Project Zero-Fonden Denmark (local initiative to achieve carbon neutrality by 2029) **Board member:** The Energy Industry (an association under the Confederation of Danish Industries), Green Energy (Grøn Energi)	**Board member:** Solar A/S, Rekom Group A/S, CC Globe Holding I ApS, CC Globe Holding II ApS, CC Fly Holding I ApS, CC Fly Holding II ApS, CC Mist NEW Holding ApS, CC Mist NEW Holding II ApS **Other positions:** Lady invest ApS managing director and owner.
Special competences	Carsten Krogsgaard Thomsen is educated Cand. Polit. and has had a long career with primary focus on economics and finance. Through his career, Carsten Krogsgaard Thomsen has accumulated extensive experience within M&A, and compliance in listed companies. From 2014 to 2020 Carsten Krogsgaard Thomsen was CFO in NNIT and previously also held positions as EVP and CFO in Dong Energy A/S, EVP in DSB (Danish State Railways), finance and planning manager at Rigshospitalet (the Copenhagen University Hospital) and consultant in McKinsey & Company.	Lars Tveen is educated production engineer from Odense University in 1989 and has a bachelor in Commerce from University of Southern Denmark from 1993. Following his education Lars Tveen was appointed at Danfoss as Management Trainee. Since 2015 Lars Tveen has been President of the Heating Division of Danfoss and member of the Danfoss Group Executive Team.	Sophie Louise Knauer is educated HA JUR and Cand. Merc. in economy and strategic management from Copenhagen Business School. Her career includes top management in TDC, CEO for People Group A/S and senior consultant at McKinsey & Company. Sophie Louise Knauer has built strong competences within strategic management and digital transformation.
Participation in board meetings	Carsten Krogsgaard Thomsen participated in all board and audit committee meetings in 2020.	Lars Tveen participated in all board meetings in 2020.	Sophie Louise Knauer participated in all board meetings in 2020.

We use our know-how to define the industry and develop visionary, sustainable and technology-based solutions

4.7 SHAREHOLDER INFORMATION

As of 31 December 2020, SKAKO's nominal share capital was 31,064,180 DKK divided into 3,106,418 shares of 10 DKK each. All shares are fully paid, the same class and carry one vote each.

The Board of Directors has been authorized by the annual general meeting to increase the company's share capital by a nominal value of up to DKK 2,000,000. The authorisation is valid until 18 April 2021. Furthermore, the Board of Directors has been authorized to increase the share capital by an additional nominal value of up to DKK 1,500,000 in connection with the warrant programme. The authorisation is valid until 31 March 2021.

SKAKO A/S is listed at NASDAQ OMX Copenhagen A/S under identification code DK0010231877. The share price as of 31 December 2020 was 49.8 corresponding to a market capitalisation of DKK 154.7m.

By the end of 2020 the company had 1663 registered shareholders compared with 1769 registered shareholders by the end of 2019. The registered shareholders own a total of 94.5% of the share capital compared to 92.7% by the end of 2019.

Specification of movements in share capital

DKK Thousands	2020	2019	2018	2017	2016
Share capital at 01.01.	31,064	31,064	31,064	31,064	31,064
Capital increase	–	–	–	–	–
Share capital at 31.12.	31,064	31,064	31,064	31,064	31,064

Shareholders with more than 5% of the share

Frederik2 ApS, Copenhagen	25.75%
Danica Pension, Copenhagen	10.20%
Maj Invest Holding A/S, Copenhagen	9.98%

Dividend

Based on the results in 2020 and capital structure of SKAKO A/S on 31 December 2020, the Board of Directors recommends a dividend distribution of DKK 3 per share, corresponding to 72% of profit for the year and a total dividends distribution of DKK 9.3m. With a share price of DKK 49.8 on 31 December 2020 this corresponds to a dividend yield of 6.0%.

Ex dividend date: 29 April 2021
Record date: 3 May 2021
Payment date: 4 May 2021

Financial calendar 2021

19 March	Annual report for 2020
28 April	Ordinary general meeting 2021
25 May	Interim report for the period 1 January - 31 March 2021
26 August	Interim report for first half-year 2021
29 October	Interim report for the period 1 January - 30 September 2021

Presentation of the annual report

Together with HC Andersen Capital, SKAKO A/S will do an online presentation of the annual report for 2020 on Monday 22 March 2021 at 12.00 – 12.30 pm.

Registration for event: https://hcandersencapital643.clickmeeting.com/praesentation-af-arsrapporten-skako/register

Annual general meeting 2021

The annual general meeting will be held on Thursday 28 April 2021 at 3 p.m. at the Company's head office at Bygmestervej 2, 5600 Faaborg, Denmark.

Investor Relations

Investors, analysts and medias are welcome to contact Jens Wittrup Willumsen (Chairman of the Board of Directors) by phone +45 2347 5640 or by e-mail to skako.dk@skako.com

5. FINANCIAL STATEMENTS

5.1 STATEMENT BY MANAGEMENT

Today, we have discussed and approved the Annual Report 2020 of SKAKO A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statement Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position on 31 December 2020 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion the Management's report includes a fair view of the development and performance of the Group's and the parent company's business and financial condition, the profit for the year and of the Group's and the parent company's financial position, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend the Annual Report for 2020 be approved at the Annual General Meeting.

Faaborg, 19 March 2021

Executive Board

Steffen Kremmer
Director

Lionel Girieud
Director

Morten Kofod-Jensen
Group CFO

Board of Directors

Jens Wittrup Willumsen
Chairman

Christian Herskind Jørgensen
Deputy Chairman

Carsten Krogsgaard Thomsen

Lars Tveen

Sophie Louise Knauer

5.2 INDEPENDENT AUDITOR'S REPORT

To the shareholders of SKAKO A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of SKAKO A/S for the financial year 1 January to 31 December 2020 comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of SKAKO A/S on 26 April 2012 for the financial year 2012. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 9 years including the financial year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from construction contracts	
Revenue from customer contracts is recognised over time. The proportion of revenue to be recognised in a particular period is calculated according to the percentage of completion of the project. This is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Recognition of the Group's revenue involves a high degree of subjectivity in significant assumptions and complexity regarding recognition of revenue from construction contracts in accordance with IFRS 15. Contract assets amounted to DKK 66 million (2019: DKK 73 million) net and contract liabilities DKK 6 million (2019: DKK 17 million). We focused on this area, as recognition of revenue involves judgements made by Management originating from percentage of completion and estimated cost to completion. Reference is made to note 1 and 14.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with applicable accounting standards. We performed a retrospective analysis of Management's ability to assess the cost to completion and expected contribution margin in prior years. We performed substantive procedures over input data from contracts and costs allocated to projects in order to assess the accounting treatment and principles applied. We assessed Management's estimated cost to completion and contribution margin for construction contracts in order to evaluate valuation of construction contracts and recognised revenue. We compared the estimated contribution margins to actual contribution margins for finished projects and to prior year's estimates. We tested Management's estimated percentage of completion by assessing subsequent development in costs allocated to the projects and Management's updated estimates for cost to completion and contribution margin.
Deferred tax assets	
At 31 December 2020, the Group has recognised deferred tax assets of DKK 21 million (2019: DKK 22 million). Management is required to exercise considerable judgement when determining the appropriate amount to capitalise in respect of deferred tax. We focused on this area as the amounts involved are material and the valuation of tax assets is dependent on highly subjective assumptions on budgeted taxable income for the coming years. Reference is made to note 12.	We evaluated Management's method for estimating the deferred tax assets. In understanding and evaluating Management's method and assumptions we performed a retrospective analysis of Management's ability to budget the taxable income in prior years. Further, we examined the Group's budgets for the coming years including significant assumptions. In addition, we evaluated and challenged the adequacy of Management's significant assumptions to assess Management's estimates.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Odense, 19 March 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Gert Fisker Tomczyk

State Authorized
Public Accountant

mne9777

Mikael Johansen

State Authorized
Public Accountant

mne23318

5.3 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

DKK Thousands		2020	2019
Notes			
1	Revenue from contracts with customers	335,920	354,192
2,3	Production costs	(256,006)	(268,100)
	Gross profit	**79,914**	**86,092**
3	Distribution costs	(35,039)	(39,796)
3,4,5	Administrative expenses	(27,655)	(28,291)
	Operating profit (EBIT)	**17,220**	**18,005**
6	Financial income	461	248
6	Financial expenses	(3,545)	(2,838)
	Profit before tax	**14,136**	**15,415**
7	Tax on profit for the year	(1,228)	(1,169)
	Profit for the year	**12,908**	**14,246**
	Profit for the year attributable to SKAKO A/S shareholders	**12,908**	**14,246**
8	Earnings per share (EPS), DKK	4.19	4.62
8	Diluted earnings per share (EPS), DKK	4.19	4.62

Consolidated statement of comprehensive income

DKK Thousands		2020	2019
Notes			
	Profit for the year	**12,908**	**14,246**
	Other comprehensive income:		
	Items that have been or may subsequently be reclassified to the income statement:		
	Foreign currency translation, subsidiaries	(1,453)	369
	Value adjustments of hedging instruments	146	186
	Other comprehensive income	**(1,307)**	**555**
	Comprehensive income	**11,601**	**14,801**
	Comprehensive income attributable to SKAKO A/S shareholders	**11,601**	**14,801**

Consolidated balance sheet 31 December

Notes	DKK Thousands	2020	2019
	Intangible assets	38,961	37,733
	Intangible assets under development	2,226	4,830
9	**Intangible assets**	**41,187**	**42,563**
11	Leased assets	9,874	10,423
10	Land and buildings	5,988	5,644
10	Plant and machinery	807	510
10	Operating equipment, fixtures and fittings	2,909	3,442
10	Leasehold improvements	528	268
10	Tangible assets under construction	454	60
	Tangible assets	**20,560**	**20,347**
	Other receivables	1,521	1,267
12	Deferred tax assets	20,997	21,770
	Other non-current assets	**22,518**	**23,037**
	Total non-current assets	**84,265**	**85,947**
13	Inventories	55,126	59,804
18	Trade receivables	73,439	64,884
14, 18	Contract assets	66,376	72,708
	Income tax	610	1,266
	Other receivables	7,792	7,274
	Prepaid expenses	3,079	3,887
	Other investments	-	74
	Cash	33,420	26,486
	Current assets	**239,842**	**236,383**
	Assets	**324,107**	**322,330**

