MIE4 Holding 7 ApS

Gammeltorv 18, DK-1457 København K

Annual Report for 1 January - 31 December 2019

CVR No 36 95 91 93

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11/06 2020

Jakob Vestergaard Jensen
Chairman of the General Meeting

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of MIE4 Holding 7 ApS for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 11 June 2020

Executive Board

Søren Holm Tøth	Mads Peter Hytteballe Andersen

Independent Auditor's Report

To the Shareholder of MIE4 Holding 7 ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MIE4 Holding 7 ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 conducted 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 Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor’s Report

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 11 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
statsautoriseret revisor
mne18628

Company Information

The Company	MIE4 Holding 7 ApS Gammeltorv 18 DK-1457 København K CVR No: 36 95 91 93 Financial period: 1 January - 31 December Municipality of reg. office: København
Group	MIE4 Holding 7 ApS owns 81.88 % of MIE4 7 Datter ApS, which is the parent company of Svendsen Sport A/S. MIE4 Holding 7 ApS is owned by Maj Invest Equity 4 K/S.
Executive Board	Søren Holm Tøth Mads Peter Hytteballe Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a four-year period, the development of the Group is described by the following financial highlights:

	Group			
	2019	2018	2017	2015/16
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Revenue	444,553	416,071	405,892	415,146
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)	40,338	51,594	44,347	26,223
Profit/loss before financial income and expenses	11,934	24,683	17,664	-4,626
Net financials	-10,544	-11,700	-10,387	-6,752
Net profit/loss for the year	-4,116	5,386	387	-20,347
Balance sheet				
Balance sheet total	522,783	521,403	524,950	566,225
Equity	230,464	234,307	223,581	230,231
Cash flows				
Cash flows from:				
- operating activities	19,533	17,864	60,366	13,168
- investing activities	-16,877	-3,819	-2,835	-459,426
including investment in property, plant and equipment	-5,809	-4,045	-2,840	-6,527
- financing activities	317	-18,158	-24,779	447,125
Change in cash and cash equivalents for the year	2,973	-4,113	32,752	867
Number of employees	170	166	158	159
Ratios				
Gross margin	29.6%	32.0%	29.3%	26.7%
Profit margin	2.7%	5.9%	4.4%	-1.1%
Return on assets	2.3%	4.7%	3.4%	-1.6%
Solvency ratio	44.1%	44.9%	42.6%	40.7%
Return on equity	-1.8%	2.4%	0.2%	-17.7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of MIE4 Holding 7 ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Group is ultimately owned by the private equity fund, Maj Invest Equity 4 K/S.

The Annual Report has been prepared under the same accounting policies as last year.

The Group has secured sufficient loan facilities to secure the operations through 2020 also taking the difficult market conditions caused by the Covid-19 pandemic into consideration.

Key activities

The parent company's purpose is to directly or indirectly hold and settle equity investments in companies as well as make further investments in these companies as well as other activities that, in the discretion of the Board, are connected.

The group's activities are wholesale and agency trading of angling equipment and related products.

Today the group's products are sold through distributors/agents in most of the European countries.

Market overview

The Group's products are sold worldwide and cover most of the major fishing disciplines.

Development in the year

The income statement of the Group for 2019 shows a loss of TDKK 4,116, and at 31 December 2019 the balance sheet of the Group shows equity of TDKK 230,464.

The Group's revenue for the year amounted to DKK 444.6 million, which is an increase compared to last year when revenue amounted to DKK 416.1 million. The Group's revenue for the year is in line with the expected revenue.

The Group has taken over its Hungarian distributor from the beginning of the year.

Operating profit amounted to DKK 40.3 million. Net financials amounting to a negative DKK 10.5 million.

The net result is below expectations but considered satisfactory.

End of 2018, the Group decided to establish its own subsidiary in USA. During 2019, the group has invested in inventory, equipment and organization. The operation in USA is – as expected – contributing negatively to the result. The group expects a significant growth in USA in the coming years.

