Mountain Top Group ApS

Pedersholmparken 10, 3600 Frederikssund

CVR no. 38 78 41 45

Annual report 2017/18

(As of the establishment of the Company 7 July 2017 - 30 June 2018)

Approved at the Company's annual general meeting on 22 November 2018

Mikael Thomsen

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Mountain Top Group ApS for the financial year as of the establishment of the Company 7 July 2017 - 30 June 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 30 June 2018 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year as of the establishment of the Company 7 July 2017 - 30 June 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Frederikssund, 22 November 2018
Executive Board:

Henrik Støwer Petersen

Board of Directors:

Søren Klarskov Vilby
Chairman

Christoffer Arthur Müller

Marie-Louise Bjerg

Nikolaj Vejlsgaard

Henrik Lars Bjerg

Independent auditor's report

To the shareholder of Mountain Top Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Mountain Top Group ApS for the financial year as of the establishment of the Company 7 July 2017 - 30 June 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2018, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year as of the establishment of the company 7 July 2017 - 30 June 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the financial statements.

Independent auditor's report

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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 November 2018
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mogens Andreasen	Anders Flymer-Dindler
State Authorised Public Accountant	State Authorised Public Accountant
mne28603	mne35423

Management's review

Company details

Name	Mountain Top Group ApS
Address, Postal code, City	Pedersholmparken 10, 3600 Frederikssund
CVR no.	38 78 41 45
Established	7 July 2017
Registered office	Frederikssund
Financial year	7 July 2017 - 30 June 2018
Board of Directors	Søren Klarskov Vilby, Chairman Christoffer Arthur Müller Marie-Louise Bjerg Nikolaj Vejlsgaard Henrik Lars Bjerg
Executive Board	Henrik Støwer Petersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2017/18
Key figures	
Gross margin	102,042
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	60,178
Profit before interest, tax and amortisation of goodwill (EBITA)	58,367
Net financials	-23,706
Profit/loss for the year	**2,048**
Fixed assets	741,507
Non-fixed assets	148,960
Total assets	**890,467**
Equity	**284,749**
Cash flows from operating activities	320,507
Net cash flows from investing activities	-306,693
Investment in property, plant and equipment	-43,006
Total cash flows	**13,814**
Financial ratios	
Return on assets	4.3%
Current ratio	86.5%
Equity ratio	32.0%
Return on equity	0.7%
Average number of employees	**164**

Management's review

Business review

The Mountain Top Group companies conduct activities within development and production of high-quality accessories to the global automotive industry within the Pick-Up Truck segment. The majority of products are manufactured in its own factory in Denmark.

Mountain Top Group companies are both IATF 16949 and TÜV certified combined with ISO 14001 certification. The turnover originates from large blue-chip customers within the automotive industry as well as from distributors in the aftermarket.

Mountain Top Group is headquartered in Frederikssund, Denmark, and has one additional Sales & Service office in Melbourne, Australia.

Mountain Top Group ApS acquired 100% of the shares in Mountain Top Industries ApS (which owns 100% of Mountain Top Australia Pty) on December 12, 2017.

The most significant activities of the parent company

The main activities of Mountain Top Group ApS consist of owning capital shares in affiliated companies (Mountain Top Industries ApS and Mountain Top Australia Pty) and providing management resources to these.

Ownership and Capital Structure

Mountain Top Group ApS is fully owned by Mountain Top Holding I ApS. Axcel, a Nordic Private Equity firm, is the ultimate majority shareholder with approx. 67% of the shares.

The company's equity consists of one class of shares and the loan capital consists of bank debt, provided by "Nykredit Bank A/S" and "Nordea Bank AB".

The current capital structure is deemed to be appropriate in relation to the need for financial flexibility in Mountain Top Group ApS and its subsidiaries.

By virtue of its Private Equity ownership, the Mountain Top Group companies are subject to "Guidelines for responsible ownership and good governance" as defined by the Danish Venture Capital and Private Equity Association.

The guidelines are available at DVCA's website; www.dvca.dk.

Unusual matters having affected the financial statements

Expenses of DKK 24,300 thousands relating to the acquisition activities has been expensed in the income statement for period.

Reference is made to note for more details.

Financial review

The income statement for 2017/18 shows a loss of DKK 2,048 thousand, and the balance sheet at 30 June 2018 shows equity of DKK 284,749 thousand.

The result was above expectations and Management consider the result for the year satisfactory.

