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# ***Skiold Holding A/S***

Gothersgade 49, 2., DK-1123 Copenhagen K

## **Annual Report for 14 November 2017 - 31 December 2018**

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CVR No 39 08 42 79

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
31/5 2019

Martin Gadensgaard  
Chairman of the General  
Meeting

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Skiold Holding A/S for the financial year 14 November 2017 - 31 December 2018.

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 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017/18.

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.

Sæby, 25 March 2019

## Executive Board

Lasse Viegand Hansen  
CEO

Martin Gadensgaard  
Executive Officer

## Board of Directors

Denis Viet-Jacobsen  
Chairman

Johan Olof Cervin

Michael Pontoppidan Frost

# Independent Auditor's Report

To the Shareholders of Skiold Holding A/S

## 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 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 14 November 2017 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Skiold Holding A/S for the financial year 14 November 2017 - 31 December 2018, 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.
- 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

## Independent Auditor's Report

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.

Herning, 25 March 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Poul Spencer Poulsen  
State Authorised Public Accountant  
mne23324

Hans Jørgen Andersen  
State Authorised Public Accountant  
mne30211

## **Company Information**

### **The Company**

Skiold Holding A/S  
Gothersgade 49, 2.  
DK-1123 Copenhagen K

CVR No: 39 08 42 79  
Financial period: 14 November - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Denis Viet-Jacobsen, Chairman  
Johan Olof Cervin  
Michael Pontoppidan Frost

### **Executive Board**

Lasse Viegand Hansen  
Martin Gadensgaard

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Platanvej 4  
DK-7400 Herning

# Financial Highlights

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

	<b>Group</b>
	<b>2017/18</b>
	<b>TDKK</b>
<b>Key figures</b>	
<b>Profit/loss</b>	
Revenue	801,321
Gross profit/loss	275,913
Profit/loss before financial income and expenses	6,597
Net financials	-8,882
Net profit/loss for the year	-7,280
<b>Balance sheet</b>	
Balance sheet total	952,440
Equity	349,558
<b>Cash flows</b>	
Cash flows from:	
- operating activities	-14,040
- investing activities	-643,357
including investment in property, plant and equipment	-251,117
- financing activities	606,380
Change in cash and cash equivalents for the year	-51,017
Number of employees	531
<b>Ratios</b>	
Gross margin	34.4%
Profit margin	0.8%
Return on assets	0.7%
Solvency ratio	36.7%
Return on equity	-4.2%

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

## Key activities

The Group's main activities are the development, manufacturing, sales and service of feed milling solutions, pig farming solutions, poultry farming solutions, and grain and seed handling solutions for the animal production sector and feed and grain industry.

## Development in the year

In 2018, SKIOLD organically grew its sales, driven by an increased presence in markets outside the Nordics. Further, SKIOLD acquired the Danish company Landmeco. Ølgod A/S during the year to expand into the poultry sector.

The spread of African Swine Fever combined with drought in some of SKIOLD's important geographies negatively affected market activity during the second half of the year.

The pre-tax group loss for the year amounts to mDKK 2, and total equity of mDKK 350.

## Special risks - operating risks and financial risks

### *Operating risks*

The Group is affected by the development in meat, milk, grain and seed prices globally, which impacts investment appetite of the Group's customers.

### *Foreign exchange risks*

Currency risk is balanced by selling and buying in the same currency, and occasionally by use of financial instruments on fixed contracts. The Group mostly trades in EUR.

## Targets and expectations for the year ahead

The outlook for 2019 is positive, due to the expected benefits of strategic and operational activities initiated in 2018 and an expected market improvement relative to 2018.

## Research and development

The Group's products are subject to continuous development. A range of new products was introduced to the market during 2018.

## Intellectual capital resources

SKIOLD supplies technology and solutions within the field of feed production, seed processing, grain handling and pig production. In order to maintain a strong position, SKIOLD continually invests to remain a knowledge leader within these business segments.

# Management's Review

## Statement of corporate social responsibility

### *Environment and energy efficiency*

SKIOLD has not drawn up an official environment policy because production methods do not have a significant environmental impact, but the most energy saving machines are generally chosen when replacing new equipment in the production facilities.