Management’s Review

Strategy

The Group aims to develop and sell innovative and branded angling equipment and accessories.

Targets and expectations for the year ahead

The Group has budgeted continued top line growth in 2020, as well as an improved result after taxes in 2020.

However, the expectations for 2020 has changed significantly following of the Covid-19 outbreak. Due to the impact of Covid-19 management expect a decrease in revenue in 2020 as well a negative profit of the year 2020. Adequate liquidity resources are secured for the entire year 2020.

For further understanding please refer to note 1 "Going Concern" and note 2 "Subsequent Events".

Particular Risks

Operating risks

To some extent, the Group's costs depend on the development in raw material prices and wages and salaries among its subcontractors. To the largest possible extent, the Group attempts to hedge this risk by entering into long-term agreements with its subcontractors.

The Group's production and products are mainly based on well-known and thoroughly tested techniques, and the majority of the tasks are performed under well-known risks.

MIE4 Holding 7 ApS’ principal activity is investing in portfolio companies. Therefore, a substantial risk factor is changes in the value of Svendsen Sport A/S.

Foreign exchange risks

The Group has a high international activity and is therefore exposed and vulnerable for exchange rate fluctuations primarily on US dollars vs. DKK. As the products are sold on different European markets, the Group is also to a minor extend exposed to fluctuations on other European currencies vs. DKK. The main part of the transactions in foreign currencies is denominated in EUR, which is not hedged due to Denmark's fixed exchange rate policy vis-á-vis the Euro.

Interest rate risks

In relation to its credit facility, the Group is subject to an interest rate risk. The interest rate exposure is related to fluctuations in the CIBOR rate. The Group is not hedging its interest exposure.

Management's Review

Credit risks

The Group's customers comprise a wide range of retailers in Europe and USA. The maximum credit risk that may occur for trade receivables and other receivables corresponds to the value at which they are recognized in the balance sheet. No single receivable constitutes a significant part.

Risks connected to capital structure

The Group has a solid balance sheet with a solidity ratio above 40% and a liquidity ratio above 1. The Group is only to a minor extend dependent on support from the mother company. Therefore, the Management does not see any special risks connected to the capital structure.

The Group is not affected by other unusual risks.

Research and development

The Group's development activities include functional development and design of equipment for angling, including lures, rods, reels as well as clothing and other accessories.

External environment

As the Group operates globally, it is aware of its external business environment. The Group manages its risks from the external environment by having a diversified approach to suppliers, customers, markets and fishing disciplines.

Intellectual capital resources

The Group possesses extensive knowledge on product development. Retention and development of competencies in the development department is of major importance for continued growth and earnings.

Statement of corporate social responsibility

Human rights and social & employee conditions

Respect for human rights is fundamental. This goes for the employees of the Group as well as the communities the Group lives and operates in. The CSR policy is described in the employee handbook which is given to new employees upon employment.

Management's Review

• The Group supports and respects the protection of internationally proclaimed human rights,
• The Group will ensure that we are not complicit in human rights abuse in any of our operations,
• The Group will uphold the freedom of association and the effective recognition of the rights to collective bargaining,
• The Group will not use any form of forced or compulsory labor,
• The Group will support the elimination of direct and indirect discrimination in respect of employment and occupation, including race, color, sex, religion, political opinion and nationality or social origin,
• The Group will continuously develop employees' competencies and flexibility and will provide safe and healthy working conditions.

The Group offers their employees an opportunity for further training by offering courses to help develop their competencies.

The Group main risk for Social and employee conditions lies within maintaining that employees have the proper skills to maintain their job and create value for the Group. The Group does not see any other specific, material risks to violate human rights.

Environment and Climate

The Group will continuously improve processes to minimize the environmental impact of the operation. The main environmental impact is in the distribution of products, and the indirect impact from the 3rd party manufacturing of products.

The Group has not been able to measure the direct impact of the environmental plans in 2019, nor will the Group be able to measure the direct impact in 2020.

