admincontrol

RMIG årsrapport 2020 - underskrift.pdf

**Signers:**

| *Name* | *Method* | *Date* |
|---|---|---|
| Per Thanning Johansen | NEMID | 2021-03-15 18:08 GMT+1 |
| Anne Christine Beck | NEMID | 2021-03-16 10:19 GMT+1 |
| John Rene Grahn Petersen | NEMID | 2021-03-16 10:25 GMT+1 |
| Kim Borch-Kristensen | NEMID | 2021-03-16 10:25 GMT+1 |
| Bjarne Moltke Hansen | NEMID | 2021-03-16 10:26 GMT+1 |
| Jørgen Frost | NEMID | 2021-03-16 10:30 GMT+1 |
| Tim Kjær-Hansen | NEMID | 2021-03-16 10:32 GMT+1 |
| Erik Holst Jørgensen | NEMID | 2021-03-16 11:34 GMT+1 |
| Lene Hall | NEMID | 2021-03-16 12:54 GMT+1 |
| Torben Svanholm | NEMID | 2021-03-16 12:54 GMT+1 |

**This document package contains:**

*- Front page (this page)*
*- The original document(s)*
*- The electronic signatures. These are not visible in the document, but are electronically integrated.*

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

THE SIGNED DOCUMENT FOLLOWS ON THE NEXT PAGE >

RMIG

we make ideas come to life

RM RICH. MÜLLER A/S | CVR-NR. 64 11 31 19 | INDUSTRIPARKEN 40, DK-2750 BALLERUP

# Annual report 2020

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity
of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Contents



This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Company details

## Company

RM Rich. Müller A/S
Industriparken 40
DK-2750 Ballerup
Central Business Registration No: 64 11 31 19
Registered in Ballerup

Phone: +45 44 20 88 00
Fax: +45 44 20 89 61

## Board of Directors

Bjarne Moltke Hansen, Chairman
Jørgen Frost, Vice-chairman
Per Thanning Johansen
Anne Christine Beck
Kim Borch-Kristensen, member elected by the employees
John René Petersen, member elected by the employees

## Management

Torben D. Svanholm
Lene Hall

## Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

The Annual General Meeting adopted the annual report on 16 March 2021

## Chairman of the General Meeting

_____

**Front page photo:**
MSCP Time Square, Bridge Street. For more information see:
http://www.rmig.com/en/city+emotion/case+studies/projects/mscp+time+square,+bridge+street?doc=1974&page=1&url=/en/city+emotion/case+studies/application&sort=application&category1=true&category2=true&category3=true&category4=true&category5=true

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Statement by Management on the annual report

Today we have presented the annual report of RM Rich. Müller A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position and results as well as the consolidated cash flow. Also, we believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 16 March 2021

## Management

Torben D. Svanholm
Chief Executive Officer

Lene Hall
Chief Financial Officer

## Board of Directors

Bjarne Moltke Hansen
Chairman

Jørgen Frost
Vice-chairman

Per Thanning Johansen

Anne Christine Beck

Kim Borch-Kristensen
member elected by the employees

John René Petersen
member elected by the employees

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Independent auditor's report

## To the shareholder of RM Rich. Müller A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of RM Rich. Müller A/S for the financial year 1 January - 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020, and of the results of their operations and the consolidated cash flows for the financial year 1 January - 31 December 2020 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 exits. 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 consolidated financial statements and parent financial statements.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# 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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Independent auditor's report

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 16 March 2021

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Erik Holst Jørgensen
State Authorised Public Accountant
MNE-nr. mne9943