Consolidated balance sheet 31 December CONTINUED

DKK Thousands		2020	2019
Notes	Share capital	31,064	31,064
	Foreign currency translation reserve	(1,224)	229
	Hedging reserve	184	38
	Retained earnings	90,025	93,086
	Proposed dividends	9,252	-
	Equity	**129,301**	**124,417**
	Other liabilities	6,270	2,232
16	Provisions	3,303	3,541
15	Loans and borrowings	22,326	19,366
11	Leasing	6,556	7,712
	Non-current liabilities	**38,455**	**32,851**
16	Provisions	1,997	2,025
15	Loans and borrowings	10,118	8,640
15	Bank loans and credit facilities	31,261	20,377
11	Leasing	3,346	2,832
14	Contracts liabilities	6,051	16,517
	Trade payables	75,546	87,528
	Income tax	450	37
	Other liabilities	27,582	27,106
	Current liabilities	**156,351**	**165,062**
	Liabilities	**194,806**	**197,913**
	EQUITY AND LIABILITIES	**324,107**	**322,330**

Consolidated cash flow statement

DKK Thousands		2020	2019
Notes	Profit before tax	14,133	15,415
17	Adjustments	9,112	7,165
	Changes in receivables, etc.	(1,531)	20,348
	Change in inventories	4,678	(7,822)
	Change in trade payables and other liabilities, etc.	(17,933)	(8,635)
	Cash flow from operating activities before financial items and tax	**8,459**	**26,470**
	Financial items received and paid	(3,084)	(2,591)
	Taxes paid and received	(572)	570
	Cash flow from operating activities	**4,803**	**24,450**
9	Investment in intangible assets	(2,729)	(2,703)
10	Investment in tangible assets	(5,860)	(9,415)
19	Acquisition of entities	(4,507)	(33,188)
	Cash flow from investing activities	**(13,096)**	**(45,306)**
	New borrowings	19,282	32,407
	Repayments	(8,382)	-
	Paid interim dividends	(6,168)	-
	Change in short-term bank facilities	10,884	4,184
17	**Cash flow from financing activities**	**15,616**	**36,591**
	Change in cash and cash equivalents	7,323	15,735
	Cash and cash equivalents 1 January	26,560	10,744
	Foreign exchange adjustment, cash and cash equivalents	(463)	81
	Cash and cash equivalents 31 December	**33,420**	**26,560**
	Breakdown of cash and cash equivalents at the end of the year:		
	Cash	33,420	26,560
	Cash and cash equivalents at the end of the year:	**33,420**	**26,560**

Consolidated statement of changes in equity

DKK Thousands

	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Proposed dividends	Equity
Equity 1 January 2020	31,064	229	38	93,086	-	124,417
Comprehensive income in 2020:						
Profit for the year				12,908	-	12,908
Distributed interim dividends				(6,168)	-	(6,168)
Proposed dividends				(9,252)	9,252	-
Other comprehensive income:						
Foreign currency translation adjustments, subsidiaries		(1,453)				(1,453)
Value adjustments of hedging instruments			146			146
Other comprehensive income	-	(1,453)	146	-	-	(1,307)
Comprehensive income, year	**-**	**(1,453)**	**146**	**(2,512)**	**9,252**	**5,433**
Share-based payment, warrants				(549)	-	(549)
Equity 31 December 2020	**31,064**	**(1,224)**	**184**	**90,025**	**9,252**	**129,301**

Consolidated statement of changes in equity

DKK Thousands

	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity 1 January 2019	31,064	(140)	(148)	78,290	109,066
Change in accounting policy (IFRS16)	-	-	-	(118)	(118)
Restated total equity at the beginning of the financial year	**31,064**	**(140)**	**(148)**	**78,172**	**108,948**
Comprehensive income in 2019:					
Profit for the year				14,246	14,246
Other comprehensive income:					
Foreign currency translation adjustments, subsidiaries		369			369
Value adjustments of hedging intruments			186		186
Other comprehensive income	-	369	186	-	555
Comprehensive income, year	**-**	**369**	**186**	**20,459**	**14,801**
Share-based payment, warrants				668	668
Equity 31 December 2019	**31,064**	**229**	**38**	**93,086**	**124,417**

5.4 CONSOLIDATED NOTES

Notes to consolidated financial statements

Significant estimates and assessments:

1. Revenue from contracts with customers

Accounting policy

SKAKO operates in the following business segments: SKAKO Concrete and SKAKO Vibration.

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete batching plants for ready-mix, precast and jobsite plants. The main focus is on plant sales with a strong aftersales division.

SKAKO Vibration develops, designs and sells high-end vibratory feeding, conveying, and screening equipment, used across the complete spectrum of material handling and processing. The main focus is on plant sales with a solid aftersales division.

Administrative functions such as Finance, HR and IT are shared by the divisions. The administrative functions are based in the individual countries but supported by Group functions in Denmark. Shared costs are allocated to business segments based on assessment of usage.

All intercompany transactions are made on market terms.

Segment assets and liabilities comprise items directly attributable to a segment and items that can be allocated to a segment on a reasonable basis.

Revenue is the fair value of consideration received or receivable from the sale of our Plants and aftersales products or services and is the gross sales price less VAT and any price reductions in the form of discounts and rebates.

Geographical information is based on the four regions that support the industries. Revenue is presented in the region in which delivery takes place.

Segment income and costs include transactions between business areas. The transactions are eliminated in connection with the consolidation

Revenue is recognized over time or at a point in time. Revenue is recognized over time when an asset on behalf of a customer is created with no alternative use and SKAKO has an enforceable right to payment for performance completed year to date, or the customer obtains control of a Plant or product and thus has the ability to direct the use and obtain the benefit from the Plant or product.

Plant sales

Plant sales are negotiated contracts to design and install concrete batching plants, and vibratory feeding, conveying and screening equipment for customers. Revenue will be recognized over time, as the above criteria are met, using "the percentage of completion method"

The proportion of revenue to be recognized in a particular period is calculated according to the percentage of completion of the project. For most contracts this is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Reference to cost is assessed to be the most appropriate method as incurred hours and material costs are the value drivers for the projects. The sales value agreed in the contract is recognized over the contract period using above method.

Contracts where the recognized revenue from the work performed exceeds progress billings are recognized in the balance sheet under assets

Contracts for which progress billings exceed the revenue are recognized under liabilities. Prepayments from customers are recognized under liabilities.

If it is likely that the total costs in relation to a construction contract will exceed the total revenue on a specific project, the expected loss is recognized immediately in the income statement in the current period.

1. Revenue from contracts with customers CONTINUED

Accounting policy CONTINUED

Aftersales, spare parts and products

Both segments in SKAKO sells a range of spare parts and products as aftersales to the Plants sales. Revenue is recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and SKAKO has objective evidence that all criteria for acceptance have been satisfied.

Aftersales services

In both segments revenue from the service contracts is recognized in the period in which the services are provided based on amounts billable to a customer. Revenue is recognized based on usage of units, and price lists according to the contract.

Significant assessment by Management

Assessments regarding contracts with customers is performed when determining if a contract for sale of a plant, spare parts or service, or a combination hereof, involves one or more performance obligations.

Assessments regarding recognition method are made when determining if a contract for sale of a plant, spare parts or service is recognized as revenue over time or at a point in time. The assessments relate to whether we have an alternative use of the assets sold and if we have an enforceable right to payment throughout the contractual term.

When assessing if an asset has no alternative use, we estimate the alternative use cost amount. We have limited historical data as we rarely redirect our assets. The estimate is based on the specifics of each contract. When assessing if we are entitled to payment throughout the contract term, an assessment is made based on the contract wording, legal entitlement and profit estimates.

Significant estimates by Management

Total expected costs related to Plant sales are partly based on estimates as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and services plus construction and handing over. Provisions for warranties on work-in-progress for third parties are based on Management estimates for each project while taking contract obligations into account.

1. Revenue from contracts with customers CONTINUED

Segment information

DKK Thousands

2020	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
Concrete	172,388	-	-	-	172,3880
Minerals	-	50,695	-	-	50,695
Hardware	-	45,006	-	-	45,006
Recycling	-	49,060	-	-	49,060
Other	-	14,718	-	-	14,718
Internal	27	4,053	-	(4,080)	-
Total revenue	**172,415**	**167,585**	**-**	**(4,080)**	**335,920**
Depreciations	(2,678)	(3,508)	-	-	(6,186)
Operating profit (EBIT)	**7,672**	**11,798**	**(2,250)**	**-**	**17,220**
Order backlog, beginning	64,571	60,014	-	(931)	123,654
Order intake	142,340	166,164	-	(4,361)	304,143
Order backlog, ending	**34,496**	**58,593**	**-**	**(1,212)**	**91,877**
Segment non-current assets	36,746	42,418	5,101	-	84,265
Segment assets	133,968	193,936	5,155	(9,052)	324,107
Segment liabilities	67,933	128,492	7,433	(9,052)	194,806
Investments in intangible and tangible asset	10,306	2,790	-	-	13,096
Average number of employees	84	111	-	-	195

1. Revenue from contracts with customers CONTINUED

Segment information

DKK Thousands

2019	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
Concrete	177,826	-	-	-	177,826
Minerals	-	80,573			80,573
Hardware	-	59,964			59,964
Recycling	-	19,400			19,400
Other	-	12,164			12,164
Internal	1	4,265	-	(4,266)	-
Total revenue	**177,827**	**180,631**	**-**	**(4,266)**	**354,192**
Depreciations	(1,059)	(849)	-	-	(1,908)
Operating profit (EBIT)	**1,298**	**18,863**	**(2,156)**	**-**	**18,005**
Order backlog, beginning	72,884	34,334	0	(397)	106,821
Order intake	169,514	206,311	0	(4,800)	371,025
Order backlog, ending	**64,571**	**60,014**	**0**	**(931)**	**123,654**
Segment non-current assets	31,036	51,575	3,336	-	85,947
Segment assets	131,757	195,975	4,119	(9,521)	322,330
Segment liabilities	65,140	137,108	5,186	(9,521)	197,913
Investments in intangible and tangible asset	3,500	40,112	-	-	43,612
Average number of employees	96	95	-	-	191