Anticorruption

All the Group's employees are informed, when employed, that conduct of unethical, dishonest behavior and bribery is not tolerated.

• The Group will conduct its business with high ethical standards, honesty and respect for other,
• The Group will be compliant with the laws and regulations in the countries where we are present,
• Neither the Group nor its employees will offer, promise, give and/or accept a bribe for business purposes,
• Neither the Group nor the employees will be involved in non-competition activities i.e. illegal price fixing, sharing of customers and markets.

The Group's risks related to anti-corruption and bribery is mainly present within our own operation and with our collaboration partners.

The Group has not discovered any breach of anti-corruption or bribery in 2019.

Management's Review

Statement on gender composition

The Group strives to maintain and fulfil the goals set for gender quotation at all management levels but will always employ the best qualified candidate. The Group believes that diversity among employees contributes positively to the working environment and strengthens the Group's performance and competitiveness. The Group's policy is to always provide equal job opportunities regardless of gender.

The proportion of underrepresented gender among the Management was 0%, end of 2019.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

However, some measurements are based on judgements or assumptions as certain items in financial statements by their nature cannot be measured with precision.

Unusual events

The financial position at 31 December 2019 of the Group and the results of the activities of the Group for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

The Covid-19 outbreak in March 2020 and the following Government restrictions in many of the Group's key markets materially affects the assessment of the Annual Report. In respect of the balance sheet, the most significant impact is on the valuation of the account receivables.

As the Group primarily sells its products through an extensive dealer network, and most physical stores are more or less closed in all relevant markets, it will have a significant impact on the Group's turnover. In addition, the Group expects higher credit losses. However, it is very difficult to judge the impact, at this stage as the full impact and duration of the different governments' restrictions are not known. As the Covid-19 impacts the Group's main season, it is not possible to recover the lost turnover during the remainder of the year.

The Group's management consider the cash flow and available cash to be the main concern. The Group has secured a strong liquidity buffer that secures the operation of the Group, going forward.

No other events that will have a material impact of the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group 2019	Group 2018	Parent company 2019	Parent company 2018
		TDKK	TDKK	TDKK	TDKK
Revenue	3	**444,553**	**416,071**	**0**	**0**
Other operating income		0	7	0	0
Expenses for raw materials and consumables		-246,593	-224,398	0	0
Other external expenses		-66,566	-58,517	-693	-72
Gross profit/loss		**131,394**	**133,163**	**-693**	**-72**
Staff expenses	4	-91,056	-81,569	0	0
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)		**40,338**	**51,594**	**-693**	**-72**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-28,404	-26,911	0	0
Profit/loss before financial income and expenses		**11,934**	**24,683**	**-693**	**-72**
Income from investments in subsidiaries		0	0	166	-273
Financial income	5	138	214	105	52
Financial expenses	6	-10,682	-11,914	-123	-197
Profit/loss before tax		**1,390**	**12,983**	**-545**	**-490**
Tax on profit/loss for the year	7	-5,506	-7,597	156	59
Net profit/loss for the year		**-4,116**	**5,386**	**-389**	**-431**