SKIOLD is covered by the EU energy directive and executive energy inspections on all locations in Denmark. During 2018, an energy report has been finalised and energy optimisation possibilities have been identified, which will be implemented during the next five years.

SKIOLD has introduced energy saving electric motors on the market, which has a positive impact on the energy consumption for our customers.

### *Minimising of raw material consumption and wastage*

SKIOLD is continuously working to optimise the use of materials to reduce environmental impact and wastage. In practice it for example means improving metal cutting methods and reducing wastage and energy consumption. We believe that the efforts have contributed to our continuous focus on environmental protection, which will be continued in 2019.

### *Working environment*

In 2018, SKIOLD initiated an update of the Group's policy for working environment, which will be completed in 2019. SKIOLD is following local legislation and focuses on creating a positive and healthy working environment for all employees. The working environment protection is guided by the safety work teams at each location coordinated by our safety manager. Additionally, targeted efforts have been made to improve health and safety practices, including training the working environment groups in analysing and improving safety and health routines.

During 2018 the Danish Working Environment Authority made an inspection visit to our locations in Denmark. Efforts are constantly made to ensure a high safety level for our employees.

As a result of our social responsibility, SKIOLD has employees with reduced working ability. At the same time, the Group strives to continuously reduce absence due to sickness among employees.

### *Human rights*

In SKIOLD we respect the international conventions regarding the protection of human rights and the corresponding national laws. Currently, the Group does not find it necessary to form a specific Group policy in this area.

## **Management's Review**

### ***Financial crime and compliance***

SKIOLD has during 2018 implemented an anti-financial crime policy to encourage employees to act upon suspicion of unlawful acts or bad conduct which is inconsistent with our values. The policy instructs our employees to follow decent and honest business practices, and not violate any national laws or reasonable standards imposed on us by society.

### **Statement on gender composition**

SKIOLD believes that employee diversity, including a gender balance, contributes positively to the work environment and strengthens the Group's performance and competitiveness.

SKIOLD has adopted a policy according to which both genders should be represented on the board of directors and management.

The gender composition at the board of directors at the end of the year was unbalanced, with no female members. The goal is to have an equal gender composition of the board of directors, which is based on relevant experience and merit, within five years.

On management level the gender composition is more balanced with two female managers in the Group, a composition that has been valid throughout 2018. Within five years the Group's goal is four female management members.

The Group is working on creating uniform conditions for leadership candidates, regardless of gender. The aim is to achieve equal career opportunities for men and women through our employment and recruitment procedures, and by investing in our employees' professional development and education. We encourage our employees with management ambitions and talent, regardless of gender, to take on managerial tasks, and we support their development without gender bias.

### **Uncertainty relating to recognition and measurement**

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

### **Unusual events**

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2017/18 have not been affected by any unusual events.

### **Subsequent events**

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

## Income Statement 14 November - 31 December

	Note	Group 2017/18 TDKK	Parent Company 2017/18 TDKK
<b>Revenue</b>	1	<b>801,321</b>	<b>7,234</b>
Other operating income		1,656	0
Expenses for raw materials and consumables		-419,093	0
Other external expenses		-107,971	-268
<b>Gross profit/loss</b>		<b>275,913</b>	<b>6,966</b>
Staff expenses	2	-226,275	-10,284
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-42,060	0
Other operating expenses		-981	0
<b>Profit/loss before financial income and expenses</b>		<b>6,597</b>	<b>-3,318</b>
Income from investments in subsidiaries		0	4,463
Income from investments in associates		5,113	0
Financial income		259	0
Financial expenses	3	-14,254	-11,654
<b>Profit/loss before tax</b>		<b>-2,285</b>	<b>-10,509</b>
Tax on profit/loss for the year	4	-4,995	3,294
<b>Net profit/loss for the year</b>		<b>-7,280</b>	<b>-7,215</b>

