MIE4 Holding 7 ApS

Gammeltorv 18, DK-1457 København K

Annual Report for 1 January - 31 December 2020

CVR No 36 95 91 93

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/06 2021

Jakob Vestergaard Jensen
Chairman of the General Meeting

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Contents

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 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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.

Copenhagen, 16 June 2021

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 2020 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 2020 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 2020, 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, 16 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen statsautoriseret revisor mne18628	Søren Alexander statsautoriseret revisor mne42824

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 five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2020	2019	2018	2017	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	481,861	444,553	416,071	405,892	415,146
Profit/loss before interest, tax, depriciation and amortisation (EBITDA)	50,382	40,338	51,594	44,347	26,223
Profit/loss before financial income and expenses	14,776	11,934	24,683	17,664	-4,626
Net financials	-20,006	-10,544	-11,700	-10,387	-6,752
Net profit/loss for the year	-9,049	-4,116	5,386	387	-20,347
Balance sheet					
Balance sheet total	541,045	522,783	521,403	524,950	566,225
Equity	220,694	230,464	234,307	223,581	230,231
Cash flows					
Cash flows from:					
- operating activities	79,724	19,533	17,864	60,366	13,168
- investing activities	-16,864	-16,877	-3,819	-2,835	-459,426
including investment in property, plant and equipment	-11,427	-5,809	-4,045	-2,840	-6,527
- financing activities	-6,315	317	-18,158	-24,779	447,125
Change in cash and cash equivalents for the year	56,545	2,973	-4,113	32,752	867
Number of employees	183	191	166	158	159
Ratios					
Gross margin	30.3%	29.6%	32.0%	29.3%	26.7%
Profit margin	3.1%	2.7%	5.9%	4.4%	-1.1%
Return on assets	2.7%	2.3%	4.7%	3.4%	-0.8%
Solvency ratio	40.8%	44.1%	44.9%	42.6%	40.7%
Return on equity	-4.0%	-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

Business performance

Key activities and business model

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 Executive Board, are connected.

The Group's activities are development and sale of branded fishing tackle and related products.

The Group's products are sold directly by own sales forces in most of the largest European fishingmarkets as well in North America. In rest of the world, the products are sold selectively through agents/distributors. The Company has own inhouse product development, sourcing, sales and marketing. Products are manufactured by 3 rd parties.

In terms of corporate social responsibilities, the key risks are connected to the subcontractors handling of work force and environment. Furthermore, due to the long transportation distances, the business model has a CO_2 impact.

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 2020 shows a loss of TDKK 9,049, and at 31 December 2020 the balance sheet of the Group shows equity of TDKK 220,694.

The turnover for the year is higher than last year and better than expectations.

The Group's revenue for the year amounted to DKK 481.9 million, which is an increase compared to last year when revenue amounted to DKK 444.6 million.

Operating profit (EBITDA) amounted to DKK 50.4 million. Net financials amounting to a negative DKK 21.1 million.

The net result is below expectations but considered satisfactory.

End of 2018, the Group decided to establish its own subsidiary in USA. During 2020, the American subsidiary has shown significant growth, however, it is still contributing negatively to the financial result. The Group expects a significant growth in USA in the coming years.

During 2020, the Group experienced a short dip in activity in March to May due to the Covid-19 pandemic. In the rest of the year, the Group experienced an increased demand following the general increased demand for outdoor activities as a consequence of the Pandemic. The impact from the pandemic was not as hard as expected in the 2019 report.

In August 2020, the Group reorganized its sales organization in Germany, France and Poland to obtain a more streamlined operation. Consequently, a significant number of employees were dismissed.

Business Strategy

Strategy

The Group aims to develop and sell innovative and branded fishing tackle and accessories.

Targets and expectations for the year ahead

The Group has budgeted continued top line growth, as well as an improved result after taxes in 2021.

Research and development

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

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.

Business 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.

Management's Review

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. The USD flows are hedged in accordance with the Group's policies. 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-à-vis the Euro. Transactions in other currencies are in accordance with the Group's policies.

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.