Non-financial matters

The organization of Management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company's article of association. I.e. Mountain Top Group has based its corporate governance efforts on a two-tier system where the board of directors and the executive management have two distinct roles. The executive management undertakes the operational management of the company, whereas the board of directors determines the overall company strategy and acts as active sparring partner to the executive management of the company. In addition, the board of directors use committees for special tasks. Thus, a chairman committee has been set up.

Management's review

The board of directors consists of five members and board meetings are held six times a year. Additionally, the chairman committee meets with executive management on a bi-weekly basis.

The Board of Directors in MTG consists of the following members:

Chairman:	Søren Klarskov Vilby	(Appointed in January '18)
Deputy Chairman:	Christoffer Arthur Müller	(Appointed in December '17)
Member:	Marie-Louise Bjerg	(Appointed in December '17)
Member:	Henrik Lars Bjerg	(Appointed in December '17)
Member:	Nikolai Vejlsgaard	(Appointed in December '17)

The Executive Board consists of the following members:

CEO:	Henrik Støwer Petersen	(Appointed in April '18)
CTO:	Martin Strassner	(Appointed in January '18)

Other board positions of the members of the Board of Directors are:

Søren Klarskov Vilby

Chairman:	Heco International A/S
	Heco China A/S
	Epoke A/S
	Epoke Investment A/S
	Epoke Investment II A/S
	Atlas Incinerators ApS
	Ejendomsselskabet Skibelund ApS
	G&O Investment A/S
	Gertsen & Olufsen A/S
	Pres-Vac Engineering A/S
Member:	Marius Pedersen A/S
	Marius Pedersen Holding A/S
	MP Ejendomsaktieselskab, Ferritslev
	Odense Affaldssortering A/S
	Borg Automotive A/S
	Car Parts Industries ApS
	Kildehøj ApS
	MPWM 2014 A/S
	Borg Automotive Holding A/S
	AX V Nissens II ApS
	AX V Nissens I ApS
	AX V Nissens ApS
	Fonden AM-Lab Danmark

Christoffer Arthur Müller

Chairman:	Mountain Top Holding III ApS
	Mountain Top Holding II ApS
	Mountain Top Holding I ApS
Deputy chairman:	Mountain Top Group ApS
	Mountain Top Industries ApS
	Frontmatec Group ApS
Member:	Müller Gas Equipment A/S
	Brødr. Müller Holding A/S

Management's review

Marie-Louise Bjerg

Chairman:	Balyfa A/S
Deputy chairman:	Fonden AM-Lab Danmark
Member:	Industriens Fond

Henrik Lars Bjerg

Member:	Mountain Top Holding I ApS Mountain Top Holding II ApS

Nikolai Vejlsgaard

Chairman:	Ip Gruppen Holding ApS Treville & Co. A/S Piste Nc ApS Piste Partners ApS Piste Invest ApS Ip Development A/S
Deputy chairman:	Ip Administration A/S Mountain Top Holding II ApS Mountain Top Holding I ApS
Member:	Era A/S Era Ejendomme A/S Era Biler A/S IP Online A/S Mngt2 ApS Partsplexer ApS Conscia Holding A/S AX IV Con ApS AX IV Con I ApS AX IV Con II ApS Fondsmæglerselskabet Investering & Trygged A/S Axcel Management A/S Axcel Management Holding ApS AX V GUBI Holding III ApS Mountain Top Group ApS

Corporate Social Responsibility (CSR)

Mountain Top Group companies bases its business development on combining financial performance with socially responsible behavior and environmental awareness. As a certified supplier to the OEM within the automotive industry Mountain Top has been working with Corporate Social Responsibility as an integrated part of its business model.

Mountain Top Group is environmentally conscious and is making an ongoing effort to reduce the environmental impact from its operations, focusing also on being able to contribute positively to customers' green accounts. Therefore, environmental issues are a natural and integral part of the Mountain Top management system and is ISO 14001 certified.

Mountain Top Group supports the protection of internationally proclaimed human rights by engaging with the IGU program ("Integrationsuddannelsen" in Danish) and employs many different nationalities. Furthermore, attention is given to a healthy and safe working environment in accordance with applicable legislation.

Management's review

Mountain Top Group has adopted the LEAN approach to manufacturing and through this and other dedicated activities actively engages in safety. Safety is priority nr. 1 in the company across all functions.

Mountain Top Group has an anti corruption and anti bribery policy in all affiliates and countries, as corruption/bribery practice is not accepted in any shape or form in our business. We expect the same from any of our suppliers, which all are audited at least once every second year.