# Balance Sheet 31 December

## Assets

	Note	Group 2018 TDKK	Parent Company 2018 TDKK
Completed development projects		7,166	0
Acquired patents		473	0
Acquired licenses		3,942	0
Goodwill		468,921	0
Development projects in progress		17,745	0
<b>Intangible assets</b>	5	<b>498,247</b>	<b>0</b>
Land and buildings		99,848	0
Plant and machinery		10,425	0
Other fixt. and fit., tools and eqp.		4,961	0
Leasehold improvements		79	0
<b>Property, plant and equipment</b>	6	<b>115,313</b>	<b>0</b>
Investments in subsidiaries	7	0	626,631
Investments in associates	8	14,026	0
Deposits	9	534	0
<b>Fixed asset investments</b>		<b>14,560</b>	<b>626,631</b>
<b>Fixed assets</b>		<b>628,120</b>	<b>626,631</b>
<b>Inventories</b>	10	<b>119,760</b>	<b>0</b>
Trade receivables		128,030	0
Contract work in progress		36,304	0
Receivables from associates		5,378	0
Other receivables		11,368	0
Deferred tax asset	13	6,164	1,255
Corporation tax receivable from group enterprises		0	2,039
Prepayments	11	1,975	0
<b>Receivables</b>		<b>189,219</b>	<b>3,294</b>
<b>Cash at bank and in hand</b>		<b>15,341</b>	<b>610</b>
<b>Currents assets</b>		<b>324,320</b>	<b>3,904</b>
<b>Assets</b>		<b>952,440</b>	<b>630,535</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group 2018 TDKK	Parent Company 2018 TDKK
Share capital		36,170	36,170
Retained earnings		312,180	312,180
<b>Equity attributable to shareholders of the Parent Company</b>		<b>348,350</b>	<b>348,350</b>
Minority interests		1,208	0
<b>Equity</b>		<b>349,558</b>	<b>348,350</b>
Provision for deferred tax	13	18,336	0
Other provisions	14	29,444	0
<b>Provisions</b>		<b>47,780</b>	<b>0</b>
Mortgage and term loans		280,200	243,843
Credit institutions		124	0
Lease obligations		315	0
Other payables		489	0
<b>Long-term debt</b>	15	<b>281,128</b>	<b>243,843</b>
Mortgage and term loans	15	17,192	15,000
Credit institutions	15	66,047	0
Lease obligations	15	80	0
Prepayments received from customers		25,275	0
Trade payables		95,729	14
Payables to group enterprises		9,614	20,051
Corporation tax		5,555	0
Other payables	15	49,980	3,277
Deferred income	16	4,502	0
<b>Short-term debt</b>		<b>273,974</b>	<b>38,342</b>
<b>Debt</b>		<b>555,102</b>	<b>282,185</b>
<b>Liabilities and equity</b>		<b>952,440</b>	<b>630,535</b>
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Fee to auditors appointed at the general meeting	21		
Accounting Policies	22		

## Statement of Changes in Equity

### Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 14 November	500	0	500	0	500
Cash capital increase	35,670	321,031	356,701	0	356,701
Exchange adjustments relating to foreign entities	0	-1,419	-1,419	6	-1,413
Other equity movements	0	-217	-217	1,267	1,050
Net profit/loss for the year	0	-7,215	-7,215	-65	-7,280
<b>Equity at 31 December</b>	<b>36,170</b>	<b>312,180</b>	<b>348,350</b>	<b>1,208</b>	<b>349,558</b>

### Parent Company

Equity at 14 November	500	0	500	0	500
Cash capital increase	35,670	321,031	356,701	0	356,701
Exchange adjustments relating to foreign entities	0	-1,419	-1,419	0	-1,419
Other equity movements	0	-217	-217	0	-217
Net profit/loss for the year	0	-7,215	-7,215	0	-7,215
<b>Equity at 31 December</b>	<b>36,170</b>	<b>312,180</b>	<b>348,350</b>	<b>0</b>	<b>348,350</b>