1. Revenue from contracts with customers CONTINUED

Segregation of revenue in segments

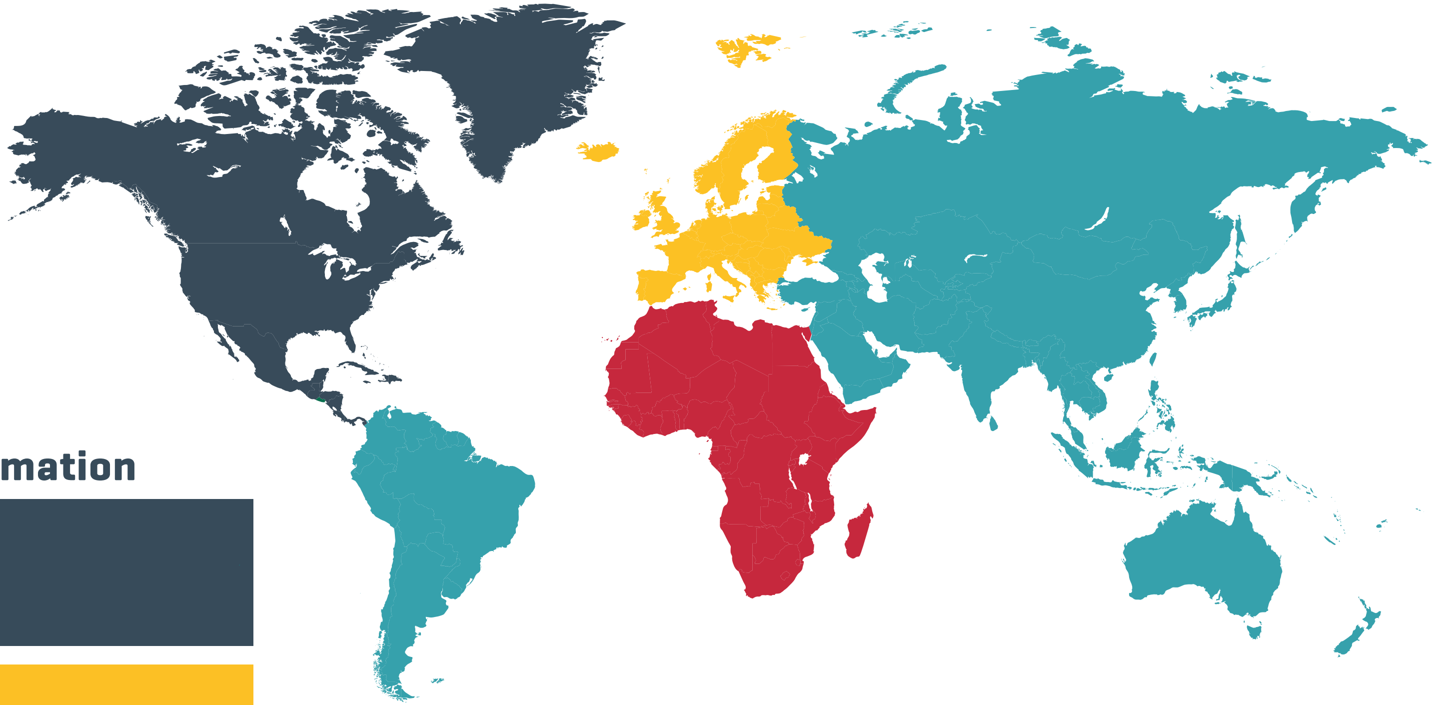
Revenue, DKK Thousands	Concrete		Vibration		Group*	
	2020	2019	2020	2019	2020	2019
Plant	**90,002**	**85,917**	**120,751**	**133,351**	**209,564**	**217,829**
- Over time	90,002	85,917	114,333	124,983	203,146	209,460
- A point in time	-	-	6,418	8,369	6,418	8,369
Aftersales	**82,413**	**91,910**	**46,834**	**47,280**	**126,356**	**136,363**
- Over time	-	-	-	-	-	-
- A point in time	82,413	91,910	46,834	47,280	126,356	136,363
Total revenue	**172,415**	**177,827**	**167,585**	**180,631**	**335,920**	**354,192**

*After eliminations

Segregation of revenue in segments

Revenue, DKK Thousands	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the period:		
- Plant sales	16,517	21,783
- Aftersales	-	-
Total revenue recognized from contract liabilities	**16,517**	**21,783**

1. Revenue from contracts with customers CONTINUED



Geographical revenue information

North America

Revenue: DKK 59,795k (2019: DKK 23,941k)

Europe

Revenue: DKK 248,163k (2019: DKK 273,732k)
Hereof revenue in Denmark: DKK 28,287k (2019: DKK 36,254k)
Hereof revenue in France: DKK 49,138k (2019: DKK 61,340k)
Hereof revenue in UK: DKK 29,278k (2019: DKK 54,912k)
Hereof revenue in Germany: DKK 21,114k (2019: DKK 22,603k)
Hereof revenue in Spain: DKK 28,988k (2019: DKK 3,838k)

Africa

Revenue: DKK 10,628k (2019: DKK 34,769k)
Hereof revenue in Morocco: DKK 1,029k (2019: DKK 24,912k)

Rest of the world

Revenue: DKK 17,333k (2019: DKK 21,750k)

Geographical non-current assets information

North America

DKK 802k (2019: DKK 976k)

Europe

DKK 82,690k (2019: DKK 84,971k)
Hereof in Denmark: DKK 69,620k (2019: DKK 66,840k)
Hereof in France: DKK 7,655k (2019: DKK 11,564k)
Hereof in Spain: DKK 5,366k (2019: DKK 6,293k)
Hereof in Other: DKK 48k (2019: DKK 274k)

2. Production costs

Accounting policy

Production costs are costs incurred to generate revenue. Production costs consist of raw materials, consumables, production staff, research and development cost as well as maintenance of and depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets used in the production process.

Research costs are always recognized in the Income Statement in step with the incurrence of such costs. Development costs include all costs not satisfying the capitalisation criteria, but incurred in connection with development, prototype construction and development of new business concepts.

Direct and indirect research and development incentives in terms of tax incentives and other grants and subsidy schemes for research and development are recognized when there is reasonable certainty that the conditions for such grants are satisfied and that they will be awarded. Grants are offset against research and development costs.

The measurement and classification of government grants related to research and development is based on Management's assessment. The incentive schemes applied do not require positive taxable income and hence government grants received have been accounted for in accordance with IAS 20.

DKK Thousands	2020	2019
Cost of goods sold during the year	161,392	182,910
Write-down of inventories for the year, net	587	942
Research and development costs	115	-
Government grants	-	(1,569)
Production staff costs and other costs	93,912	85,817
Total production costs	**256,006**	**268,100**

3. Staff costs

Accounting policy

Staff costs consist of direct wages and salaries, remuneration, pension, share-based payments, training, etc.

DKK Thousands	2020	2019
Wages, salaries and other remuneration	97,206	107,359
Contribution plans and other social security costs, etc.	13,938	14,920
Share-based payment, warrants	(549)	668
Other staff costs	1,795	1,684
	112,390	124,631
The amounts are included in the items:		
Production costs	76,011	81,330
Distribution costs	23,288	29,106
Administrative costs	13,091	14,195
	112,390	124,631

The average number of employees was 195 (2019: 191).

Staff costs include government compensation of DKK 3.8m which have been offset in salary costs.

3. Staff costs CONTINUED

Remuneration to Executive Management and Board of Directors

DKK Thousands	2020	2019
Board of Directors and Audit committee	**1,100**	**1,100**
Executive Management		
Wages, salaries and other remuneration	4,698	4,418
Contribution plans and other social security costs, etc.	530	554
Share-based payment, warrants	(637)	349
	4.591	**5,321**
Total remuneration for Executive Management and Board of Directors	**5.691**	**6,421**

The Executive Management have been granted warrants to subscribe for shares in the company, cf. note 4.

The Executive Management contracts are based on normal conditions.

4. Share-based payment, warrants

Accounting policy

Plans classified as equity-settled warrants are measured at fair value at grant date and are recognized in the income statement as staff costs in the period in which the final entitlement to the warrants is attained (the vesting period), as well as an inflow directly in equity.

In connection with initial recognition of warrants, an estimate is made of the number of warrants to which Group Executive Management and key staff are expected to become entitled. Subsequent adjustment is made for changes in the estimate of the number of warrant entitlements, so the total recognition is based on the actual number of warrant entitlements.

The fair value of the warrants allocated is estimated by means of the Black & Scholes model. The calculation takes into account the terms and conditions under which the share warrants are allocated.

In 2016 and 2017 respectively, the Executive Management and other key employees in the Group have been granted warrants to purchase a total of 200,000 shares in the company at a set price (strike price). The share-based programme has vesting conditions under which Management must stay employed for three years to receive the remuneration. The following exercise period runs for two years.

Warrants granted in 2016 and 2017 have fully vested at 31 December 2020.

At 31 December 2020, the remaining average contractual life of share-based remuneration programme was less than one year.

4. Share-based payment, warrants CONTINUED

	2017 warrants			2016 warrants			Total warrants
	Granted	Strike price (all)	Exercise period starts	Granted	Strike price (all)	Exercise period starts	Total
Warrants granted	100,000	90,39	March 2020	100,000	72.35	July 2019	
Executive Management			60,000			60,000	120,000
- hereof forfeited			(40,000)			(40,000)	(80,000)
Total Executive Management			20,000			20,000	40,000
Other employees			40,000			40,000	80,000
- hereof forfeited			(5,000)			(5,000)	(10,000)
Total other employees			35,000			35,000	70,000
Number of warrant entitlements			**55,000**			**55,000**	**110,000**

The recognized fair value of warrants in the consolidated income statement amounts to DKK -549k (income) (2019: 668k, cost).

The calculation of the fair value of warrants at the time of allocation is based on the following assumptions:

	Granted 30 March 2017	Granted 18 July 2016
Average price per share	78.0	62.5
Annual hurdle rate	5%	5%
Strike price per share	90.39	72.35
Expected volatility*	43.96%	42.61%
Expected dividends**	0	0
Risk-free interest rate	-0.56%	-0.53%
Number of shares allocated	100,000	100,000
Fair value per warrant, DKK	18.84	14.52
Total fair value, DKK thousands	1,884	1,452

*The expected volatility is based on the historical volatility of the SKAKO shares in the preceding 36 months.
**The expected future dividends at the time of granting.

5. Fee to parent company auditors appointed at the annual general meeting

In addition to the statutory audit, PwC, the Group auditors appointed at the Annual General Meeting, provides other assurance engagements and other consultancy services to the Group.

DKK Thousands	**2020**	**2019**
PwC		
Statutory audit	932	505
Other assurance engagements	35	0
Tax and indirect taxes consultancy	5	212
Other services	257	261
	1,229	**978**
Other audit firms		
Statutory audit	221	198
Other assurance engagements	0	0
Tax and indirect taxes consultancy	121	134
Other services	70	120
	412	**452**

A few Group enterprises are not audited by the Parent's appointed auditors (PwC) or the auditors' foreign affiliates.

The fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 0.3m (2019: DKK 0.3m) and consists of tax, VAT and accounting advisory.

6. Net financial items

Accounting policy

Net financial items mainly consist of interest income and interest expenses and also include interest on lease debt as well as realized and unrealized foreign exchange gains and losses. Interest income and interest expenses are accrued based on the principal amount and the effective interest rate.

The effective interest rate is the discount rate used for discounting expected future payments attaching to the financial asset or financial liability in order for the present value to match the carrying amount of such asset or liability.