Balance Sheet 31 December

Assets

	Note	Group 2019	Group 2018	Parent company 2019	Parent company 2018
		TDKK	TDKK	TDKK	TDKK
Completed development projects		7,655	2,909	0	0
Acquired patents		1,693	1,623	0	0
Goodwill		247,434	266,130	0	0
Intangible assets	8	**256,782**	**270,662**	**0**	**0**
Other fixtures and fittings, tools and equipment		9,249	7,109	0	0
Leasehold improvements		1,722	1,534	0	0
Property, plant and equipment	9	**10,971**	**8,643**	**0**	**0**
Investments in subsidiaries	10	0	0	205,082	204,281
Deposits	11	596	572	0	0
Fixed asset investments		**596**	**572**	**205,082**	**204,281**
Fixed assets		**268,349**	**279,877**	**205,082**	**204,281**
Inventories	12	**149,285**	**143,429**	**0**	**0**
Trade receivables		83,519	89,076	0	0
Receivables from group enterprises		0	0	21,355	0
Other receivables		1,845	516	475	0
Deferred tax asset	16	2,959	1,037	0	0
Corporation tax		2,855	1,619	215	59
Prepayments	13	6,772	1,623	0	0
Receivables		**97,950**	**93,871**	**22,045**	**59**
Current asset investments		**102**	**92**	**0**	**0**
Cash at bank and in hand		**7,097**	**4,134**	**656**	**2,471**
Currents assets		**254,434**	**241,526**	**22,701**	**2,530**
Assets		**522,783**	**521,403**	**227,783**	**206,811**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019	Group 2018	Parent company 2019	Parent company 2018
		TDKK	TDKK	TDKK	TDKK
Share capital		167	167	167	167
Retained earnings		188,285	191,179	206,197	206,586
Equity attributable to shareholders of the Parent Company		**188,452**	**191,346**	**206,364**	**206,753**
Minority interests		42,012	42,961	0	0
Equity	14	**230,464**	**234,307**	**206,364**	**206,753**
Provision for deferred tax	16	1,737	744	0	0
Provisions		**1,737**	**744**	**0**	**0**
Subordinate loan capital		3,768	0	0	0
Credit institutions		75,000	110,000	0	0
Other payables		21,352	0	21,352	0
Long-term debt	17	**100,120**	**110,000**	**21,352**	**0**
Credit institutions	17	108,196	97,334	0	0
Trade payables		46,817	55,696	0	0
Corporation tax		17,104	11,629	0	0
Other payables	17,18	18,345	11,693	67	58
Short-term debt		**190,462**	**176,352**	**67**	**58**
Debt		**290,582**	**286,352**	**21,419**	**58**
Liabilities and equity		**522,783**	**521,403**	**227,783**	**206,811**

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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	167	191,179	191,346	42,961	234,307
Exchange adjustments	0	-61	-61	-14	-75
Transactions with non-controlling interests	0	-250	-250	-385	-635
Fair value adjustment of hedging instruments, end of year	0	831	831	184	1,015
Other equity movements	0	-26	-26	-6	-32
Net profit/loss for the year	0	-3,388	-3,388	-728	-4,116
Equity at 31 December	**167**	**188,285**	**188,452**	**42,012**	**230,464**

Parent company

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	167	206,586	206,753	0	206,753
Net profit/loss for the year	0	-389	-389	0	-389
Equity at 31 December	**167**	**206,197**	**206,364**	**0**	**206,364**

Cash Flow Statement 1 January - 31 December

		Group	
	Note	2019	2018
		TDKK	TDKK
Net profit/loss for the year		-4,116	5,386
Adjustments	19	44,380	46,878
Change in working capital	20	-7,993	-16,496
Cash flows from operating activities before financial income and expenses		**32,271**	**35,768**
Financial income		139	214
Financial expenses		-10,680	-11,914
Cash flows from ordinary activities		**21,730**	**24,068**
Corporation tax paid		-2,197	-6,204
Cash flows from operating activities		**19,533**	**17,864**
Purchase of intangible assets		-7,834	-1,137
Purchase of property, plant and equipment		-5,809	-4,045
Fixed asset investments made etc		-24	273
Business acquisition		-3,210	1,090
Cash flows from investing activities		**-16,877**	**-3,819**
Repayment of loans from credit institutions		-24,136	16,538
Repayment of payables to group enterprises		0	-4,319
Repayment of other long-term debt		0	-25,000
Raising of other long-term debt		25,120	0
Minority interests		-385	1,743
Purchase of treasury shares		-32	0
Sale of treasury shares		0	141
Cash capital increase		-250	-652
Other equity entries		0	-6,609
Cash flows from financing activities		**317**	**-18,158**
Change in cash and cash equivalents		**2,973**	**-4,113**
Cash and cash equivalents at 1 January		4,226	8,339
Cash and cash equivalents at 31 December		**7,199**	**4,226**

Pengestrømsopgørelse 1. januar - 31. december

	Note	2019	2018
		TDKK	TDKK
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,097	4,134
Current asset investments		102	92
Cash and cash equivalents at 31 December		**7,199**	**4,226**

Notes to the Financial Statements

1 Going concern

The outbreak of Covid-19 has impacted the Group by a significant decrease in revenue after the end of the financial year and the company now expects a negative profit for the year 2020. Furthermore, the Group'sliquidity has been negatively affected.