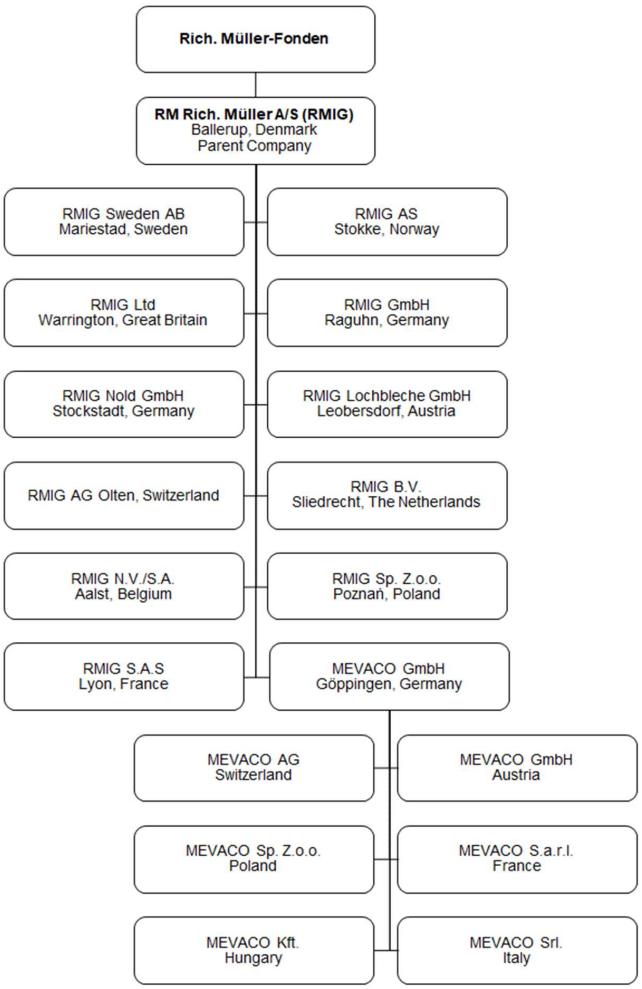
Tim Kjær-Hansen
State Authorised Public Accountant
MNE-nr. mne23295

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Management's review

## Group chart

All subsidiaries are owned 100% by RMIG or subsidiaries of RMIG.




This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Management's review

## Group financial highlights

| | 2020<br>€'000 | 2019<br>€'000 | 2018<br>€'000 | 2017<br>€'000 | 2016<br>€'000 |
|---|---|---|---|---|---|
| Turnover | 143,346 | 130,093 | 118,353 | 113,579 | 88,673 |
| EBITDA | 11,709 | 4,730 | 7,306 | 6,235 | 5,507 |
| EBIT | 5,786 | 1,174 | 3,087 | 3,340 | 3,180 |
| Net financials | (1,759) | (892) | (842) | (625) | (965) |
| Net profit for the year | 2,735 | 415 | 2,004 | 2,851 | 2,169 |
| Investments in property, plant and equipment | 2,926 | 8,770 | 4,021 | 2,275 | 1,489 |
| Total assets | 97,197 | 99,328 | 61,203 | 60,299 | 52,359 |
| Equity | 31,138 | 28,404 | 27,782 | 24,799 | 22,230 |
| EBITDA ratio | 8.2% | 3.6% | 6.2% | 5.5% | 6.2% |
| EBIT ratio | 4.0% | 0.9% | 2.6% | 2.9% | 3.6% |
| Return on invested capital excl. goodwill (ROIC) | 14.2% | 4.3% | 11.6% | 13.0% | 11.0% |
| Return on equity (ROE) | 9.2% | 1.5% | 7.6% | 12.1% | 9.8% |
| Equity ratio (solvency ratio) | 32.0% | 28.6% | 45.4% | 41.1% | 42.5% |

## Ratios

The ratios have been compiled in accordance with Recommendations & Ratios 2017 issued by The Danish Finance Society and generally accepted calculation formulas.

| | |
|---|---|
| EBITDA ratio | $\frac{EBITDA\ x\ 100}{Turnover}$ |
| EBIT ratio | $\frac{EBIT\ x\ 100}{Turnover}$ |
| Return on invested capital excl. goodwill (ROIC) | $\frac{(EBITDA\ excl.\ goodwill\ write\ down)\ x\ 100}{Average\ invested\ capital\ excl.\ goodwill}$ |
| Return on equity (ROE) | $\frac{Net\ profit\ for\ year\ x\ 100}{Average\ equity}$ |
| Equity ratio (solvency ratio) | $\frac{Equity, end\ of\ period\ x\ 100}{Equity\ and\ liabilities, end\ of\ period}$ |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

## The Group's primary activity

RM Rich. Müller A/S and its subsidiaries are internationally known under the names RMIG and MEVACO.
The MEVACO name became part of the Group when RM Rich Müller A/S acquired the German company MEVACO GmbH and its subsidiaries on 1 October 2019. Following the acquisition of MEVACO, the business structure of the RMIG Group is organised into three business areas: RMIG Solutions, RMIG Automotive and MEVACO.

The RMIG Solutions business is focusing on supplying tailor-made solutions for selected customer segments in specific industries and OEMs. In most cases, the products are based on perforated metal with additional services including secondary operations, logistic and project management. The customers are typically larger companies that demands technical advice.
For RMIG Automotive, the focus is on supplying interior and exterior grills to the automotive industry. In most cases, the grills will be based on perforated metal or expanded metal, formed, surface treated and mounted on a plastic carrier. The customers are typically Tier 1 or Tier 2 suppliers to the automotive OEMs.
MEVACO focus on selling standard sheets or simple tailor-made products in an efficient and digitalised setup within an automated production flow with delivery times between 24 hours and max. 4 days. The customers are typically smaller metalworkers or resellers/distributors. All together the Group is covering the overall market for perforation.