## Cash Flow Statement 14 November - 31 December

	Note	<b>Group</b> 2017/18 TDKK
Net profit/loss for the year		-7,280
Adjustments	17	56,558
Change in working capital	18	-47,782
<b>Cash flows from operating activities before financial income and expenses</b>		<b>1,496</b>
Financial income		259
Financial expenses		-13,382
<b>Cash flows from ordinary activities</b>		<b>-11,627</b>
Corporation tax paid		-2,413
<b>Cash flows from operating activities</b>		<b>-14,040</b>
Purchase of intangible assets etc		-394,707
Purchase of property, plant and equipment		-251,117
Fixed asset investments made etc		-25
Sale of property, plant and equipment		42
Dividends received from associates		2,450
<b>Cash flows from investing activities</b>		<b>-643,357</b>
Repayment of mortgage and term loans		-14,907
Repayment of loans from credit institutions		-250
Reduction of lease obligations		-90
Repayment of other long-term debt		-12,337
Raising of mortgage and term loans		270,000
Raising of loans from group enterprises		4,338
Repayment of loans to associates		2,925
Cash capital increase		356,701
<b>Cash flows from financing activities</b>		<b>606,380</b>
<b>Change in cash and cash equivalents</b>		<b>-51,017</b>
Cash and cash equivalents at 14 November		500
<b>Cash and cash equivalents at 31 December</b>		<b>-50,517</b>
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		15,341
Overdraft facility		-65,858
<b>Cash and cash equivalents at 31 December</b>		<b>-50,517</b>



# Notes to the Financial Statements

	<b>Group</b>	<b>Parent</b>
	<u>2017/18</u>	<u>2017/18</u>
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, EU	492,934	7,234
Revenue, outside EU	<u>308,387</u>	<u>0</u>
	<b><u>801,321</u></b>	<b><u>7,234</u></b>
<b>Business segments</b>		
Processing plant and equipment	404,794	0
Livestock farming and equipment	396,527	0
Other	<u>0</u>	<u>7,234</u>
	<b><u>801,321</u></b>	<b><u>7,234</u></b>

## Notes to the Financial Statements

	<b>Group</b>	<b>Parent Company</b>
	<u>2017/18</u>	<u>2017/18</u>
	TDKK	TDKK
<b>2 Staff expenses</b>		
Wages and salaries	188,328	9,869
Pensions	21,136	409
Other social security expenses	15,837	6
Other staff expenses	974	0
	<u><b>226,275</b></u>	<u><b>10,284</b></u>
Including remuneration to the Executive Board of:		
Executive Board	<u>10,832</u>	<u>10,832</u>
	<u><b>10,832</b></u>	<u><b>10,832</b></u>
<b>Average number of employees</b>	<u><b>531</b></u>	<u><b>3</b></u>

SKIOLD Group has established an Incentive Programme for the Executive Board and the Board of Directors as well as selected key employees. The price for one share was DKK 1.00 and the warrants were priced by using Black Scholes Valuation methodology. Each warrant gives the right to purchase one share and the exercise price for the warrants will increase year-on-year with a hurdle rate. The warrants can be exercised when SKIOLD Group divests SKIOLD Holding A/S if certain IRR threshold are achieved, if not the warrants are worthless and the employees' investment in warrants is lost. If SKIOLD Group does not divest SKIOLD Holding A/S the warrants can be exercised in November 2023.

The warrant programme contains 31.5 million warrants.

	<b>Group</b>	<b>Parent Company</b>
	<u>2017/18</u>	<u>2017/18</u>
	TDKK	TDKK
<b>3 Financial expenses</b>		
Interest paid to group enterprises	0	40
Other financial expenses	14,254	11,614
	<u><b>14,254</b></u>	<u><b>11,654</b></u>

## Notes to the Financial Statements

	<b>Group</b>	<b>Parent Company</b>
	<u>2017/18</u>	<u>2017/18</u>
	TDKK	TDKK
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	3,850	-2,039
Deferred tax for the year	1,145	-1,255
	<u><b>4,995</b></u>	<u><b>-3,294</b></u>