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 around 40% and a liquidity ratio above 1. The Group is only to a minor extend dependent on support from the parent company. Therefore, the Management does not see any special risks connected to the capital structure.

The Group is not affected by other unusual risks.

Corporate social responsibility

Statement of corporate social responsibility

Statement of corporate social responsibility in accordance with the Danish Financial Statement Act §99 a.

For a description of the business model, please refer to a separate section, above.

UN Global compact

In its policy for "Business Principles and Corporate Social Responsibility", the Group subscribes to US Global Compact. From this starting point, the Group has selected four key and relevant UN Sustainable Development Goals (hereafter referred to as "Goal(s)"), where it tracks performance:
•Goal no. 7: Affordable and clean energy
•Goal no. 8: Decent work and Economic Growth
•Goal no. 9: Industry innovation and infrastructure
•Goal no. 12: Responsible consumption and production

Management's Review

The performance is described in the relevant sections, below.

The UN Global Compact principles are also the guidance for the Supplier Code of Conduct that the Group developed during 2020 and that is under implementation. The target is that 25% of the purchase of products for reselling in 2021 should come from suppliers that has signed the Code of Conduct. During 2021, the Group will also develop methods to control the suppliers' compliance with the Code of Conduct.

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. This is reflected in the Code of Conduct and the targets as described, above.

For its own operation, most of the energy is consumed in the central warehouse. According to Goal no. 7, the Group measures kWh spent in the warehouse per 1,000 DKK of Cost of Goods Sold (hereafter COGS) during the warehouse:

	2018	2019	2020	Target 2021
kWh/1,000 DKK of COGS	1.23	2.03	0.72	0.68

Due to the Group's diverse product portfolio, it is impossible to find a uniform measurement for the volume except the COGS. The reader must understand that the KPI is misleading to the extend that the COGS is inflated by price increases and is impacted by the development of exchange rates vs. DKK.

The Group has together with the landlord invested in more energy efficient lightning during the last couple of years.

To track the development of Goal no. 9 and Goal no. 12, the Group tracks the amount of waste in central warehouse kg in relation to COGS.

Kg/1,000 DKK of COGS	2020	Target 2021
Wood Waste	0.021	0.020
Plastic Waste	<0.010	<0.010
Cardboard Waste	n/a	n/a

Systems to track cardboard waste is under development.

Management's Review

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.

•The Group supports and respects the protection of internationally proclaimed human rights,
•The Group will ensure that it is not complicit in human rights abuse in any of its 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 key risk in terms of human rights, social and employee conditions lies with the sub-contractors. Consequently, the Group works with its Code of Conduct as described above.

According to Goal no. 8, the Group measures the share of purchase of trading goods (COGS) purchased from suppliers that have signed the Group's Code of Conduct. The goal for 2021 is 25%.

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

The Group's 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.

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 the Group is 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 are mainly present within its own operation and with its collaboration partners.

Management's Review

The Group has not discovered any breach of anti-corruption or bribery in 2020.

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 2020.

According to legislation on the gender quotation on the board of directors in Danish enterprises, the Group has selected a target for the underrepresented gender among members of the Executive Board of 20%. The proportion of the underrepresented gender among the Executive Board was 0%, end of 2020. The Group will work focused towards identifying the possibility of fulfilling the policy and target before the general assembly in 2022.