DKK Thousands	2020	2019
Interest on cash and bank deposits	312	248
Financial income from financial assets not measured at fair value in the income statement	**312**	**248**
Foreign exchange gains, net	149	-
Financial income	**461**	**248**
Interest on bank debt	(884)	(978)
Interest on lease debt	(252)	(122)
Financial expenses on financial liabilities not measured at fair value in the income statement	**(1,136)**	**(1,100)**
Foreign exchange losses, net	(1,014)	(356)
Other financial expenses	(1,395)	(1,382)
Financial expenses	**(3,545)**	**(2,838)**
Net financial items	**(3,084)**	**(2,590)**

7. Tax on profit for the year

Accounting policy

Tax for the year comprises current tax and changes in deferred tax and is recognized in the Income Statement with the share attributable to the profit for the year, and in the other comprehensive income with the share attributable to items recognized in other comprehensive income. Exchange rate adjustments of deferred tax are included as part of the year's adjustments of deferred tax.

Current tax comprises tax calculated on the basis of the expected taxable income for the year using the applicable tax rates for the financial year and any adjustments of taxes for previous years.

DKK Thousands	2020	2019
Current tax on the profit for the year	(454)	(80)
Adjustment of current tax, prior years	-	161
Change in deferred tax	(773)	(1,230)
Adjustment of deferred tax, prior years	-	(20)
Impact on changes in corporate tax rates	-	-
Tax for the period, net income	(1,228)	(1,169)
Tax using the Danish corporate tax rates	(3,110)	(3,391)
Effect of tax rates in foreign jurisdictions	(107)	(556)
Impact in changes in corporate tax rates	-	-
Tax assets not capitalised	-	-
Tax assets not previously capitalised	3,513	4,399
Permanent and temporary differences and other items	(1,524)	(1,621)
	(1,228)	(1,169)

8. Earnings per share (EPS)

Accounting policy

Earnings per share (EPS) and diluted earnings per share (EPS, diluted) are measured according to IAS 33. Non-diluted earnings per share are calculated as the profit for the year divided by the total average number of shares outstanding during the year (shares issued adjusted for treasury shares).

Diluted earnings per share are calculated as profit for the year divided by the average number of shares issued.

DKK Thousands	2020	2019
Earnings		
Profit for the year	12,908	14,246
Number of shares, average		
Number of shares issued	3,106,418	3,106,418
Adjustment for treasury share	(22,567)	(22,567)
Average number of shares	3,083,851	3,083,851
Earnings per share (EPS)	4.19	4.62
Earnings per share, diluted	4.19	4.62

As of 31 December 2020, SKAKO's nominal share capital was 31,064,180 DKK divided into 3,106,418 shares of 10 DKK each. All shares are the same class and carry one vote each.

Treasury shares represents 0.73% of number of shares issued.

9. Intangible assets

Accounting policy

On initial recognition, goodwill is recognized and measured as the difference between the purchase price – including the value of non-controlling interests in the acquired enterprise and the fair value of any existing investment in the acquired enterprise – and the fair values of the acquired assets, liabilities and contingent liabilities. Please refer to Accounting policies in Note 20.

On recognition, goodwill is allocated to corporate activities that generate independent payments (cash generating units). The definition of a cash-generating unit is in line with the Group's managerial structure as well as the internal financial management reporting.

Intangible assets with a finite useful life are measured at cost less accumulated amortisation and impairment losses.

Goodwill is not amortised but is tested for impairment at least once a year. If the recoverable amount of a cash-generating unit is lower than the carrying amounts of property, plant and equipment and intangible assets including goodwill, attributable to the particular cash generating unit, the particular assets will be written down.

Development projects for which the technical rate of utilisation, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used are recognized as completed development projects. This requires that the cost can be determined, and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognized in the income statement when the costs are incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

Amortisation of completed development projects is charged on a straight-line basis during their estimated useful life. Development projects are written down for impairment to recoverable amount, if lower. Development projects in progress are tested for impairment once a year.

The amortisation profile is systematically based on the expected useful life of the assets, taking into account the remaining agreement period and consumption (unit of production method) at the time of implementation. The basis of amortisation is reduced by impairment, if any.

Amortisation takes place systematically over the estimated useful life of the assets which is as follows:

- Development costs, 2-10 years
- Software systems, 2-10 years
- Other intangible assets, 3-5 years

9. Intangible assets CONTINUED

Significant assessment by Management

Impairment testing is carried out annually on preparation of the annual report or on indication of impairment in which discounted values of future cash flows are compared with carrying amounts. The calculations use cash flow projections based on financial budgets approved by Management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using growth rates estimated by Management.

DKK Thousands

	Goodwill	Other intangible assets	Intangible assets under development	Development projects	Software	Total
Cost at 1 January 2020	29,399	2,840	4,828	567	23,740	61,374
Foreign exchange adjustments	-	-	(7)	-	(11)	(18)
Investments	3,145	1,586	698	140	1,892	7,461
Revaluation according to IFRS 3 (see below)	(7,104)	-	-	-	-	(7,104)
Disposals	-	-	-	(39)	(1,443)	(1,482)
Transferred between categories	-	-	(3,293)	140	3,153	-
Cost at 31 December 2020	**25,440**	**4,426**	**2,226**	**808**	**27,331**	**60,231**
Depreciation and impairment 1 January 2020	-	-	-	138	18,673	18,811
Foreign exchange adjustment	-	-	-	-	(15)	(15)
Disposals	-	-	-	(39)	(1,443)	(1,482)
Depreciation	-	674	-	79	977	1,730
Depreciation and impairment 31 December 2020	**-**	**674**	**-**	**178**	**18,192**	**19,044**
Carrying amount 31 December 2020	**25,440**	**3,752**	**2,226**	**630**	**9,139**	**41,187**

9. Intangible assets CONTINUED

DKK Thousands

	Goodwill	Other intangible assets	Intangible assets under development	Development projects	Software	Total
Cost at 1 January 2019	-	-	2,258	612	23,480	26,350
Foreign exchange adjustments	-	-	-	-	2	2
Investments	29,399	2,840	2,570	-	258	35,067
Disposals	-	-	-	(45)		(45)
Transferred between categories	-	-	-	-	-	-
Cost at 31 December 2019	**29,399**	**2,840**	**4,828**	**567**	**23,740**	**61,374**
Depreciation and impairment at 1 January 2019	-	-	-	45	17,795	17,840
Foreign exchange adjustment	-	-	-	-	5	5
Disposals	-	-	-	(45)	-	(45)
Depreciation	-	-	-	138	873	1,011
Depreciation and impairment at 31 December 2019	**-**	**-**	**-**	**138**	**18,673**	**18,811**
Carrying amount at 31 December 2019	**29,399**	**2,840**	**4,828**	**429**	**5,067**	**42,563**

9. Intangible assets CONTINUED

DKK Thousands	2020	2019
Depreciation is included in the items:		
Production costs	1,211	689
Distribution costs	432	246
Administrative costs	87	49
	1,730	**984**

Impairment test of goodwill:

The carrying amount of goodwill related to Dartek, DKK 22,294k, and Conparts ApS, DKK 3,145k. As Conparts ApS was acquired in November 2020 this will not be impairment tested on 31 December 2020.

Dartek:

Goodwill for Dartek has been tested for impairment on December 31 2020 based on value in use. Net cash flows for the years 2021-2025 are determined on the basis of key assumptions and estimates based on growth and profit margin expectations in accordance with SKAKOs business plans for expansion in the recycling segment. The discount rate used amounts to 8.0% before tax and estimates for future revenue growth. The uncertainties associated with these expectations are reflected in the cash flow. The valuation method is based on annual revenue growth of 2% in 2021 to 2025 as well as in the terminal period. The test did not result in any impairment of the carrying amounts related to the cash generating unit Dartek, which is part of the Vibration division.

A sensitivity analysis has not been carried out, as negative changes in the fundamental assumption that will result in impairment of goodwill, are considered unlikely to become a reality.

9. Intangible assets CONTINUED

Reevaluation of expected earn-out in relation to the acquisition of SKAKO Dartek according to IFRS 3:

DKK Thousands

	Restated recognition 2020	Initial recognition 2019
Consideration paid cash	8,217	8,217
Consideration recognized as a debt	16,434	16,434
Fair value of contingent consideration (earn out)	2,874	9,979
Total estimated cost of acquisition	**27,525**	**34,630**
Intangible assets	3,001	3,001
Property, Plant and equipment	1,564	1,564
Inventories	1,493	1,493
Customer contracts	5,236	5,236
Trade and other receivables**	8,498	8,498
Cash and cash equivalents	1,441	1,441
Non-current liabilities	(1,274)	(1,274)
Deferred tax	(625)	(625)
Trade payables	(4,642)	(4,642)
Other payables	(9,461)	(9,461)
Net assets acquired	**5,231**	**5,231**
Goodwill	**22,294**	**29,399**

Restated recognition according to IFRS 3 relates to the acquisition of SKAKO Dartek in November 2019. The purchase price for SKAKO Dartek is based on a total price of 7 times average EBITDA for the period 2019-2021 with a minimum payment of EUR 3,300k. The difference between minimum payment and the final price is the former owners earn out. Calculation of the earn out on initial recognition was based on a business plan for 2020-2021. Compared to the business plan, integration of Dartek and conversion of the expected customer base to SKAKO customers has taken longer than initially expected. This has resulted in lower-than-expected earnings, resulting in a lower earn out. Therefore, a revaluation of the expected earn out has been made in November 2020. This has resulted in a restatement of the expected earn out with DKK 7,104k to DKK 2,874k. The restatement of the expected earn out results in a corresponding reduction of the goodwill related to the acquisition of SKAKO Dartek which is reduced from DKK 29,398k to 22,294k.

10. Tangible assets

Accounting policy

Land and buildings, plant and machinery and other facilities, operating equipment and tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful life of the assets until they reach the estimated residual value.

Estimated useful life is as follows:

- Buildings, 10-40 years
- Plant and machinery, 3-10 years
- Operating equipment and other tools and equipment, 3-10 years
- Leasehold improvements, 3-10 years
- Land not depreciated

Newly acquired assets are depreciated from the time they are available for use.