Moreover, a central whistleblower policy is in place, enabling all employees to anonymously report situations, incidents or circumstances that seem inappropriate or contrary to the Group's guidelines.

Employees and organization

An integrated part of the business model is to develop new products in close cooperation with the customers but also on own initiative. This makes it essential to secure a high level of continuity with respect to product development through retention of key staff and training of new staff.

Mountain Top Group respects human rights within our sphere of influence and seek to conduct business in a manner that makes us an attractive employer.

In general, the employees are meant to experience an open and unprejudiced culture where the individual can use her or his skills in the best possible way, regardless of gender, age and ethnic background. Both women and men have the same opportunities for careers and leadership positions.

Mountain Top Group's overall policy is to employ or promote the best suitable persons no matter of gender. The company promotes diversity and consists currently of 24 nationalities. The leadership team consist of 11 persons in total, of which 45% are female and 55% male.

The average number of employees during the year was 164.

Knowledge resources

A natural part of the Mountain Top Group activities is the development of new products in cooperation with customers and on their own initiative. This work places great demands on knowledge resources in the company.

In order to perform this activity, it is necessary for the Mountain Top Group to have the ability to convert and manage the products that customers is asking why there is constantly focus on employee competencies as well as maintaining and recruiting creative and innovative employees.

Special risks

Commodity Price Risk

The group use of aluminum and plastics as the primary raw materials may lead to a risk due to price increases, which only to a limited extent can be recognized in the price of the finished products.

Currency Risk

The group is exposed to currency fluctuations mainly from the USD and AUD. The USD relates to certain suppliers and the AUD relates to the revenue generated in Australia. The combined risk is currently at a level where hedging is not deemed economically viable.

Exchange rate fluctuations related to the translation of the result and intercompany balance of foreign subsidiary at the balance sheet date constitute a risk. The group does not hedge this type of risk.

Interest Risk

The group's senior debt is based on a floating interest rate and in order to mitigate increases the company has entered into an agreement that caps the interest rate relating to 66% of the senior debt for the period up till March 2022.

Management's review

Employee risk

Having the right competencies with the adequate experience is vital. Therefore, it is important that Mountain Top Group continues to attract, retain and develop skilled employees. Failure to do can potentially impact the expected development of the group.

IT Risk

Mountain Top Group depends on information technology to manage critical business processes, including administrative and financial functions. The group uses IT systems for internal purposes and externally in relation to its customers and suppliers. Extensive disruption of IT systems could have a negative effect on Mountain Top Group's operations.

Impact on the external environment

Mountain Top Group is environmentally conscious and is making an ongoing effort to reduce the environmental impact from its operations, focusing also on being able to contribute positively to customers' green accounts. Therefore, environmental issues are a natural and integral part of the Mountain Top Group's management system and is ISO 14001 certified.

Research and development activities

Research and Development is a key contributor to the continued positive development of the group. It is expected that the group will continue to invest in R&D capabilities and further expand to cater for customer needs in the future.

Events after the balance sheet date

No significant events effecting the financial statement for 2017/18 have occurred subsequent to the financial year-end.

Outlook

In 2018/19 Mountain Top Group ApS expects growth in revenue, gross profits and in number of employees.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Income statement

Note	DKK'000	Group 2017/18	Parent company 2017/18
	Gross margin	102,042	-23,440
3	Staff costs	-41,864	-826
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-21,936	0
	Profit/loss before net financials	38,242	-24,266
	Income from investments in group enterprises	0	43,009
	Financial income	1	0
4	Financial expenses	-23,707	-21,976
	Profit/loss before tax	14,536	-3,233
5	Tax for the year	-12,488	5,281
	Profit for the year	2,048	2,048

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Balance sheet

Note	DKK'000	Group 2017/18	Parent company 2017/18
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Goodwill	715,194	0
		715,194	0
7	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	25,214	0
	Leasehold improvements	72	0
		25,286	0
8	**Investments**		
	Investments in group enterprises	0	738,603
	Deposits, investments	1,027	0
		1,027	738,603
	Total fixed assets	741,507	738,603
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	32,247	0
	Finished goods and goods for resale	21,885	0
	Prepayments for goods	526	0
		54,658	0
	Receivables		
	Trade receivables	52,729	0
	Receivables from group enterprises	0	212
11	Deferred tax assets	2,926	2,530
	Joint taxation contribution receivable	0	2,751
	Other receivables	9,809	2,871
		65,464	8,364
	Cash	28,838	10,959
	Total non-fixed assets	148,960	19,323
	TOTAL ASSETS	890,467	757,926