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 2020 of the Group and the results of the activities and cash flows of the Group for the financial year 2020 have not been affected by any unusual events. The impact from the Covid-19 pandemic has been described above. The pandemic creates a more uncertain environment.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**481,861**	**444,553**	**0**	**0**
Other operating income		3,705	0	0	0
Expenses for raw materials and consumables		-271,586	-246,593	0	0
Other external expenses		-67,736	-66,566	-74	-693
Gross profit/loss		**146,244**	**131,394**	**-74**	**-693**
Staff expenses	2	-95,862	-91,056	0	0
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)		**50,382**	**40,338**	**-74**	**-693**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-35,606	-28,404	0	0
Profit/loss before financial income and expenses		**14,776**	**11,934**	**-74**	**-693**
Income from investments in subsidiaries		0	0	0	166
Financial income	3	0	138	1,088	105
Financial expenses	4	-20,006	-10,682	-1,094	-123
Profit/loss before tax		**-5,230**	**1,390**	**-80**	**-545**
Tax on profit/loss for the year	5	-3,819	-5,506	18	156
Net profit/loss for the year		**-9,049**	**-4,116**	**-62**	**-389**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Completed development projects		8,189	7,655	0	0
Acquired patents		1,538	1,693	0	0
Goodwill		224,527	247,434	0	0
Intangible assets	6	**234,254**	**256,782**	**0**	**0**
Other fixtures and fittings, tools and equipment		10,442	9,249	0	0
Leasehold improvements		1,639	1,722	0	0
Property, plant and equipment	7	**12,081**	**10,971**	**0**	**0**
Investments in subsidiaries	8	0	0	205,082	205,082
Deposits	9	596	596	0	0
Fixed asset investments		**596**	**596**	**205,082**	**205,082**
Fixed assets		**246,931**	**268,349**	**205,082**	**205,082**
Inventories	10	**127,751**	**149,285**	**0**	**0**
Trade receivables		84,435	83,519	0	0
Receivables from group enterprises		0	0	22,443	21,355
Other receivables		1,848	1,845	0	475
Deferred tax asset	14	6,737	2,959	0	0
Corporation tax		4,123	2,855	233	215
Prepayments	11	5,476	6,772	0	0
Receivables		**102,619**	**97,950**	**22,676**	**22,045**
Current asset investments		**0**	**102**	**0**	**0**
Cash at bank and in hand		**63,744**	**7,097**	**1,052**	**656**
Currents assets		**294,114**	**254,434**	**23,728**	**22,701**
Assets		**541,045**	**522,783**	**228,810**	**227,783**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Share capital	12	167	167	167	167
Reserve for hedging transactions		-346	0	0	0
Retained earnings		180,875	188,285	206,135	206,197
Equity attributable to shareholders of the Parent Company		**180,696**	**188,452**	**206,302**	**206,364**
Minority interests		39,998	42,012	0	0
Equity		**220,694**	**230,464**	**206,302**	**206,364**
Provision for deferred tax	14	0	1,737	0	0
Provisions		**0**	**1,737**	**0**	**0**
Subordinate loan capital		0	3,768	0	0
Credit institutions		60,638	75,000	0	0
Other payables		22,446	21,352	22,446	21,352
Long-term debt	15	**83,084**	**100,120**	**22,446**	**21,352**
Subordinate loan capital	15	3,957	0	0	0
Credit institutions	15	114,424	108,196	0	0
Trade payables		56,483	46,817	0	0
Corporation tax		24,027	17,104	0	0
Other payables	15,16	36,041	18,345	62	67
Deferred income	17	2,335	0	0	0
Short-term debt		**237,267**	**190,462**	**62**	**67**
Debt		**320,351**	**290,582**	**22,508**	**21,419**
Liabilities and equity		**541,045**	**522,783**	**228,810**	**227,783**

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Statement of Changes in Equity

Group

	Share capital	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	167	0	188,285	188,452	42,012	230,464
Exchange adjustments	0	1,449	0	1,449	22	1,471
Fair value adjustment of hedging instruments, end of year	0	-1,795	0	-1,795	-397	-2,192
Net profit/loss for the year	0	0	-7,410	-7,410	-1,639	-9,049
Equity at 31 December	**167**	**-346**	**180,875**	**180,696**	**39,998**	**220,694**

Parent company

	Share capital	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	167	0	206,197	206,364	0	206,364
Net profit/loss for the year	0	0	-62	-62	0	-62
Equity at 31 December	**167**	**0**	**206,135**	**206,302**	**0**	**206,302**