10. Tangible assets CONTINUED

DKK Thousands

	Land & building	Plant & machinery	Operating equipment, fixtures and fittings	Leasehold improvements	Tangible assets in course of construction	Total
Cost 1 January 2020	16,228	13,423	18,670	4,470	60	52,851
Foreign exchange adjustments	(81)	7	(47)	(2)	-	(123)
Investments	632	402	402	298	394	2,128
Disposals	(8,756)	(1,681)	(3,080)	-	-	(13,517)
Cost at 31 December 2020	**8,023**	**12,151**	**15,945**	**4,766**	**454**	**41,339**
Depreciation and impairment 1 January 2020	10,584	12,913	15,228	4,202	-	42,927
Foreign exchange adjustments	(43)	(28)	(53)	(3)	-	(127)
Disposals	(8,756)	(1,681)	(3,080)	-	-	(13,517)
Amortisation	250	140	941	39	-	1,370
Depreciation and impairment 31 December 2020	**2,035**	**11,344**	**13,036**	**4,238**	**-**	**30,653**
Carrying amount 31 December 2020	**5,988**	**807**	**2,909**	**528**	**454**	**10,686**

10. Tangible assets CONTINUED

DKK Thousands

	Land & building	Plant & machinery	Operating equipment, fixtures and fittings	Leasehold improvements	Tangible assets in course of construction	Total
Cost 1 January 2019	15,432	13,031	16,593	4,468	60	49,584
Foreign exchange adjustments	4	7	42	2	-	55
Investments	792	385	2,578	-	-	3,755
Disposals	-	-	(543)	-	-	(543)
Cost 31 December 2019	**16,228**	**13,423**	**18,670**	**4,470**	**60**	**52,851**
Depreciation and impairment 1 January 2019	10,396	12,765	14,866	4,163	-	42,190
Foreign exchange adjustments	4	6	38	2	-	50
Disposals	-	-	(543)	-	-	(543)
Amortisation	184	142	867	37	-	1,230
Depreciation and impairment 31 December 2019	**10,584**	**12,913**	**15,228**	**4,202**	**-**	**42,927**
Carrying amount 31 December 2019	**5,644**	**510**	**3,442**	**268**	**60**	**9,924**

DKK Thousands	**2020**	**2019**
Depreciation is included in the items:		
Production costs	959	860
Distribution costs	343	308
Administrative costs	68	62
	1,370	**1,230**

11. Leases – Right-of-use assets

Accounting policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as the commencement date.
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate for implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group., the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct cost and restoration cost

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leased with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

11. Leases – Right-of-use assets CONTINUED

DKK Thousands

Lease assets	Rental of promises	Equipment	Company Cars	Total
Costs 1 January 2020	6,998	766	5,812	13,576
Additions	2,217	43	1,472	3,732
Transferred between categories	245	-	(245)	-
Disposals	(1,034)	-	(739)	(1,773)
Exchange rate adjustment	(8)	-	(9)	(17)
Costs 31 December 2020	**8,418**	**809**	**6,291**	**15,518**
Depreciation and impairment loss 1 January 2020	908	45	2.202	3,155
Depreciation	1,800	60	1,910	3,770
Depreciation reversed on disposals	(1,034)	-	(238)	(1,272)
Exchange rate adjustment	(1)	-	(8)	(9)
Depreciation and impairment loss 31 December 2020	**1,673**	**105**	**3,866**	**5,644**
Carrying amount 31 December 2020	**6,745**	**704**	**2,425**	**9,874**

DKK Thousands

Lease assets	Rental of promises	Equipment	Company Cars	31 December 2019	1 January 2019
Costs at 1 January 2019	2,092	427	3,688	6,207	6,207
Additions	4,907	341	2,248	7,495	-
Disposals	-	-	(125)	(125)	-
Costs at 31 December 2019	**6,998**	**766**	**5,812**	**13,578**	**6,207**
Depreciation and impairment loss at 1 January 2019					
Depreciation	908	45	2.202	3,155	-
Depreciation reversed on disposals	-	-	-	-	-
Depreciation and impairment loss at 31 December 2019	**908**	**45**	**2,202**	**3,155**	**-**
Carrying amount at 31 December 2019	**6,090**	**721**	**3,610**	**10,423**	**6,207**

11. Leases – Right-of-use assets CONTINUED

Lease liabilities – DKK Thousands	2020	2019
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	6,556	7,712
Current liabilities	3,346	2,832
Total lease liabilities	**9,902**	**10,544**
Recognized in the profit and loss statement:		
Interest expenses related to lease liabilities	252	103
Expense relating to short term leases (included in cost of goods sold and administrative expenses)	2,984	2,908
Expense relating to leases of low-value assets, that are not shown above as short-term leases	-	-
Expense relation to variable lease payments not included in lease liabilities	-	52

Cash flow from Leasing – DKK Thousands	2020	2019
Depreciation	3,770	3,155
Interests	(252)	(122)
Liabilities payment	(3,677)	(3,150)
Adjustments in total according to leases	**(3,929)**	**(3,272)**

12. Deferred tax

Accounting policy

Deferred tax is calculated using the balance sheet liability method on temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated based on the applicable tax rates for the individual financial years. The effect of changes in the tax rates is stated in the income statement unless they are items previously entered in the statement of other comprehensive income.

A deferred tax provision is made to cover re-taxation of losses in foreign enterprises if shares in the enterprises concerned are likely to be sold and to cover expected additional future tax liabilities related to financial year or previous years. No deferred tax liabilities regarding investments in subsidiaries are recognized if the shares are unlikely to be sold in the short term.

The tax value of losses that are expected with adequate certainty to be available for utilisation against future taxable income in the

same legal tax unit and jurisdiction is included in the measurement of deferred tax.

SKAKO A/S is jointly taxed with all Danish subsidiaries, SKAKO A/S being the administrator of the Danish joint taxation.

All the Danish subsidiaries provide for the Danish tax based on the current rules with full distribution. Recognition of deferred tax assets and tax liabilities is made in the individual Danish enterprises based on the principles described above. The jointly taxed Danish enterprises are included in the Danish tax payable on account scheme.

If companies in the Group have deferred tax liabilities, they are valued independently of the time when the tax, if any, becomes payable

Significant assessment by Management

Deferred tax assets, including the tax value of tax losses allowed for carry forward, are recognized in the balance sheet at the estimated realisable value of such assets, either by a set-off against a deferred tax liability or by a net asset to be set off against future positive taxable income. At the balance sheet date, an assessment is made as to whether it is probable that sufficient taxable income will be available in the future against which the deferred tax asset can be utilised. Deferred tax on temporary differences between the carrying amounts and the tax values of investments in subsidiaries is recognized unless the Parent is able to control the time of realisation of such deferred tax, and it is probable that such deferred tax will not be realized as current tax in the foreseeable future. Deferred tax is recognized in respect of eliminations of intra-Group profits and losses.

12. Deferred tax CONTINUED

DKK Thousands	2020	2019
Deferred tax recognized in the balance sheet:		
Deferred tax assets	20,997	21,770
Deferred tax liabilities	-	-
Deferred tax, net 31 December	**20,997**	**21,770**
Deferred tax, net 1 January	21,770	23,625
Foreign currency translation adjustments	-	-
Changes in deferred tax	(773)	(1,855)
Deferred tax, net 31 December	**20,997**	**21,770**
Deferred tax:		
Intangible assets	477	1,914
Property, plants and equipment	10,327	10,840
Inventories	256	448
Provisions	1,186	1,305
Tax losses	14,083	11,328
Contracts with customers	(4,419)	(3,447)
Other items	(913)	(618)
	20,997	**21,770**
Deferred tax assets not recognized:		
Intangible assets	74	74
Property, plants and equipment	131	131
Inventories	0	0
Provisions	0	0
Tax losses	28,064	31,576
	28,269	**31,781**

Tax losses carried forward are not subject to time limitation. All recognized deferred tax assets are expected to be offset against positive taxable income within a 5-year period. Recognition is based on current results and Management's expectations for the future. The deferred tax assets are evaluated in each joint taxation in the SKAKO Group, consisting of joint taxations in respectively Denmark, France, Germany, Spain, the USA and the UK.

Management has performed a sensitivity analysis on expectations for the future. This shows that a 10 % decrease compared to expectations will result in a decrease of DKK 2.0m in the recognized deferred tax assets. Because the deferred tax assets are evaluated in each joint taxation, the sensitivity cannot be applied on a linear basis.

13. Inventory

Accounting policy

Raw materials, work-in-progress and goods for resale are measured at cost according to the FIFO principle (according to which the most recently purchased items are considered to be in stock) or at their net realisable value, whichever is lower.

Group-manufactured products and work in progress are measured at the value of direct cost, direct payroll costs, consumables and a proportionate share of indirect production costs (IPO), which are allocated on the basis of the normal capacity of the production facility. IPO include the proportionate share of capacity costs directly relating to Group-manufactured products and work in progress.

Lease liabilities – DKK Thousands	**2020**	**2019**
Raw materials and consumables	15,420	15,104
Work-in-progress	4,327	5,256
Finished goods and goods for resale	35,379	39,444
Inventories net of write-downs at 31 December	55,126	59,804
Included in Income Statement under production costs:		
Write-down of inventories for the year, net	587	942
Costs of goods sold during the year	161,392	182,910

Write-downs for the year are shown net as breakdown into reversed write-downs and new write-downs are not possible.

14. Contract assets and liabilities

Accounting policy

Revenue is recognized based on the value of the work completed at the balance sheet date. The revenue corresponds to the sales value of the year's completed work based on costs incurred as a percentage of the total estimated costs (percentage of completion method).

The stage of completion for the individual project is calculated as the ratio between the cost incurred at the balance sheet date and the total estimated cost to complete the project. In some projects, where cost estimates cannot be used as a basis, the ratio between completed sub-activities and the total project is used instead. All direct and indirect costs that relate to the completion of the contract are included in the calculation.

When invoicing on account exceeds the value of the work completed, the liability is recognized as a contract liability under short-term liabilities.

If projects are expected to be loss-making, the loss is recognized immediately in the income statement. Costs not yet incurred are provided for as other provisions. Provisions are based on individual assessment of the estimated loss until the projects are completed.

Significant assessment by Management

Total expected costs related to work-in-progress for third parties are partly based on estimates as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and services plus construction and handing over. Provisions for warranties on work-in-progress for third parties are based on Management estimates for each project while taking contract obligations into account.

14. Contract assets and liabilities CONTINUED

DKK Thousands	2020	2019
Total costs incurred	170,724	161,910
Valuation after IFRS 9 (note 18)	(126)	(237)
Profit recognized as income, net	47,140	39,999
Contract assets	217,738	201,672
Contract liabilities	(157,413)	(145,480)
Net contract assets and liabilities	60,325	56,192
Of which contract assets is stated under assets	66,376	72,708
and Contract liabilities	(6,051)	(16,516)
Net contract assets and liabilities	60,325	56,192

Contract assets and liabilities consist of all open projects at 31 December including cost and profit recognized in prior years.

All contract assets and liabilities at 31 December are expected to be recognized in 2021.

15. Bank loans and credit facilities

Accounting policy

Debt to credit institutions is recognized at the date of borrowing at the proceeds received less transaction costs. For subsequent periods, financial liabilities are measured at amortised cost in order for the difference between proceeds and the nominal value to be recognized as a financial expense over the term of the loan.