## 5 Intangible assets

### Group

	Completed development projects	Acquired pa- tents	Acquired licenses	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 14 November	0	0	0	0	0
Exchange adjustment	35	0	-1	0	2
Net effect from merger and acquisition	38,688	0	14,594	494,450	5,874
Additions for the year	1,830	473	2,540	0	11,888
Disposals for the year	0	0	-168	0	0
Transfers for the year	19	0	0	0	-19
Cost at 31 December	<u>40,572</u>	<u>473</u>	<u>16,965</u>	<u>494,450</u>	<u>17,745</u>
Impairment losses and amortisation at 14 November	0	0	0	0	0
Exchange adjustment	20	0	1	0	0
Net effect from merger and acquisition	27,578	0	11,321	407	0
Amortisation for the year	5,808	0	1,869	25,122	0
Impairment and amortisation of sold assets for the year	0	0	-168	0	0
Impairment losses and amortisation at 31 December	<u>33,406</u>	<u>0</u>	<u>13,023</u>	<u>25,529</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<u><b>7,166</b></u>	<u><b>473</b></u>	<u><b>3,942</b></u>	<u><b>468,921</b></u>	<u><b>17,745</b></u>

# Notes to the Financial Statements

## 5 Intangible assets (continued)

### Group

#### Development projects in progress

Development projects in progress comprise SKIOLD's range of products. The costs consist, in all material respects, of costs relating to payroll and direct costs registered through the project ledger in the ERP system.

The carrying amount of development projects in progress amounts to TDKK 17,745 at 31 December 2018. The projects in progress are expected to be completed within the next 5 years. Management expects additional costs of approx. TDKK 28,000 relating to projects in progress before they can be completed.

#### Completed development projects

Completed development projects comprise milling components, pig house solutions, grain handling equipment, poultry equipment, software etc. The projects are completed on a continuous basis and are amortised over a maximum period of 5 years.

The individual development projects consist of products included as components or in a project for which reason there is no calculation of contribution margin per development project. Contribution margins, however, are calculated per product line, which are all satisfactory and contribute to supporting Management's decision not to amortise completed development projects.

#### Impairment testing of development projects

In 2018, Management made an impairment test of the carrying amount of the development projects. It is assessed that the recoverable amount by way of value in use exceeds the carrying amount. The value in use is calculated based on estimated earnings on the basis of expectations for the coming years.

## Notes to the Financial Statements

### 6 Property, plant and equipment

#### Group

	Land and buildings	Plant and machinery	Other fixt. and fit., tools and eqp.	Leasehold improvements
	TDKK	TDKK	TDKK	TDKK
Cost at 14 November	0	0	0	0
Exchange adjustment	-321	-428	-39	0
Net effect from merger and acquisition	136,782	92,509	16,666	470
Additions for the year	1,100	1,155	2,435	0
Disposals for the year	-348	-396	-508	0
Transfers for the year	0	224	-100	0
Cost at 31 December	<u>137,213</u>	<u>93,064</u>	<u>18,454</u>	<u>470</u>
Revaluations at 14 November	0	0	0	0
Net effect from merger and acquisition	21,956	0	0	0
Revaluations at 31 December	<u>21,956</u>	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 14 November	0	0	0	0
Exchange adjustment	-100	-244	-36	0
Net effect from merger and acquisition	54,723	79,704	12,665	334
Depreciation for the year	5,046	3,337	1,442	57
Impairment and depreciation of sold assets for the year	-348	0	0	0
Reversal of impairment and depreciation of sold assets	0	-355	-505	0
Transfers for the year	0	197	-73	0
Impairment losses and depreciation at 31 December	<u>59,321</u>	<u>82,639</u>	<u>13,493</u>	<u>391</u>
<b>Carrying amount at 31 December</b>	<b><u>99,848</u></b>	<b><u>10,425</u></b>	<b><u>4,961</u></b>	<b><u>79</u></b>
Including assets under finance leases amounting to	<u>0</u>	<u>481</u>	<u>0</u>	<u>0</u>

## Notes to the Financial Statements

	<b>Parent Company</b>
	<u>2018</u>
	TDKK
<b>7 Investments in subsidiaries</b>	
Cost at 14 November	0
Additions for the year	629,804
Cost at 31 December	<u>629,804</u>
Value adjustments at 14 November	0
Exchange adjustment	-1,419
Net profit/loss for the year	27,960
Dividend to the Parent Company	-6,000
Other equity movements, net	-217
Amortisation of goodwill	-23,497
Value adjustments at 31 December	<u>-3,173</u>
<b>Carrying amount at 31 December</b>	<b><u>626,631</u></b>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>468,604</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>443,715</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
SKIOLD A/S	Frederikshavn, Denmark	TDKK 16,670	100%