Cash Flow Statement 1 January - 31 December

	Note	Group 2020 TDKK	Group 2019 TDKK
Net profit/loss for the year		-9,049	-4,116
Adjustments	18	61,941	44,380
Change in working capital	19	50,519	-7,993
Cash flows from operating activities before financial income and expenses		**103,411**	**32,271**
Financial income		0	139
Financial expenses		-20,006	-10,680
Cash flows from ordinary activities		**83,405**	**21,730**
Corporation tax paid		-3,681	-2,197
Cash flows from operating activities		**79,724**	**19,533**
Purchase of intangible assets		-2,763	-7,834
Purchase of property, plant and equipment		-11,427	-5,809
Fixed asset investments made etc		0	-24
Business acquisition		0	-3,210
Other adjustments		-2,674	0
Cash flows from investing activities		**-16,864**	**-16,877**
Repayment of loans from credit institutions		-8,134	-24,136
Repayment of other long-term debt		1,819	0
Raising of other long-term debt		0	25,120
Minority interests		0	-385
Purchase of treasury shares		0	-32
Cash capital increase		0	-250
Cash flows from financing activities		**-6,315**	**317**
Change in cash and cash equivalents		**56,545**	**2,973**
Cash and cash equivalents at 1 January		7,199	4,226
Cash and cash equivalents at 31 December		**63,744**	**7,199**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		63,744	7,097
Current asset investments		0	102
Cash and cash equivalents at 31 December		**63,744**	**7,199**

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK

1 Revenue

Management has assessed that the total revenue of the Group is ascribed to one business activity: Sale of fishing tackle.

Geographical segments

	Group 2020 TDKK	Group 2019 TDKK	Parent company 2020 TDKK	Parent company 2019 TDKK
Domestic	41,241	33,184	0	0
Export sales, EU	378,915	353,424	0	0
Export sales, non-EU	61,705	57,945	0	0
	481,861	**444,553**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
2 Staff expenses				
Wages and salaries	83,439	78,846	0	0
Pensions	1,528	1,621	0	0
Other social security expenses	9,297	8,836	0	0
Other staff expenses	1,598	1,753	0	0
	95,862	**91,056**	**0**	**0**
Including remuneration to the Executive Board	**2,600**	**2,600**	**0**	**0**
Average number of employees	**183**	**191**	**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	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK

3 Financial income

Interest received from group enterprises	0	0	1,088	105
Other financial income	0	138	0	0
	0	**138**	**1,088**	**105**

4 Financial expenses

Other financial expenses	15,292	10,630	1,094	123
Exchange loss	4,714	52	0	0
	20,006	**10,682**	**1,094**	**123**

5 Tax on profit/loss for the year

Current tax for the year	3,819	6,410	-18	-156
Deferred tax for the year	0	-904	0	0
	3,819	**5,506**	**-18**	**-156**

6 Intangible assets

Group

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	16,793	3,862	344,246
Additions for the year	3,681	873	0
Disposals for the year	-56	0	0
Transfers for the year	-1,756	0	0
Cost at 31 December	18,662	4,735	344,246

Notes to the Financial Statements

6 Intangible assets (continued)

Group

	Completed development projects	Acquired patents	Goodwill
	TDKK	TDKK	TDKK
Impairment losses and amortisation at 1 January	9,138	2,169	96,812
Amortisation for the year	1,335	1,028	22,907
Impairment losses and amortisation at 31 December	10,473	3,197	119,719
Carrying amount at 31 December	**8,189**	**1,538**	**224,527**
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.

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	25,517	2,610
Additions for the year	9,543	121
Transfers for the year	1,756	0
Cost at 31 December	36,816	2,731
Impairment losses and depreciation at 1 January	16,268	888
Depreciation for the year	10,106	204
Impairment losses and depreciation at 31 December	26,374	1,092
Carrying amount at 31 December	**10,442**	**1,639**

Notes to the Financial Statements

		Parent company	
		2020	2019
		TDKK	TDKK
8	**Investments in subsidiaries**		
	Cost at 1 January	205,082	204,281
	Additions for the year	0	1,635
	Disposals for the year	0	-834
	Carrying amount at 31 December	**205,082**	**205,082**

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

9 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 January	596
Additions for the year	23
Disposals for the year	-23
Cost at 31 December	596
Carrying amount at 31 December	**596**

		Group		Parent company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
10	**Inventories**				
	Finished goods and goods for resale	127,751	149,285	0	0
		127,751	**149,285**	**0**	**0**