DKK Thousands

2020	0-1 year	1-5 years	More than 5 years	Total	Carrying amount	Weighted average effective interest rate
Cash and cash equivalents	33,420	-	-	33,420	33,420	0.0%
Assets	**33,420**	**-**	**-**	**33,420**	**33,420**	**0.0%**
Lease debt	(3,346)	(6,556)	-	(9,902)	(9,902)	2.4%
Other debt	(10,118)	(4,747)	-	(14,865)	(14,865)	0.0%
Debt to credit institutions	-	(17,579)	-	(17,579)	(17,579)	0,4%
Short term bank facilities	(31,261)	-	-	(31,261)	(31,261)	2.3%
Liabilities	**(44,725)**	**(28,882)**	**-**	**(73,607)**	**(73,607)**	**1.1%**
Net debt	**(11,305)**	**(28,882)**	**-**	**(40,187)**	**(40,187)**	**1.1%**

15. Bank loans and credit facilities CONTINUED

DKK Thousands

2019	0-1 year	1-5 years	More than 5 years	Total	Carrying amount	Weighted average effective interest rate
Cash and cash equivalents	26,557	-	-	26,557	26,557	0.0%
Assets	**26,557**	**-**	**-**	**26,557**	**26,557**	**0.0%**
Lease debt	(2,832)	(7,712)	-	(10,544)	(10,544)	2.4%
Other debt	(8,640)	(18,216)	-	(26,856)	(26,856)	0.0%
Debt to credit institutions	-	(1,150)	-	(1,150)	(1,150)	1,3%
Short term bank facilities	(20,377)	-	-	(20,377)	(20,377)	2.3%
Liabilities	**(31,849)**	**(27,078)**	**-**	**(58,927)**	**(58,927)**	**2.1%**
Net debt	**(5,292)**	**(27,078)**	**-**	**(32,370)**	**(32,370)**	**1.5%**

Net debt broken down by currency: 46% in EUR (61% in 2019), 5% in US dollars (18% in 2019), 3% in British pound (3% in 2019), 42% in Danish kroner (14% in 2019) and 4% in other currencies (4% in 2019).

The undiscounted cash flows essentially correspond to the carrying amounts.

Based on the Group's net debt at the end of the 2020 financial year, a rise of 1 percentage point in the general interest rate level will cause a decrease in consolidated annual earnings after tax and equity of approx. DKK 380k (DKK 335k in 2019).

Cash management

SKAKO is committed to maintaining a flexible capital structure. On 31 December 2020, SKAKO had undrawn committed credit facilities in the amount of DKK 21,150k (2019: DKK 26,862k). On 31 December 2020, SKAKO had 'cash and cash equivalents' and 'bank overdraft', net of DKK 2,159k (2019: DKK 6,180k).

Capital management

SKAKO monitors capital on the basis of the net debt relative to EBITDA. At the end of the year, the net debt to EBITDA ratio was equity ratio was 1.7 (2019: 1.4). SKAKO has a medium-term goal of a net debt to EBITDA ratio below 2.5.

16. Provisions

Accounting policy

Provisions are recognized when the Group, due to an event occurring before or at the balance sheet date, has a legal or constructive obligation and it is probable that financial benefits must be waived to settle the obligation. Provisions are measured according to Management's best estimate of the amount whereby the obligation is expected to be settled.

Provisions for warranty claims are estimated on a project-by-project basis based on historically realized cost related to claims in the past. The provision covers estimated own costs of completion, subsequent warranty supplies and unsettled claims from customers or subcontractors.

Provisions regarding disputes and lawsuits are based on Management's assessment of the likely outcome settling the cases based on the information at hand at the balance sheet date.

Significant assessment by Management

Management assesses provisions and the likely outcome of pending and probable lawsuits, etc. on an on-going basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of lawsuits, etc., Management bases its assessment on internal and external legal assistance and established precedents.

Warranties and other provisions are measured on the basis of empirical information covering several years. Together with estimates by Management of future trends, this forms the basis for warranty provisions and other provisions. Long-term warranties and other provisions discounted to net present value takes place based on the future cash flow and discount rate expected by Management.

16. Provisions CONTINUED

DKK Thousands	2020		
	Warranties	Other provisions	Total
Provisions at 1 January	3,249	2,317	5,566
Foreign exchange adjustments	(16)	(10)	(26)
Additions	2,166	-	2,166
Used	(1,960)	(446)	(2,406)
Reversals	-	-	0
Provisions at 31 December	3,439	1,861	5,300
The maturity of provisions is specified as follows:			
Current liabilities	1,959	38	1,997
Non-current liabilities	1,480	1,823	3,303
	3,439	1,861	5,300

DKK Thousands	2019		
	Warranties	Other provisions	Total
Provisions at 1 January	3,247	3,312	6,559
Foreign exchange adjustments	2	2	4
Additions	1,449	52	1,501
Used	(1,449)	(1,049)	(2,498)
Reversals	-	0	0
Provisions at 31 December	3,249	2,317	5,566
The maturity of provisions is specified as follows:			
Current liabilities	2,024	0	2,024
Non-current liabilities	1,225	2,317	3,542
	3,249	2,317	5,566

Provisions for warranty covers a 1-3-year warranty period.

Other provisions relate to provisions for disputes, etc. and are essentially expected to be applied within the next five years.

17. Adjustments, consolidated cash flow statement

Adjustments

DKK Thousands	2020	2019
Amortisation and depreciation	6,870	4,925
Change in provisions	(265)	(994)
Financial items received and paid	3,084	2,591
Other	(577)	643
	9,112	7,165

Change in borrowings and short-term credit facilities

DKK Thousands	2020	2019
Borrowings 1 January	58,925	16,193
Repayments	(8,382)	-
Other adjustments	(7,104)	-
New borrowings	30,320	42,805
Currency adjustments	(152)	(73)
Borrowings 31 December	73,607	58,925

18. Exchange rate, liquidity and credit risks

Accounting policy

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written down when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written down are credited against the same line item.

Risk management activities in the SKAKO Group mainly focus on financial risks to which the Company is fairly likely to be exposed. In connection with the preparation of the Group's strategic, budgetary and annual plans, the Board of Directors considers the risks identified in these activities.

Financial risks

Financial risk management concentrates on identifying risks in respect of exchange rates, credit and liquidity with a view to protecting the Group against potential losses and ensuring that Management's forecasts for the current year are only to a limited extent affected by changes or events in the surrounding world – be the changes in exchange rates or in interest rates. It is Group policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Exchange rate risks

With more than 90% of the Group's sales being invoiced in foreign currencies, primarily EUR, reported revenue is affected by movements in the Group's trading currencies. The Group seeks to hedge against such exchange rate risks by seeking to match positive and negative cash flows in the main currencies as much as possible.

18. Exchange rate, liquidity and credit risks CONTINUED

Below is a sensitivity analysis in respect of exchange rates, given a positive change of 5% in the currencies with the highest exposures.
The estimate has been provided on a non-hedged basis.

DKK Thousands	Net position	Change in currency	2020: Potential impact on P/L and equity	2019: Potential impact on P/L and equity
EUR	31,829	5%	1,591	318
USD	13,206	5%	660	(262)
GBP	5,736	5%	287	253
MAD	7,499	5%	375	767

Liquidity risk

The Group aims at having sufficient cash resources to be able to take appropriate steps in case of unforeseen fluctuations in cash outflows.
We have access to suitable undrawn credit facilities and the liquidity risk is therefore considered to be low.

Credit risks

The Group's credit risks relate primarily to trade receivables and contract assets. For large projects we have a signed Letter of Credit from the customer's bank before we undertake any work. Our remaining customer base is fragmented so credit risks in general only involve minor losses on individual customers.
Overall, we therefore estimate that we have no major credit exposure on Group level. The maximum credit risk relating to receivables matches the carrying amount of such receivables.

Trade receiveables can be allocated as follows:

DKK Thousands	2020	2019
Europe	46,780	33,126
The USA	7,830	4,783
Africa	18,345	26,249
Other	484	727
	73,439	64,884

The Group has two types of financial assets that are subject to the expected credit loss model:

- Trade receivables from contracts with customers
- Contract assets from Plant sales

18. Exchange rate, liquidity and credit risks CONTINUED

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for both trade receivables and contract assets:

31 December 2020 – DKK Thousands

	Not Due	Due 0-30 days	Due 31-120 days	Due 121-365 days	Due more than 1 year	Total
Expected loss rate	0.1%	0.1 %	1.0%	5.0%	53.3%	
Gross carrying amount – trade receivables	59,769	5,613	7,271	335	1,171	74,159
Gross carrying amount – contract assets	66,502	0	0	0	0	66,502
Loss allowance	**126**	**6**	**73**	**17**	**624**	**846**

31 December 2020 – DKK Thousands

	Not Due	Due 0-30 days	Due 31-120 days	Due 121-365 days	Due more than 1 year	Total
Expected loss rate	0.2%	0.1 %	4.3%	9.3%	96.2%	
Gross carrying amount – trade receivables	46,276	12,713	2,933	3,361	1,387	66,670
Gross carrying amount – contract assets	72,208	0	0	0	0	72,208
Loss allowance	**237**	**13**	**125**	**314**	**1,334**	**2,023**

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 reconcile to the opening loss allowances as follows:

DKK Thousands	Contract assets		Trade receivables	
	2020	2019	2020	2019
1 January – calculated under IFRS 9	237	232	1,786	1,528
Increase in loan loss allowance recognized in profit or loss during the year	126	237	720	1,786
Receivables written of during the year as uncollectible	0	0	(135)	(9)
Unused amount reversed	(237)	(232)	(1,651)	(1,519)
At 31 December	**126**	**237**	**720**	**1,786**

19. Acquisitions

Accounting policy

The acquisition date is the date when the SKAKO effectively obtains control of an acquired subsidiary.

The cost of a business combination comprises the fair value of the consideration agreed upon including the fair value of consideration contingent on future events.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than SKAKO's presentation currency (DKK) are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date.

The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Deferred tax on revaluations is recognized.

The identifiable assets, liabilities and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition. The effect of the adjustments is recognized in the opening balance of equity, and the comparative figures are restated accordingly if the amount is material.

Except in cases of material error, changes in estimates of contingent purchase considerations are recognized in the income statement under financial items, unless they qualify for recognition directly in equity.

19. Acquisitions CONTINUED

Significant assessment by Management

Purchase price allocation

For acquisitions of entities, the assets, liabilities and contingent liabilities of the acquiree are recognized using the acquisition method. The most significant assets acquired generally comprise goodwill, customer agreements and portfolios, property, plant and equipment, receivables and inventories.

No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

The unallocated purchase price (positive amount) is recognized in the statement of financial position as goodwill and allocated to the Group's cash generating units. Management makes estimates of the acquired cash generating units, the cash generating units that already exist in the Group and the allocation of goodwill.