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Balance sheet

Note	DKK'000	Group 2017/18	Parent company 2017/18
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	50	50
	Retained earnings	284,699	284,699
	Total equity	284,749	284,749
	Liabilities other than provisions		
12	**Non-current liabilities other than provisions**		
	Bank debt	379,750	379,750
	Lease liabilities	21,064	0
	Joint taxation contribution payable	32,781	0
		433,595	379,750
	Current liabilities other than provisions		
12	Short-term part of long-term liabilities other than provisions	42,888	40,250
	Bank debt	4,085	4,085
	Trade payables	34,516	19
	Payables to group enterprises	40,187	40,189
	Joint taxation contribution payable	23,727	0
	Other payables	19,037	8,884
13	Deferred income	7,683	0
		172,123	93,427
	Total liabilities other than provisions	605,718	473,177
	TOTAL EQUITY AND LIABILITIES	890,467	757,926

1 Accounting policies
2 Special items
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Interest rate risks
17 Related parties

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	Cash payments concerning formation of enterprise	50	0	50
	Transfer through appropriation of profit	0	2,048	2,048
	Adjustment of investments through forreign exchange adjustments	0	21	21
	Adjustment of hedging instruments at fair value	0	-2,063	-2,063
	Contribution from parent	0	284,714	284,714
	Equity at 30 June 2018	50	284,699	284,749

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	Cash payments concerning formation of enterprise	50	0	50
18	Transfer, see "Appropriation of profit"	0	2,048	2,048
	Adjustment of hedging instruments at fair value	0	-2,063	-2,063
	Contribution from parent	0	284,714	284,714
	Equity at 30 June 2018	50	284,699	284,749

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Cash flow statement

Note	DKK'000	Group 2017/18
	Profit for the year	2,048
19	Adjustments	57,652
	Cash generated from operations (operating activities)	59,700
20	Changes in working capital	284,046
	Cash generated from operations (operating activities)	343,746
	Interest paid, etc.	-23,239
	Cash flows from operating activities	320,507
	Additions of property, plant and equipment	-43,006
	Disposals of property, plant and equipment	17,567
	Purchase of financial assets	-764,573
	Loans	483,319
	Cash flows to investing activities	-306,693
	Net cash flow	13,814
	Cash and cash equivalents at 12 December 2017	15,024
	Cash and cash equivalents at 30 June 2018	28,838

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 Accounting policies

The annual report of Mountain Top Group ApS for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 **Accounting policies (continued)**

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises and bad debts etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is based on the managements previous experience on the market.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	20 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	5-8 years
Leasehold improvements	5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Shares of profit/loss after tax in associates are recognised in the consolidated income statement after elimination of a proportionate share of unrealised intra-group gains/losses.

The item includes dividend received from subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 **Accounting policies (continued)**

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is based on the managements previous experience on the market.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 **Accounting policies (continued)**

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Other payables

Other payables are measured at net realisable value.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 **Accounting policies (continued)**

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

1 **Accounting policies (continued)**

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

2 **Special items**

Group

Expenses of DKK 24,300 thousands relating to the acquisition activities been expensed in the income statement for period.

Parent company

Expenses of DKK 24,300 thousands relating to the acquisition activities has been expensed in the income statement for period.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

		Group	Parent company
	DKK'000	2017/18	2017/18
3	**Staff costs**		
	Wages/salaries	42,214	818
	Pensions	2,130	7
	Other social security costs	823	1
	Staff costs transferred to non-current assets	-3,303	0
		41,864	826
	Average number of full-time employees	164	1

Group

Total remuneration to group Management and board of directors for the financial year is DKK 2.239 thousands.

Parent company

Total remuneration to Management amounts to DKK 826 thousands.

		Group	Parent company
	DKK'000	2017/18	2017/18
4	**Financial expenses**		
	Interest expenses, group entities	0	940
	Other financial expenses	23,707	21,036
		23,707	21,976
5	**Tax for the year**		
	Estimated tax charge for the year	17,434	-2,751
	Deferred tax adjustments in the year	-4,946	-2,530
		12,488	-5,281

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

6 Intangible assets

DKK'000	Group Goodwill
Cost at 7 July 2017	0
Additions through corporate acquisition	735,319
Cost at 30 June 2018	735,319
Impairment losses and amortisation at 7 July 2017	0
Amortisation for the year	20,125
Impairment losses and amortisation at 30 June 2018	20,125
Carrying amount at 30 June 2018	715,194
Amortised over	20 years