As a result of the Covid-19 impacts and the increased uncertainty, the Group has increased the bank creditfacility, which results in satisfactory liquidity resources of the Group.

The annual report has therefore been prepared in accordance with the going concern principles.

2 Subsequent events

The implications of COVID-19 with many governments across the world deciding to close down their countries will have great impact on the global economy. Management considers the implications of COVID-19 asubsequent event occurred after the balance sheet date 31 December 2019, and therefore will not have any effect on the Financial Statements for 2019 a non-adjusting event.

The Group is impacted negatively of the Covid-19 as the Group's industry is subject to restrictions and guidelines from governments and health authorities in the countries in which it operates. Moreover, the Company is affected by the fact that management had sent home employees as a result of the guidelines and restrictions.

Currently, it is not possible to assess the negative impact of Covid-19 for year 2020 financial statements.

3 Revenue

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Domestic	33,184	23,878	0	0
Export sales, EU	353,424	337,955	0	0
Export sales, non-EU	57,945	54,238	0	0
	444,553	**416,071**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
4 Staff expenses				
Wages and salaries	78,846	70,258	0	0
Pensions	1,621	1,639	0	0
Other social security expenses	8,836	8,274	0	0
Other staff expenses	1,753	1,398	0	0
	91,056	**81,569**	**0**	**0**
Including remuneration to the Executive Board	**2,600**	**2,600**	**0**	**0**
Average number of employees	**170**	**166**	**0**	**0**

MIE4 7 Datter ApS has issued 67,466 warrants to a number of senior executives and board members. Warrant holders may exercise warrants of one or more laps, until the earliest date, either (i) 1 August 2021 or (ii) at MIE 4 Holding 7 ApS' direct or indirect future exit in the Company. Each warrant entitles the holder to subscribe for one share of a nominal value of 1 DKK at an exercise price of between 303 and 367, corresponding to a total market value of between TDKK 21,725 and TDKK 26,314, depending on the time of utilization. New shares are issued without pre-emption rights for the company's existing shareholder, and there are no special conditions for exercising warrants. The executive employees and board members were charged TDKK 141 in 2018 and an accumulated charge og TDKK 1,182 for warrants. The payments are treated as an equity transaction, as the payer has no chance of claiming repayment.

According to section 98B, paragraph 3 of the Danish Financial Statements Act, renumeration to the Executive Board has not been disclosed.

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
5 Financial income				
Interest received from group enterprises	0	0	105	0
Other financial income	138	214	0	52
	138	**214**	**105**	**52**
6 Financial expenses				
Interest paid to group enterprises	0	161	0	161
Other financial expenses	10,630	11,735	123	36
Exchange loss	52	18	0	0
	10,682	**11,914**	**123**	**197**
7 Tax on profit/loss for the year				
Current tax for the year	6,410	9,682	-156	-59
Deferred tax for the year	-904	-1,156	0	0
	5,506	**8,526**	**-156**	**-59**
which breaks down as follows:				
Tax on profit/loss for the year	5,506	7,597	-156	-59
Tax on changes in equity	0	929	0	0
	5,506	**8,526**	**-156**	**-59**

8 Intangible assets

Group

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	10,863	2,960	340,035
Additions for the year	5,930	902	4,211
Cost at 31 December	16,793	3,862	344,246

Notes to the Financial Statements

8 Intangible assets (continued)

Group

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Impairment losses and amortisation at 1 January	7,954	1,337	73,905
Amortisation for the year	1,184	832	22,907
Impairment losses and amortisation at 31 December	9,138	2,169	96,812
Carrying amount at 31 December	**7,655**	**1,693**	**247,434**
Amortised over	3-5 years	10 years	15 years

The Group's development expenses relates to capitalisation of costs in respect of filing for trademarks and patents and development of the Group's ERP system in connection with the Group's entrance on the US market.