On 1 November 2020, SKAKO gained control over Conparts ApS (Faaborg, Denmark) through the acquisition of 100% of the shares.

The calculated goodwill represents staff know-how that SKAKO expects to utilise in the existing business.

Transactions costs related to the acquisition of Conparts amounts to DKK 0.4m where all has been recognized in 2020. Transaction costs have been recognized in the income statement under administrative costs.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is ongoing. Adjustments are therefore expected to be made to several items in the opening balance, including immaterial assets and goodwill. The accounting treatment of the acquisition will be completed within the 12-month period from the acquisition date required by IFRS 3. Because of the nature of the contingent liability, as described below, it is not possible to estimate a completely accurate purchase price currently.

Purchase price allocation

Management believes that the purchase price for Conparts accounted for in the consolidated financial statements reflects the best estimate of the total fair value of the business and the proportionate value of identified assets, liabilities, and accordingly the allocation of goodwill.

Financial impact of acquisition

Revenue and net profit included in the consolidated financial statements since the acquisition was DKK 0.0m and DKK 0.0m respectively. Had Conparts been consolidated on 1 January 2020, the figures for consolidated revenue and net profit would have been DKK 6.2m and DKK 0.8m, respectively.

19. Acquisitions CONTINUED

DKK Thousands	2020 Conparts ApS	2019 SKAKO Dartek
Consideration paid cash	1,500	8,217
Consideration recognized as a debt	-	16,434
Fair value of contingent consideration (earn out)	3,007**	9,978*
Total estimated cost of acquisition	**4,507**	**34,629**

DKK Thousands	2020	2019
Intangible assets	1,586	3,001
Property, Plant and equipment	-	1,564
Inventories	-	1,493
Customer contracts	-	5,236
Trade and other receivables	-	8,498
Cash and cash equivalents	125	1,441
Non-current liabilities	-	(1,274)
Deferred tax	(349)	(625)
Trade payables	-	(4,642)
Other payables	-	(9,461)
Net assets acquired	**1,362**	**5,231**
Goodwill	**3,145**	**29,398**

*The final price paid for 100% of the shares in Dartek is calculated as 7 x average EBITDA for the period 2019-2021. A minimum payment of DKK 24.6m is guaranteed while the remaining part makes up the earn out. Valuation of the earn out is based on Management's estimation of the business case for Dartek. If the business case improves by 50% compared to Management's estimate the earn out will increase by DKK 18.1m. As the earn out is unlimited it is not possible to calculate a maximum amount. The fair value of the earn out (contingent consideration) is based on Management's expectations for the period and is applied as a level 3 fair value calculation.
** The price paid for Conparts ApS is fixed at DKK 5.5m with an upfront payment of DKK 1.5m, and the remaining amount (contingent consideration) over a five year period until 2025. The fair value of the contingent consideration is based on a level 3 fair value calculation.

20. Contractual liabilities, contingent liabilities and securities

The company's financial institutions have provided bank guarantees for consignments and prepayments of a total of DKK 1.5 million (2019: DKK 37.6 million).

Towards the company's primary financial institution, a deposit of DKK 50 million (2019: DKK 50 million) has been provided with deposit in unsecured claims, stocks, tangible assets and intangible rights.

There is a 12-month rent commitment related to a building in Denmark. The minimum rent liability amounts to DKK 3.0 million (2019: DKK 3.0 million).

The Danish subsidiaries of the Group are liable for tax of the jointly taxed income, etc. of the Group. SKAKO A/S is the administrative company of the joint taxation.

21. Related parties

SKAKO A/S has no related parties with a controlling interest. Given its share of ownership, Frederik2 ApS are considered to have significant influence.

The company's related parties comprise the company's Executive Management, Board of Directors and these persons' related family members. Related parties also comprise companies in which the before-mentioned persons have controlling or common control. In addition, related parties comprise the subsidiaries cf. page 131 in which SKAKO A/S has controlling or significant influence.

22. Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2020 after the balance sheet date and up to today.

23. Approval and publication

At the Board meeting on 19 March 2021, our Board of Directors approved this Annual Report 2020 for publication. The report will be presented to the shareholders of SKAKO A/S at the annual general meeting on 28 April 2021.

24. Group accounting policies

The Group's general accounting policies are described below. In addition to this, specific accounting policies are described in each of the individual notes to the consolidated financial statements.

Generally

The consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports published by reporting class D (listed) companies cf. the Danish executive order on IFRS issued in compliance with the Danish Financial Statements Act. The registered office of SKAKO A/S is in Faaborg, Denmark.

The consolidated financial statements are presented in Danish kroner (DKK), which is the presentation currency for Group activities and the functional currency for the Parent. The consolidated financial statements are presented on the basis of historical cost except for share-based remuneration which are measured at their fair value.

The financial statements for the Parent as well as the Parent's accounting policies are presented from the consolidated financial statements and are shown on the second last pages of this Annual Report 2020.

The accounting policies remain unchanged for the consolidated financial statements compared to 2019.

Effect of new accounting standards

As of 1 January 2020, no new standards have been implemented compared to 2019.

Changes in accounting policies and classification for 2021

No new standards are expected to be implemented in 2021.

Effect of new accounting standards not yet in force

Revised and new standards and interpretations issued, but not yet effective or approved by the EU at the time of publication of this Annual Report 2020 have not been incorporated into this report.

Definition of materiality

IFRS contain extensive disclosure requirements. The Group discloses the information required according to IFRS unless such information is deemed immaterial.

Consolidated financial statements

The consolidated financial statements comprise SKAKO A/S (the Parent) and the enterprises in which the Parent can or actually does exercise control by either directly or indirectly holding more than 50% of the voting rights.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements for the Parent and its subsidiaries by aggregating uniform items. The financial statements included in the consolidated financial statements are prepared in accordance with the Group's accounting policies. Intra-Group income, expenses, shareholdings, balances and dividends as well as unrealized intra-Group profits on inventories are eliminated. The accounting items of subsidiaries are recognized 100% in the consolidated financial statements.

Income statement

Income and costs are recognized on an accrual basis. The income statement is broken down by function, and all costs including depreciation, amortization and impairment losses are then charged to production, distribution and administration.

Distribution costs

Distribution costs include costs relating to training, sales, marketing, promotion materials, distribution, bad debts as well as depreciation, amortisation and impairment losses on assets used for distribution purposes.

Administrative expenses

Administrative expenses include administrative staff costs, office expenses as well as depreciation, amortisation and impairment losses on assets used for administrative purposes.

24. Group accounting policies CONTINUED

Prepaid expenses

Prepaid expenses recognized under assets include costs relating to the subsequent financial years. Prepaid expenses are measured at cost.

Deferred income

Deferred income includes income received relating to the subsequent financial year. Deferred income is measured at cost.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and certain overdrafts, and other liquid assets.

Equity

Foreign currency translation reserve includes foreign currency translation adjustments on the translation of financial statements of foreign subsidiaries from their respective functional currencies into Danish kroner. Foreign currency translation adjustments are recognized in the income statement on realization of the net investment. Hedging reserves include fair value adjustments of derivatives satisfying the criteria for hedging of future transactions. The amounts are recognized in the income statement or the balance sheet in step with recognition of the hedged transactions.

Treasury shares

On the sales of treasury shares, the purchase price or selling price, respectively, is recognized directly in equity under other reserves (retained earnings).

Cash flow statement

The cash flow statement is prepared according to the indirect method and reflects the consolidated net cash flow broken down into operating, investing and financing activities.

Cash flow from operating activities includes inflows from the year's operations adjusted for non-cash operating items, changes in working capital, financial income received and expenses paid, realized foreign currency translation gains and losses and income tax paid. Cash flow from investing activities includes the purchase, development, improvement or sale of intangible assets and property, plant and equipment.

Cash flow from investing activities comprises cash flows from the purchase and sale of intangible, tangible and financial non-current assets.

Cash flow from financing activities comprises cash flows from raising and repaying long-term debt, instalments on lease liabilities and bank overdraft.

Estimates and judgements

On the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements. These relate to the recognition, measurement and classification of assets and liabilities. Many items can only be estimated rather than accurately measured. Such estimates are based on the most recent information available on preparation of the financial statements. Estimates and assumptions are therefore reassessed on an ongoing basis. Actual figures may, however, deviate from these estimates. Any changes in accounting estimates will be recognized in the reporting period in which such changes are made

Financial ratios

Financial ratios are calculated as follows:

- Gross profit margin = Gross profit x 100 / Revenue
- Profit margin = EBIT x 100 / Revenue
- Liquidity ratio = Total current assets x 100 / Total current liabilities
- Equity ratio = Total equity x 100 / Total assets
- Return on equity = Profit for the period x 100 / (Equity this year + equity prior year) / 2
- Financial leverage = Net interest-bearing debt x 100 / Equity
- Net debt to EBITDA = Net debt / EBITDA (EBIT less depreciations)
- NWC/Revenue = Net working capital x 100 / Revenue
- Earnings per share = Profit for the period / Shares in free flow
- Equity value per share = Equity / Total shares
- Share price = Share price at end of period
- Price-book ratio = Share price / Equity per share
- Market capitalization = Total number of share x Share price
- ROIC = NOPAT / (Invested capital this year + invested capital prior year) / 2
- NOPAT = Profit for the period +/- net financial income
- Invested capital = Total assets - net cash and credits - deferred tax assets – non-interest-bearing current liabilities

5.5 PARENT COMPANY FINANCIAL STATEMENTS

Parent company income statement

DKK Thousands		2020	2019
Notes			
	Other income	900	900
1,2	Administrative expenses	(3,124)	(3,132)
	Operating profit (EBIT)	**(2,224)**	**(2,232)**
3,7	Financial income	167	29
3	Financial expenses	(331)	(238)
	Profit before tax	**(2,388)**	**(2,441)**
4	Tax on profit for the year	684	1,110
	Profit for the year	**(1,704)**	**(1,331)**

Parent company statement of comprehensive income

DKK Thousands		2020	2019
Notes			
	Profit for the year	(1,704)	(1,331)
	Other comprehensive income	0	0
	Comprehensive income	(1,704)	(1,331)
	Comprehensive income attributable to SKAKO A/S shareholders	(1,704)	(1,331)

Parent company balance sheet at 31 December

Notes	DKK Thousands	2020	2019
	Other intangible assets	-	-
5	**Intangible assets**	**-**	**-**
	Operating equipment, fixtures and fittings	-	-
	Leasehold improvements	-	-
	Tangible assets under construction	-	-
6	**Tangible assets**	**-**	**-**
7	Investments in subsidiaries	164,158	164,158
	Other receivables	-	-
8	Deferred tax assets	159	-
	Other non-current assets	**164,317**	**164,158**
	Total non-current assets	**164,317**	**164,158**
	Receivables from subsidiaries	375	1,251
	Trade receivables	-	-
	Income tax	525	537
	Other receivables	-	-
	Prepaid expenses	-	-
	Other investments	-	74
	Cash	26	26
	Current assets	**926**	**1,888**
	Assets	**165,243**	**166,046**