7 Property, plant and equipment

	Group		
DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 7 July 2017	0	0	0
Additions through corporate acquisition	3,619	286	3,905
Additions	43,006	0	43,006
Disposals	-17,567	0	-17,567
Cost at 30 June 2018	29,058	286	29,344
Impairment losses and depreciation at 7 July 2017	0	0	0
Accumulated depreciation through corporate acquisition	2,346	190	2,536
Depreciation	1,736	24	1,760
Depreciation and impairment of disposals	-52	0	-52
Reversal of accumulated depreciation	-186	0	-186
Impairment losses and depreciation at 30 June 2018	3,844	214	4,058
Carrying amount at 30 June 2018	25,214	72	25,286
Property, plant and equipment include finance leases with a carrying amount totalling	23,594	0	23,594
Depreciated over	5-8 years	5 years	

Note 15 provides more details on security for loans, etc. as regards property, plant and equipment.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

8 Investments

DKK'000	Group Deposits, investments
Cost at 7 July 2017	0
Additions through corporate acquisition	1,027
Cost at 30 June 2018	1,027
Value adjustments at 7 July 2017	0
Foreign exchange adjustments	0
Dividend received	0
Profit for the year	0
Value adjustments for the year	0
Value adjustments at 30 June 2018	0
Carrying amount at 30 June 2018	1,027

Group

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
Mountain Top Industries ApS	Frederikssund	100.00%	26,540	124,991
Mountain Top Australia Pty Ltd	Melbourne, Australia	100.00%	-2,965	218

DKK'000	Parent company Investments in group enterprises
Cost at 7 July 2017	0
Additions through corporate acquisition	764,573
Cost at 30 June 2018	764,573
Foreign exchange adjustments	21
Dividend received	-69,000
Profit for the year	43,009
Value adjustments at 30 June 2018	-25,970
Carrying amount at 30 June 2018	738,603

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

9 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years.

10 Share capital

The parent's share capital has remained DKK 50 thousand since the establishment.

DKK'000	Group 2017/18	Parent company 2017/18
11 Deferred tax		
Change in deferred taxes	-2,926	-2,530
Deferred tax at 30 June 2018	-2,926	-2,530

12 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 30/6 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	420,000	40,250	379,750	25,875
Lease liabilities	23,702	2,638	21,064	6,958
Joint taxation contribution payable	32,781	0	32,781	0
	476,483	42,888	433,595	32,833

	Parent company			
DKK'000	Total debt at 30/6 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	420,000	40,250	379,750	25,875
	420,000	40,250	379,750	25,875

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

13 Deferred income

Deferred income primarily consists of proceeds from the sale and lease back of fixed assets. The proceeds is recognised in the income statement in line with the maturity of the lease agreement.

14 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group	Parent company
DKK'000	2017/18	2017/18
Rent and lease liabilities	63,595	0

15 Collateral

Group

The group has not provided any security or other collateral in assets at 30 June 2018.

Parent company

The parent Company has not placed any assets or other as security for loans at 30 June 2018.

16 Interest rate risks

Group

Interest rate risks

	2017/18		
DKK'000	Notional principal amount	Value adjustment recognised in equity	Fair value
Rate swap	280,000	-2,063	277,937

The company has entered into an interest rate swap agreement to limit interest rate risks on floating-rate mortgage loans with a nominal value of DKK 280,000 thousands.

The interest rate swap runs throughout the term of the loan. Changes in the market value of the interest rate swap are recognized directly in equity.

An overview of hedging transactions relating to interest rate swaps recognized directly in equity is shown above. Time to maturity is 45 months.

Consolidated financial statements and parent company financial statements for the period 7 July 2017 - 30 June 2018

Notes to the financial statements

17 **Related parties**

Group

Mountain Top Group ApS' related parties comprise the following:

Significant influence

Related party	Domicile	Basis for significant influence
Mountain Top Industries ApS	Frederikssund	Ownership

Information about consolidated financial statements

Parent	Domicile
Mountain Top Holding III ApS	Frederikssund

DKK'000	Parent company 2017/18
18 **Appropriation of profit**	
Recommended appropriation of profit	
Retained earnings	2,048
	2,048

DKK'000	Group 2017/18
19 **Adjustments**	
Amortisation/depreciation and impairment losses	21,732
Financial income	-1
Financial expenses	23,356
Tax for the year	16,972
Deferred tax	-4,407
	57,652
20 **Changes in working capital**	
Change in inventories	79,568
Change in receivables and other receiveables	68,560
Change in trade and other payables	135,918
	284,046