

# Metso Denmark A/S

Vejlevej 5, DK-8700 Horsens

CVR no. 45 50 53 16

## Annual report 2017

Approved at the Company's annual general meeting on 14 May 2018

Chairman:



.....  
Ole Kannerup Rasmussen

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## 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 Metso Denmark A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

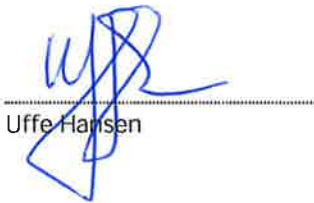
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Horsens, 14 May 2018  
Executive Board:



Ole Kannerup Rasmussen



Uffe Hansen


Board of Directors:



Eva-Liisa Virkkunen  
Chairman



Elisa Kristiina Erkkilä



Uffe Hansen



Ole Kannerup Rasmussen



Lasse Mejer Hansen



John Naldal

## Independent auditor's report

To the shareholders of Metso Denmark A/S

### Opinion

We have audited the financial statements of Metso Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 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 Company 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 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 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 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.

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 internal control.

## Independent auditor's report

- ▶ 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 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 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.

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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 14 May 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Henrik Andersen

State Authorised Public Accountant

MNE no.: mne32084

## Management's review

### Company details

Name	Metso Denmark A/S
Address, Postal code, City	Vejlevej 5, DK-8700 Horsens
CVR no.	45 50 53 16
Registered office	Horsens
Financial year	1 January - 31 December
Website	<a href="http://www.metso.com/recycling">www.metso.com/recycling</a>
Telephone	+45 76 26 64 00
Board of Directors	Eeva-Liisa Virkkunen, Chairman Elisa Kristiina Erkkilä Uffe Hansen Ole Kannerup Rasmussen Lasse Mejer Hansen John Naldal
Executive Board	Ole Kannerup Rasmussen Uffe Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

## Management's review

### Financial highlights

DKK'000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Gross margin	78,086	80,764	76,442	70,491	65,181
Operating profit/loss	35,174	38,691	32,644	36,597	20,244
Net financials	-124	-224	-341	-515	-28
Profit/loss for the year	27,343	29,990	24,663	27,515	15,237
<b>Total assets</b>					
Investment in property, plant and equipment	401	3,650	3,379	1,110	3,119
Equity	44,076	46,433	38,443	53,780	66,265
<b>Financial ratios</b>					
Return on assets	30.9%	36.5%	30.2%	26.7%	14.2%
Solvency ratio	39.8%	39.7%	40.5%	44.4%	43.3%
Return on equity	60.4%	70.7%	53.5%	45.8%	26.0%
Average number of employees	91	89	92	92	105

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

## Management's review

### Business review

The Company's main activity is development, production and marketing of mobile and stationary waste shredders for industrial use.

### Recognition and measurement uncertainties

There are no significant uncertainties by recognition and measurement of the financial values and results.

### Unusual matters having affected the financial statements

Nothing to report.

### Financial review

The income statement for 2017 shows a profit of DKK 27,343 thousand against a profit of DKK 29,990 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 44,076 thousand. In 2017, the Company experienced a good level of market activities which resulted in satisfactory sales as well as operating profit in line with expectations set out in the annual report for 2016.

### Knowledge resources

During several years the Company has achieved competences within handling and shredding of waste as well as equipment for this purpose. The Company will continue the development within this area.

### Special risks

The Company is not exposed to particular operating risks, financial risks, interest risks or credit risks compared to other similar companies within the industry.

### Research and development activities

During 2017 the activities were focused on further development of the existing product portfolio.

### Events after the balance sheet date

No events have occurred that impacts the assessment of the result and financial position at balance sheet date.

### Outlook

We see a continued high level of market activity and further global opportunities for our products. For 2018, Management expects satisfactory financial results in the range of DKK 25-30 million.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2017	2016
	Gross margin	78,086	80,764
12.3	Distribution costs	-28,234	-26,759
12.3	Administrative expenses	-14,678	-15,314
	Operating profit	35,174	38,691
4	Financial expenses	-124	-224
	Profit before tax	35,050	38,467
5	Tax for the year	-7,707	-8,477
	Profit for the year	27,343	29,990

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	0	0
		0	0
7	Property, plant and equipment		
	Land and buildings	4,103	4,524
	Plant and machinery	4,312	5,441
	Other fixtures and fittings, tools and equipment	1,473	1,381
		9,888	11,346
	Total fixed assets	9,888	11,346
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	35,953	29,649
	Work in progress	7,989	17,108
	Finished goods and goods for resale	5,040	3,738
		48,982	50,495
	Receivables		
	Trade receivables	26,287	19,885
	Receivables from group entities	2,267	4,719
	Other receivables	7,981	10,907
		36,535	35,511
	Cash	15,279	19,592
	Total non-fixed assets	100,796	105,598
	TOTAL ASSETS	110,684	116,944