Notes to the Financial Statements

11 Prepayments

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

12 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:

	2020	2019	2018	2017	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	167	167	167	167	50
Capital increase	0	0	0	0	117
Capital decrease	0	0	0	0	0
Share capital at 31 December	**167**	**167**	**167**	**167**	**167**

13 Distribution of profit

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Minority interests' share of net profit/loss of subsidiaries	-1,639	-728	0	0
Retained earnings	-7,410	-3,388	-62	-389
	-9,049	**-4,116**	**-62**	**-389**

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
14 Deferred tax asset				
Deferred tax asset at 1 January	1,222	293	0	0
Amounts recognised in the income statement for the year	5,515	904	0	0
Amounts recognised in equity for the year	0	25	0	0
Deferred tax asset at 31 December	**6,737**	**1,222**	**0**	**0**
Intangible assets	2,293	2,083	0	0
Property, plant and equipment	-1,635	-346	0	0
Inventories	-1,481	0	0	0
Trade reveivables	-1,539	0	0	0
Tax loss carry-forward	-4,375	-2,959	0	0
Transferred to deferred tax asset	6,737	2,959	0	0
	0	**1,737**	**0**	**0**
Deferred tax asset				

The deffered tax asset relates to losses in subsidiaries.

Calculated tax asset	6,737	2,959	0	0
Carrying amount	**6,737**	**2,959**	**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

15 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	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
Between 1 and 5 years	0	3,768	0	0
Long-term part	0	3,768	0	0
Within 1 year	3,957	0	0	0
	3,957	**3,768**	**0**	**0**
Credit institutions				
After 5 years	13,971	0	0	0
Between 1 and 5 years	46,667	75,000	0	0
Long-term part	60,638	75,000	0	0
Within 1 year	0	35,000	0	0
Other short-term debt to credit institutions	114,424	73,196	0	0
Short-term part	114,424	108,196	0	0
	175,062	**183,196**	**0**	**0**
Other payables				
Between 1 and 5 years	22,446	21,352	22,446	21,352
Long-term part	22,446	21,352	22,446	21,352
Other short-term payables	36,041	18,345	62	67
	58,487	**39,697**	**22,508**	**21,419**

Notes to the Financial Statements

16 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	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Liabilities	2,811	0	0	0

The Group entered into forward contracts for hedging future purchases in USD for a total of TDKK 2,811 for payment in EUR in 2020.

17 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

18 Cash flow statement - adjustments

	Group	
	2020	2019
	TDKK	TDKK
Financial income	0	-138
Financial expenses	20,006	10,682
Depreciation, amortisation and impairment losses, including losses and gains on sales	35,606	28,404
Tax on profit/loss for the year	3,819	5,506
Other adjustments	2,510	-74
	61,941	**44,380**

Notes to the Financial Statements

	Group 2020	Group 2019
	TDKK	TDKK

19 Cash flow statement - change in working capital

	Group 2020 TDKK	Group 2019 TDKK
Change in inventories	21,535	-5,856
Change in receivables	380	-921
Change in trade payables, etc	30,796	-2,231
Fair value adjustments of hedging instruments	-2,192	1,015
	50,519	**-7,993**

20 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 57,497, has been put up as security for the Group's debt.

As security for the Group's credit facilities with Jyske Bank as of 31 December 2020, 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 1,432.

Rental and lease obligations

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	6,596	5,632	0	0
Between 1 and 5 years	10,338	12,447	0	0
	16,934	**18,079**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK

20 Contingent assets, liabilities and other financial obligations (continued)

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 24,027. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

21 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

22 Fee to auditors appointed at the general meeting

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	565	265	28	25
Tax advisory services	3,930	280	0	0
Other services	58	54	22	24
	4,553	**599**	**50**	**49**

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of MIE4 Holding 7 ApS for 2020 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 2020 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

23 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

23 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

23 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 in subsidiaries 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

23 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

23 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.

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:

Notes to the Financial Statements

23 Accounting Policies (continued)

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

The fixed assets' residual values are determined at nil.

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

23 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

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$