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	20,368	2,229
Additions for the year	5,512	403
Disposals for the year	-363	-22
Cost at 31 December	25,517	2,610
Impairment losses and depreciation at 1 January	13,259	695
Depreciation for the year	3,009	193
Impairment losses and depreciation at 31 December	16,268	888
Carrying amount at 31 December	**9,249**	**1,722**

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent company 2019	Parent company 2018
	TDKK	TDKK
Cost at 1 January	204,281	205,644
Additions for the year	1,635	0
Disposals for the year	-834	-1,363
Carrying amount at 31 December	**205,082**	**204,281**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
MIE4 7 Datter ApS	Copenhagen, Denmark	1.000	82%
Svendsen Sport A/S*	Gadstrup, Denmark	1.000	82%
Neue Deutsche Angelgeräte Manufaktur Int. GmbH*	Georgsmünd, Germany	4.095	82%
Savage Gear Americas Inc.**	Miramar, Florida, USA	USD 1	82%

*Owned indirectly by MIE4 7 Datter ApS

**Owned indirectly by Svendsen Sport A/S

11 Other fixed asset investments

	Group Deposits
	TDKK
Cost at 1 January	572
Additions for the year	68
Disposals for the year	-44
Cost at 31 December	596
Carrying amount at 31 December	**596**

12 Inventories

	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	TDKK	TDKK	TDKK	TDKK
Finished goods and goods for resale	149,285	143,429	0	0
	149,285	**143,429**	**0**	**0**

Notes to the Financial Statements

13 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions and licenses etc.

14 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	150,000	150,000
B-shares	16,667	16,667
		166,667

The B-shares have a statutory right to dividend / liquidation proceeds which cannot exceed TDKK 46,550 plus 10% in interest p.a. from 30 March 2016 in accordance with article 3.2 of the articles of association.

The share capital has developed as follows:

	2019	2018	2017	2015/16
	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	167	167	167	50
Capital increase	0	0	0	117
Capital decrease	0	0	0	0
Share capital at 31 December	**167**	**167**	**167**	**167**

15 Distribution of profit

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Minority interests' share of net profit/loss of subsidiaries	-728	937	0	0
Retained earnings	-3,388	4,449	-389	-431
	-4,116	**5,386**	**-389**	**-431**

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
16 Deferred tax asset				
Deferred tax asset at 1 January	293	-854	0	0
Amounts recognised in the income statement for the year	904	1,147	0	0
Amounts recognised in equity for the year	25	0	0	0
Deferred tax asset at 31 December	**1,222**	**293**	**0**	**0**
Intangible assets	2,083	1,107	0	0
Property, plant and equipment	-346	-363	0	0
Tax loss carry-forward	-2,959	-1,037	0	0
Transferred to deferred tax asset	2,959	1,037	0	0
	1,737	**744**	**0**	**0**
Deferred tax asset				

The deffered tax asset relates to losses in subsidiaries.

Calculated tax asset	2,959	1,037	0	0
Carrying amount	**2,959**	**1,037**	**0**	**0**

The recognised tax asset comprises tax loss carry-forwards in respect of losses incurred in USA and expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company's subsidiary, Svendsen Sport A/S, being able to achieve it's goals on the new US market and thereby gaining a solid and profitable foothold.