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	6,001	6,001
	Retained earnings	8,375	10,732
	Dividend proposed for the year	29,700	29,700
	Total equity	<u>44,076</u>	<u>46,433</u>
	Provisions		
9	Deferred tax	590	366
	Other provisions	6,242	6,175
10	Total provisions	<u>6,832</u>	<u>6,541</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	10,560	16,512
	Trade payables	23,432	23,352
	Payables to group entities	2,567	2,330
	Income taxes payable	1,781	2,428
11	Other payables	21,436	19,348
		<u>59,776</u>	<u>63,970</u>
	Total liabilities other than provisions	<u>59,776</u>	<u>63,970</u>
	TOTAL EQUITY AND LIABILITIES	<u>110,684</u>	<u>116,944</u>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at				
	1 January 2016	6,001	10,442	22,000	38,443
15	Transfer, see "Appropriation of profit"	0	290	29,700	29,990
	Dividend distributed	0	0	-22,000	-22,000
	Equity at				
	1 January 2017	6,001	10,732	29,700	46,433
15	Transfer, see "Appropriation of profit"	0	-2,357	29,700	27,343
	Dividend distributed	0	0	-29,700	-29,700
	Equity at				
	31 December 2017	6,001	8,375	29,700	44,076

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Metso Denmark A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

##### Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, allowance is made for gains, losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, cost incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

##### Reporting currency

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

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between date and at the date of payment are recognized in the income statement as interest income or expense and similar items.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date on which the receivable or payable arose or was recognized in the latest consolidated and parent company financial statements is recognized in the income statement as financial income or expense and similar items.

##### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Revenue includes sale of finished products, services and spare parts. Revenue is recognised net of VAT and taxes charged on behalf of third parties.

###### Gross margin

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

###### Production costs

Production expenses comprise the expenses of this year's sale and goods used in the production of the year. The expenses include raw materials, consumables, production staff and production overheads comprise indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment as well as plant administration and management.

Production expenses include development projects and depreciation of development projects recognised in the balance sheet.

###### Distribution costs

Distribution expenses comprise the expenses of distribution of goods sold and sale and marketing campaigns which includes expenses for staff, advertisement and depreciation.

###### Administrative expenses

Administration expenses comprise expense of management of the company which includes expenses for staff, office supplies and depreciation.

###### Other operating income and operating expenses

Other operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

###### Amortisation/depreciation

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

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:

Buildings	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	4-5 years

Land is not depreciated.

###### Financial expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities and transactions denominated in foreign currencies, surcharges and allowances under the onaccount tax scheme etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement. Current and deferred tax concerning changes in equity is taken directly to equity.

##### Balance sheet

##### Intangible assets

Development projects comprise expenses, salaries and wages which are directly or indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the product or the process, are recognised as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the total development costs.

Other development costs are recognised in the income statement when incurred.

Intangible assets, which are recognised in the balance sheet, are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over estimated useful life. The amortization period is usually 5 years.

##### Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until such date as the asset is available for use. The cost of selfconstructed assets comprise direct and indirect costs of materials, components, sub suppliers, wages and salaries.

Assets with a total cost of DKK 25,000 or less are recognised in the income statement when incurred.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less cost of disposal and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under other operating income or expenses.

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual impairment test. In case of evidence of impairment, each asset or group of assets is tested for impairment. Assets are written down to the lower of the recoverable amount and the carrying amount.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost using the weighted average cost method. If the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of raw materials and consumables includes the purchase price plus costs of delivery. The cost of finished goods and work in progress includes, consumables, direct labour and production overheads.

Production overheads comprise indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment as well as plant administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales price less cost of completion and expenses incurred to effect the sale and is made up taking into account marketability, obsolescence and developments in the expected sales price.

##### Receivables

Trade receivables are measured at amortised cost, which usually correspond to the normal value. A provision is made for bad debts based on an individual assessment of each account receivable.

##### Cash

Cash comprises cash balances and bank balances.

##### Provisions

Provisions comprise anticipated expenses related to commitments in respect of sold machines. Provisions are recognised when, as a result of past events, the company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of normally 1-2 years. Provisions for warranties are measured at net realisable value and are recognised based on past experience. The provision made is estimated on a current basis and is adjusted in accordance with the experiential development in costs.

##### Corporation taxes

Current tax charges and receivables are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Deferred tax assets are measured at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

Deferred tax assets, including the tax base of possible tax loss carry forwards, are recognised at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules at the balance sheet date when the deferred tax is expected to be realized as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the time of borrowing at the proceeds received net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost.

Other liabilities are measured at net realisable value.