Parent company balance sheet at 31 December

DKK Thousands		2020	2019
Notes			
	Share capital	31,064	31,064
	Retained earnings	107,152	124,825
	Proposed dividends	9,252	-
	Total equity	**147,468**	**155,889**
	Debt to subsidiaries	10,996	5,206
	Bank loans and credit facilities	4,982	4,243
	Trade payables	309	5
	Other liabilities	1.488	703
	Current liabilities	**17,775**	**10,157**
	Liabilities	**17,775**	**10,157**
	EQUITY AND LIABILITIES	**165,243**	**166,046**

Parent company cash flow statement

Notes	DKK Thousands	2020	2019
	Profit before tax	(2,388)	(2,441)
9	Adjustments	(385)	885
	Changes in receivables, etc.	537	-
	Change in trade payables and other liabilities, etc.	1,089	692
	Cash flow from operating activities before financial items and tax	**(1,147)**	**(864)**
	Financial items received and paid	(164)	(209)
	Cash flow from operating activities	**(1,311)**	**(1,073)**
	Change in intra-Group balances	6,666	433
	Change in short-term bank facilities	739	610
	Distributed dividends	(6,168)	-
	Cash flow from financing activities	**1,237**	**1,043**
	Change in cash and cash equivalents	(74)	(30)
	Cash and cash equivalents 1 January	100	130
	Cash and cash equivalents 31 December	**26**	**100**
	Breakdown of cash and cash equivalents at the end of the year:		
	Cash	26	26
	Other investments	-	74
	Cash and cash equivalents at the end of the year	**26**	**100**

Parent company statement of changes in equity

DKK Thousands	Share capital	Retained earnings	Proposed dividends	Equity
Equity 1 January 2020	31,064	124.825	-	155,889
Comprehensive income in 2020:				
Loss for the year	-	(1,704)	-	(1,704)
Distributed interim dividends	-	(6,168)		(6,168)
Proposed dividends	-	(9,252)	9,252	-
Other comprehensive income	-	-		-
Comprehensive income, year	**-**	**(17,124)**	**9,252**	**(7,872)**
Share-based payment, share warrants	-	(549)	-	(549)
Equity 31 December 2020	**31,064**	**107,152**	**9,252**	**147,468**

DKK Thousands	Share capital	Retained earnings	Equity
Equity 1 January 2019	31,064	125,488	156,552
Comprehensive income in 2019:			
Loss for the year	-	(1,331)	(1,331)
Other comprehensive income	-	-	-
Comprehensive income, year	**-**	**(1,331)**	**(1,331)**
Share-based payment, share warrants	-	668	668
Equity at 31 December 2019	**31,064**	**124,825**	**155,889**

5.6 PARENT COMPANY NOTES

1. Staff costs

Number of employees in 2020: 0 (2019: 0)

For information regarding Executive Management and Board of Directors remuneration, including share-based warrant plans, please refer to note 3 and note 4 in the consolidated financial statements

2. Fee to parent company auditors appointed at the Annual General Meeting

DKK Thousands	2020	2019
PWC		
Statutory audit	297	232
Other assurance engagements	35	-
Tax and indirect taxes consultancy	-	-
Other services	237	50
	569	**282**

The fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the parent company amounts to DKK 0.24m (2019: DKK 0.02m) and consists of accounting and tax advisory.

3. Net financial income

DKK Thousands	2020	2019
Interest from subsidiaries	25	13
Dividends received from subsidiaries	-	-
Reversal of write-down of shares in subsidiaries	-	-
Financial income from financial assets not measured at fair value in the income statement	**25**	**13**
Other financial income	142	16
Financial income	**167**	**29**
Interest to subsidiaries	(196)	(83)
Interest on bank debt	(27)	(84)
Interest on lease debt	-	-
Financial expenses on financial liabilities not measured at fair value in the income statement	**(223)**	**(167)**
Other financial expenses	(107)	(71)
Financial expenses	**(331)**	**(238)**
Net financial items	**(164)**	**(209)**

4. Tax on profit for the year

DKK Thousands	2020	2019
Current tax on the profit for the year	525	537
Adjustment of current tax, prior years	-	-
Change in deferred tax	-	-
Adjustment of deferred tax, prior years	159	573
Impact on changes in corporate tax rates	-	-
Tax for the period	684	1,110
Danish corporate tax rates	525	537
Effect of tax rates in foreign jurisdictions	-	-
Impact in changes in corporate tax rates	-	-
Tax assets not capitalised	-	-
Permanent differences and other items	159	573
	684	1,110

5. Intangible assets

DKK Thousands	2020	2019
	Software	Software
Cost at 1 January	907	907
Investments	-	-
Disposals	-	-
Transferred between categories	-	-
Cost at 31 December	**907**	**907**
Amortisation and impairment at 1 January	907	907
Disposals	-	-
Amortisation	-	-
Amortisation and impairment at 31 December	**907**	**907**
Carrying amount at 31 December	**-**	**-**

6. Tangible assets

DKK Thousands	Leasehold improvements	Operating equipment, fixtures and fittings	Total
Cost at 1 January 2020	341	2,168	2,509
Investments	-	-	-
Disposals	-	-	-
Transferred between categories	-	-	-
Cost at 31 December 2020	**341**	**2,168**	**2,509**
Depreciation and impairment at 1 January 2020	341	2,168	2,509
Transferred between categories	-	-	-
Disposals	-	-	-
Depreciation	-	-	-
Depreciation and impairment at 31 December 2020	**341**	**2,168**	**2,509**
Carrying amount at 31 December 2020	**-**	**-**	**-**

DKK Thousands	Leasehold improvements	Operating equipment, fixtures and fittings	Total
Cost at 1 January 2019	341	2,168	2,509
Investments	-	-	-
Disposals	-	-	-
Transferred between categories	-	-	-
Cost at 31 December 2019	**341**	**2,168**	**2,509**
Depreciation and impairment at 1 January 2019	341	2,168	2,509
Transferred between categories	-	-	-
Disposals	-	-	-
Depreciation	-	-	-
Depreciation and impairment at 31 December 2019	**341**	**2,168**	**2,509**
Carrying amount at 31 December 2019	**-**	**-**	**-**

7. Investments in subsidiaries

DKK Thousands	2020	2019
Cost at 1 January	260,534	260,534
Investments	-	-
Disposals	-	-
Cost at 31 December	**260,534**	**260,534**
Write-down at 1 January	(96,375)	(96,375)
Reversal of write-down	-	-
Write-down at 31 December	**(96,375)**	**(96,375)**
Carrying amount at 31 December	**164,159**	**164,159**

Group companies are listed on page 131.

8. Deferred tax

DKK Thousands	2020	2019
Deferred tax recognized in the balance sheet:		
Deferred tax assets	159	-
Deferred tax liabilities	-	-
Deferred tax, net 31 December	**159**	**-**
Deferred tax, net at 1 January	-	-
Changes in deferred tax	159	-
Deferred tax, net at 31 December	**159**	**-**
Deferred tax assets:		
Tax losses	159	-
	159	**-**
Deferred tax assets not recognized:		
Intangible assets	74	74
Property, plants and equipment	131	131
Inventories	-	-
Provisions	-	-
Tax losses	4,616	4,775
	4,821	**4,980**

Tax losses carried forward are not subject to time limitation.

9. Adjustments, cash flow statement

Adjustments

DKK Thousands	2020	2019
Dividends received from subsidiaries	-	-
Depreciations	-	-
Financial items received and paid	164	209
Other	(549)	668
	(385)	877

Change in borrowings and short-terme credit ficilities

DKK Thousands	2020	2019
Borrowings 1. January	4,243	3,634
Repayments	-	-
New borrowings	739	609
Currency adjustments	-	-
Borrowings 31. December	4,982	4,243

10. Contracts liabilities, contingent liabilities and securities

Please refer to note 20 in the consolidated financial statements.

As security for SKAKO Concrete A/S' and SKAKO Vibration A/S' outstanding account in relation to its primary financial institution the company has provided an unlimited, joint and several suretyships.

Towards the company's primary financial institution, a company deposit of DKK 50 million (2019: DKK 50 million) has been provided with deposit in unsecured claims, stocks, tangible assets and intangible rights.

There is a 12-month rent commitment related to the building in Denmark. The minimum rent liability amounts to DKK 3.0 million (2019: DKK 3.0 million).

The company is jointly taxed with all Danish subsidiaries. The company is jointly and severally liable with the other companies in the joint taxation for Danish corporate taxes and withholding taxes on dividend, interests and royalties within the joint taxation.

11. Related parties

Please refer to note 21 in the consolidated financial statements.

In 2020, the Parent Company has sold services to subsidiaries for DKK 900 thousand (2019: DKK 900 thousand) and paid net interest expenses, cf. note 3.

12. Events after the balance sheet date

Please refer to note 22 in the consolidated financial statements.

13. Accounting policies

The financial statements for 2020 of the parent company, SKAKO A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies under reporting class D. The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value.

The accounting policies for the financial statements of the parent company are unchanged from the last financial year and are the same as for the consolidated financial statements with the following additions.

Supplementary accounting policies for the parent company

Investments in Subsidiaries

Investments in subsidiaries are recognized at cost less impairment losses. Where the recoverable amount is lower than cost, investments are written down to this lower value. Dividends received from investments in subsidiaries and associates are recognized in the income statement in the financial year in which the dividends are declared.

Intra-group transactions in the Parent Company Financial Statements

Intra-group transactions are recognized in the parent company financial statements at the carrying amount. Accordingly, additions to or disposals of investments are recognized at the carrying amount, and any difference between the carrying amount of net assets and the consideration paid is recognized directly in equity. Comparative figures are not restated.

Intercompany balances

Intercompany balances which are expected to be settled as part of the normal operating cycle, or where an unconditional right to defer settlement.

Subsidiaries

Company name	Country	Interest
SKAKO A/S	Denmark	**Parent**
SKAKO Concrete A/S	Denmark	100%
SKAKO GmbH	Germany	100 %
SKAKO Concrete, Inc.	USA	100 %
SKAKO Concrete S.A.	France	100 %
Conparts ApS	Denmark	100 %
SKAKO Vibration A/S	Denmark	100 %
SKAKO Vibration Ltd.	UK	100 %
SKAKO Dartek S.L.	Spain	100 %
SKAKO Vibration S.A.	France	100 %
SKAKO Vibration Succursale Maroc	Morocco	100 %
Aktieselskabet af 01.04.2012	Denmark	100 %

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