## Notes to the Financial Statements

	<b>Group</b>	<b>Parent</b>
	<u>2018</u>	<u>2018</u>
	TDKK	TDKK
<b>8 Investments in associates</b>		
Cost at 14 November	0	0
Net effect from merger and acquisition	9,082	0
Cost at 31 December	<u>9,082</u>	<u>0</u>
Value adjustments at 14 November	0	0
Net effect from merger and acquisition	3,348	0
Exchange adjustment	-850	0
Net profit/loss for the year	5,461	0
Dividends received	-2,450	0
Other equity movements, net	-217	0
Amortisation of goodwill	-348	0
Value adjustments at 31 December	<u>4,944</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>14,026</u></b>	<b><u>0</u></b>
Remaining positive difference included in the above carrying amount at 31 December	<u>1,040</u>	<u>0</u>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
SKIOLD & Vacuum Milling Solutions Plt. Ltd.	Jimboomba, Australia	TAUD 140	50%

## 9 Other fixed asset investments

	<b>Group</b>
	<u>Deposits</u>
	TDKK
Cost at 14 November	0
Net effect from merger and acquisition	509
Additions for the year	<u>25</u>
Cost at 31 December	<u>534</u>
<b>Carrying amount at 31 December</b>	<b><u>534</u></b>

## Notes to the Financial Statements

	<b>Group</b>	<b>Parent Company</b>
	<u>2018</u>	<u>2018</u>
	TDKK	TDKK
<b>10 Inventories</b>		
Raw materials and consumables	41,347	0
Work in progress	23,241	0
Finished goods and goods for resale	54,921	0
Prepayments for goods	251	0
	<u><b>119,760</b></u>	<u><b>0</b></u>

### 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

### 12 Distribution of profit

Minority interests' share of net profit/loss of subsidiaries	-65	0
Retained earnings	<u>-7,215</u>	<u>-7,215</u>
	<u><b>-7,280</b></u>	<u><b>-7,215</b></u>

### 13 Provision for deferred tax

Provision for deferred tax at 14 November	0	0
Amounts recognised in the income statement for the year	1,145	-1,255
Amounts recognised in equity for the year	<u>11,027</u>	<u>0</u>
<b>Provision for deferred tax at 31 December</b>	<u><b>12,172</b></u>	<u><b>-1,255</b></u>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to five years as a part of the ordinary operations in the group enterprises.



## Notes to the Financial Statements

	<u>Group</u>	<u>Parent</u>
	2018	2018
	TDKK	TDKK
<b>14 Other provisions</b>		
<p>The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. Furthermore other provisions include a potential earn out in connection with the acquisition of a subsidiary.</p>		
Other provisions	29,444	0
	<u>29,444</u>	<u>0</u>
<b>15 Long-term debt</b>		
<p>Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.</p> <p>The debt falls due for payment as specified below:</p>		
<b>Mortgage and term loans</b>		
After 5 years	27,734	0
Between 1 and 5 years	252,466	243,843
Long-term part	<u>280,200</u>	<u>243,843</u>
Within 1 year	17,192	15,000
	<u>297,392</u>	<u>258,843</u>
<b>Credit institutions</b>		
Between 1 and 5 years	124	0
Long-term part	<u>124</u>	<u>0</u>
Within 1 year	189	0
Other short-term debt to credit institutions	65,858	0
Short-term part	<u>66,047</u>	<u>0</u>
	<u>66,171</u>	<u>0</u>

## Notes to the Financial Statements

### 15 Long-term debt (continued)

	<b>Group</b>	<b>Parent Company</b>
	2018	2017/18
	TDKK	TDKK
<b>Lease obligations</b>		
Between 1 and 5 years	315	0
Long-term part	315	0
Within 1 year	80	0
	<b>395</b>	<b>0</b>
<b>Other payables</b>		
Between 1 and 5 years	489	0
Long-term part	489	0
Other short-term payables	49,984	3,277
	<b>50,473</b>	<b>3,277</b>

### 16 Deferred income

Short-term deferred income comprises received income for recognition in subsequent financial years.