##### Cash flow statement

The Company has not prepared a cash flow statement as this is included in the consolidated financial statements of Metso Corporation.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

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

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2017	2016
2 Other operating income		
Income from sale of property, plant and equipment	0	395
Royalty	0	108
Other income	30	29
	<u>30</u>	<u>532</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	1,617
Depreciation of property, plant and equipment	1,859	1,961
	<u>1,859</u>	<u>3,578</u>
Amortisation/depreciation of property, plant and equipment are recognised in the income statement under the following items:		
Production costs with DKK 1,768 thousand, Distribution costs with DKK 17 thousand and Administrative expenses with DKK 74 thousand		
4 Financial expenses		
Interest expenses, group entities	6	4
Other financial expenses	118	220
	<u>124</u>	<u>224</u>
5 Tax for the year		
Estimated tax charge for the year	7,483	8,478
Deferred tax adjustments in the year	224	-1
	<u>7,707</u>	<u>8,477</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2017	16,170
Cost at 31 December 2017	16,170
Impairment losses and amortisation at 1 January 2017	16,170
Impairment losses and amortisation at 31 December 2017	16,170
Carrying amount at 31 December 2017	0

#### 7 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2017	27,106	22,741	4,583	54,430
Additions in the year	0	101	300	401
Cost at 31 December 2017	27,106	22,842	4,883	54,831
Impairment losses and depreciation at 1 January 2017	22,582	17,300	3,202	43,084
Amortisation/depreciation in the year	421	1,230	208	1,859
Impairment losses and depreciation at 31 December 2017	23,003	18,530	3,410	44,943
Carrying amount at 31 December 2017	4,103	4,312	1,473	9,888
Depreciated over	25 years	5-10 years	4-5 years	

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2017	2016
8 Share capital		
Analysis of the share capital:		
6,001 shares of DKK 1,000.00 nominal value each	6,001	6,001
	<u>6,001</u>	<u>6,001</u>

The Company's share capital has remained DKK 6,001 thousand over the past 5 years.

DKK'000	2017	2016
9 Deferred tax		
Deferred tax at 1 January	366	367
Change to deferred tax	224	-1
Deferred tax at 31 December	<u>590</u>	<u>366</u>
Deferred tax relates to:		
Intangible assets	0	-508
Property, plant and equipment	751	968
Inventories	317	194
Provisions	-478	-288
	<u>590</u>	<u>366</u>

#### 10 Provisions

The Company provides warranties of 1-2 years on certain products and is obliged to repair or replace the products, which are not satisfactory. Under other provisions an amount of DKK 6,242 thousand (2016: DKK 6,175 thousand) is accrued for expected warranty claims based on experience from historic level for repairs and returned goods.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2017	2016
11 Other payables		
Other accrued expenses	21,436	19,348
	<u>21,436</u>	<u>19,348</u>

In order to hedge recognised financial transactions, Metso Denmark A/S uses forward exchange contracts.

Signed forward exchange contract for buy of EUR 1,400 thousand at a rate of 744.25 or DKK 10,419 thousand

Signed forward exchange contract for sale of CNH 3,500 thousand at a rate of 95.19 or DKK 3,332 thousand

Signed forward exchange contract for sale of SEK 1,139 thousand at a rate of 77.18 or DKK 879 thousand

Signed forward exchange contract for sale of GBP 226 thousand at a rate of 836.72 or DKK 1,888 thousand

Signed forward exchange contract for sale of EUR 10,571 thousand at a rate of 774.15 or DKK 78,664 thousand

DKK'000	2017	2016
12 Staff costs		
Wages/salaries	51,237	47,718
Pensions	4,757	4,366
Other social security costs	206	201
	<u>56,200</u>	<u>52,285</u>

Staff costs are recognised as follows in the financial statements:

Production	30,383	29,798
Distribution	16,268	14,541
Administration	9,549	7,946
	<u>56,200</u>	<u>52,285</u>

Average number of full-time employees	<u>91</u>	<u>89</u>
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Remuneration to members of management:

Executive board	<u>3,520</u>	<u>2,630</u>
	<u>3,520</u>	<u>2,630</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 13 Contractual obligations and contingencies, etc.

##### Other financial obligations

The Company has signed operational leasing contracts with an average annual lease of DKK 851 thousand. The maturity of the contracts is up to 57 months and the total cost is DKK 4,040 thousand.

The Company has entered into a lease contract with a yearly rent of DKK 120 thousand. The lease can be terminated with 3 months' notice.

Warranties to customers and suppliers provided by third parties, the Company's bank and financial connections are totaling DKK 20,961 thousand (2016: DKK 14,103 thousand).

#### 14 Related parties

Metso Denmark A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Metso Minerals OY	Töölönlahdenkatu 2, FI-00100 Helsinki, Finland	Participating interest

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Metso Corporation	Finland	www.metso.com

##### Related party transactions

Metso Denmark A/S was engaged in the below related party transactions:

DKK'000	<u>2017</u>	<u>2016</u>
Sale of goods	21,158	10,795
Purchase of goods	757	969
Sale of services	5,408	4,895
Purchase of services	11,107	10,741
Interests payables	6	4

#### 15 Appropriation of profit

Recommended appropriation of profit		
Proposed dividend recognised under equity	29,700	29,700
Retained earnings/accumulated loss	-2,357	290
	<u>27,343</u>	<u>29,990</u>