Notes to the Financial Statements

17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
Between 1 and 5 years	3,768	0	0	0
Long-term part	3,768	0	0	0
Within 1 year	0	0	0	0
	3,768	**0**	**0**	**0**
Credit institutions				
Between 1 and 5 years	75,000	110,000	0	0
Long-term part	75,000	110,000	0	0
Within 1 year	35,000	30,000	0	0
Other short-term debt to credit institutions	73,196	67,334	0	0
Short-term part	108,196	97,334	0	0
	183,196	**207,334**	**0**	**0**
Other payables				
Between 1 and 5 years	21,352	0	21,352	0
Long-term part	21,352	0	21,352	0
Other short-term payables	18,341	11,693	67	58
	39,693	**11,693**	**21,419**	**58**

Notes to the Financial Statements

18 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Liabilities	0	1,103	0	0

The Group entered into forward exchange contracts for hedging future purchases in USD for a total of TDKK 52,615 for payment in EUR in 2018. This has been redeemed 2019. Hence the value is DKK 0 as well as DKK 0 under equity.

19 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	-138	-214
Financial expenses	10,682	11,914
Depreciation, amortisation and impairment losses, including losses and gains on sales	28,404	26,904
Tax on profit/loss for the year	5,506	7,597
Other adjustments	-74	677
	44,380	**46,878**

20 Cash flow statement - change in working capital

Change in inventories	-5,856	-2,647
Change in receivables	-922	-16,927
Change in trade payables, etc	-2,230	-7,258
Fair value adjustments of hedging instruments	1,015	10,336
	-7,993	**-16,496**

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

21 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
MIE4 7 Datter ApS' shares in Svendsen Sport A/S and Neue Deutsche Angelgeräte Manufaktur Int. GmbH have been put up as security for the Company's debt.

The factoring of receivables, TDKK 59,503, has been put up as security for the Group's debt.

As security for the Group's credit facilities with Jyske Bank a floating company charge ("virksomhedspant") of up to nominal TDKK 60,000 has been put up. The floating charge covers the Group's assets in general including inventories, trade receivables, tangible assets and intangible assets. AL Finans and the Group has also agreed on a pledge as security up to nominal TDKK 1,107.

The Group has issued guarantees for TDKK 1,717 against third parties at 31 December 2019.

Rental and lease obligations

	Group 2019 TDKK	Group 2018 TDKK	Parent company 2019 TDKK	Parent company 2018 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	5,632	6,250	0	0
Between 1 and 5 years	12,447	20,530	0	0
	18,079	**26,780**	**0**	**0**

Other contingent liabilities

MIE4 Holding 7 ApS is the administration company of the joint taxation arrangement with the Danish subsidiaries in the Group and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interests and royalties from the jointly taxed entities. The total amount of corporation tax payable by the Group amounts to TDKK 17,104. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

22 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Maj Invest Equity 4 K/S, København

23 Fee to auditors appointed at the general meeting

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	265	225	25	25
Tax advisory services	280	245	0	0
Other services	54	55	24	25
	599	**525**	**49**	**50**

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of MIE4 Holding 7 ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, MIE4 Holding 7 ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Notes to the Financial Statements

24 Accounting Policies (continued)

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the 12th month following the acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Notes to the Financial Statements

24 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

24 Accounting Policies (continued)

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Geographic segments are regarded as the primary segments.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

24 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is jointly taxed with Danish subsidiaries and is registered as management company of the joint taxation. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

24 Accounting Policies (continued)

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Intangible assets

Acquired goodwill is measured at cost less accumulated depreciation and write-downs. Goodwill is amortized on a straight-line basis over the useful life, which is estimated at 10 years. The depreciation period is based on an assessment of the acquired company's market position and earnings profile.

Consolidated goodwill is amortized over 15 years. The amortization period of Group Goodwill has been determined on the basis of an assessment of strategically acquired companies with a strong market position and long-term earnings profile.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Completed development projects include software licenses and development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and potential future market or development opportunity in the company can be demonstrated and where it is intended to produce, market or use the project if the cost price canbe reliably measured and there is sufficient assurance that future earnings can cover sales, administration and development costs. Development project are amortised on a straight-line basis over its useful life, which is assessed at 3-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

24 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	2-5 years
Other fixtures and fittings, tools and equipment	2-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at cost. Where cost exeeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Notes to the Financial Statements

24 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

24 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

24 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$