### 17 Cash flow statement - adjustments

	<b>Group</b>
	2017/18
	TDKK
Financial income	-259
Financial expenses	14,254
Depreciation, amortisation and impairment losses, including losses and gains on sales	42,681
Income from investments in associates	-5,113
Tax on profit/loss for the year	4,995
	<b>56,558</b>

## Notes to the Financial Statements

	<b>Group</b>
	<u>2017/18</u>
	TDKK
<b>18 Cash flow statement - change in working capital</b>	
Change in inventories	30,042
Change in receivables	-80,573
Change in other provisions	-4,367
Change in trade payables, etc	<u>7,116</u>
	<b><u>-47,782</u></b>

	<b>Group</b>	<b>Parent Company</b>
	<u>2018</u>	<u>2018</u>
	TDKK	TDKK
<b>19 Contingent assets, liabilities and other financial obligations</b>		

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	<u>81,868</u>	<u>0</u>
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The following assets have been placed as security with bankers:

Mortgages registered to the owner of TDKK 2,450, providing security on land and buildings with a carrying amount of	<u>19,400</u>	<u>0</u>
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A floating charge of TDKK 8,000. The floating charge includes tangible fixed assets, inventory and trade receivables with a carrying amount of	<u>32,619</u>	<u>0</u>
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All shares in SKIOLD A/S, Landmeco. Ølgod A/S and SKIOLD BL Sp. z.o.o. have been pledged with first ranking priority to Nordea Danmark, Filial af Nordea Bank AB (publ), Sweden, as agent and representative for the benefit of certain Secured Parties (as defined in the share pledge agreement) pursuant to a share pledge agreement dated 30 November 2017 in respect of a Facilities Agreement of TDKK 320,000. Furthermore pledge through floating charge of all asset in SKIOLD BL Sp. z.o.o. and charge over intercompany loans - both in respect of the Facilities agreement.

## Notes to the Financial Statements

	<b>Group</b>	<b>Parent Company</b>
	2018	2018
	TDKK	TDKK
<b>19 Contingent assets, liabilities and other financial obligations</b> (continued)		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,054	0
Between 1 and 5 years	6,236	0
	<u>8,290</u>	<u>0</u>
Rental obligations, period of non-terminability 1-24 months	<u>2,756</u>	<u>0</u>

### Guarantee obligations

The Parent Company has issued guarantee to its subsidiary's bankers equal to no more than TDKK 57,500.

The Group has entered into agreements regarding outstanding debtors sold to a bank. The potential obligation in the notice amounts to TDKK 25,040.

### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Skiold Group A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 20 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Skiold Group A/S, CVR 39 08 38 92	Parent Company
Plemont Co-Investment No. 1 Separate Limited Partnership	Majority shareholder in Parent Company

# Notes to the Financial Statements

## **20 Related parties** (continued)

### **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. There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions on an arm's length basis and normal management remuneration.

## **21 Fee to auditors appointed at the general meeting**

With reference to section 96(3) of the Danish Financial Statements Act and to the note concerning fee to auditors appointed at the general meeting in the consolidated financial statements of Skiold Group A/S, the company has not prepared the note.

# Notes to the Financial Statements

## 22 Accounting Policies

The Annual Report of Skiold Holding A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2017/18 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, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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, Skiold Holding A/S, 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

## 22 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 financial year following the year of 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

## 22 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Revenue

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

## 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.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

### 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.



# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### **Other external expenses**

Other external expenses comprise indirect production costs and 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 and associates**

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

### **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**

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

The Company is jointly taxed with Skiold Group A/S and other Danish enterprises in the associated joint taxation. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 or 20 years.

The estimated useful life has been determined by taking into consideration the business platform acquired, including a strong brand and reputation as well as very loyal customers.

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 3-7 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

#### Property, plant and equipment

On acquisition assets are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

Other 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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Buildings	25-50	years
Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### 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 and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### 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.

# Notes to the Financial Statements

## **22 Accounting Policies** (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### **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.

### **Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### **Prepayments**

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

### **Equity**

#### ***Dividend***

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

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

### 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.

### Financial debts

Loans, such as mortgage loans and 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

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 "Overdraft facilities".

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

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

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