RMIG's main market is Europe and the Group has manufacturing facilities in 5 European countries and serves its customers through local sales offices in 13 countries. Furthermore, RMIG cooperates with sales representatives, agents and distributors in countries in which the Group is not presented through its own subsidiaries.

## Development within the financial year

The market showed good activity in the first few months of 2020, but the spread of covid-19 picked up speed and politicians imposed a massive lockdown in most European countries from mid-March until mid-June. After a kind of normalisation over the summer, infection rates rose again and developed worse as the winter began and new lockdowns were introduced by the end of the year.

The RMIG Group achieved a turnover of € 143.3 million in 2020. The Group's turnover was lower than expected due to covid-19 impact, however the recognition of the MEVACO business throughout the year, increased revenue compared to 2019. The divestment of RMIG Automotive Ltd. in England in 2019 had a negative impact on turnover compared to last year. Overall, turnover increased by € 13.3 million, corresponding to 10.2%.

EBITDA increased by € 7.0 million to € 11.7 million. Last year was affected by transaction costs relating to the acquisition of MEVACO of € 2.2 million and loss of goodwill and equity relating to the divestment of RMIG Automotive Ltd. of € 1.9 million, in total € 4.1 million.

EBITDA ratio increased to 8.2% from 3.6% last year (6.8% excluding transaction costs and divestment loss). This development is in line with RMIG's strategic goal of increasing business earnings towards an EBITDA ratio of 10% in 2022. The positive development comes from massive cost savings and a positive effect from increasing raw material prices at the end of the year.

Profit for the year before tax increased to € 4.0 million from € 0.3 million in 2019. RMIG management is satisfied with the result and the realised progress in a covid-19 year.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

## Cash flow statement

Cash flow was positively influenced by higher earnings and from positive development in net working capital. Cash flow from operating activities was € 11.7 million versus € 7.9 million in 2019.

The cash spending on investments in assets amounted to € 2.8 million.

In connection with the financing of the acquisition of MEVACO, the Group raised long-term committed loans with a grace period of 5-6 years. In 2020, the Group converted a part of its financing to mortgage loans. The strong cash flow in 2020 has significantly reduced the financial leverage.

The net cash position increased by € 5.1 million to a net cash position at year end of € 15.8 million. Equity ratio increased to 32.0% from 28.6% in 2019.

## Ownership

The Rich. Müller-Foundation, Ballerup, is the sole owner of RM Rich. Müller A/S.

## Outlook

RMIG expects increasing sales and earnings in 2021 from a partly normalisation of the markets after covid-19 and from an improved competitiveness from a more focused business creating better solutions for our customers.

The Group's investment programme for 2021 amounts to € 6.5 million and includes investment in new machinery and equipment as well as in a new digital platform to support the company's strategic development within e-commerce.

## Statutory statement about Corporate Social Responsibility cf. § 99a

### 1. Business model

The RMIG Group (RMIG) is a leading and well-positioned group in the field of perforation technologies, forming technologies, surface treatment and the assembly of components. The company specialises in the development, production and assembly of complex perforated sheet metal parts, complete units for the automotive industry and sheet metal handling. Metal technology competence, expert customer service, innovation and quality awareness are distinguishing features of RMIG.

RMIG have subsidiaries in several European counties, hereof production sites in Denmark, Germany, the UK, Norway and Sweden. The size of our subsidiaries varies from smaller sales units to bigger production units. Please refer to our ownership structure at page 6.

We wish to succeed by fair competition as well as by ethically correct behaviour and lawful conduct. A solid business collaboration to the benefit of all parties can only exist based on fair competition and in strict compliance with the legal system. At RMIG, all interaction and cooperation between colleagues as well as towards our external partners are characterised by trust, reliability and honesty. In order to keep winning the trust and confidence of our customers, employees and the public, it is essential to respect law and comply with our internal regulations.

RMIG wishes to take part in protecting the environment and ensure an increased awareness as to how we use our resources for the benefit of the climate and our stakeholders. Therefore we have started, inspired by the UN Sustainable Development goal, a journey towards setting targets and be able to report on relevant KPI's within four areas.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0


We care about human rights and ensure a diverse organisation with equal opportunities. We promote safe and secure working environments for all employees through safety policy and work instructions.

KPIs
Number of female/male FTE
Number of sick-days
Number of work-incidence


We want to reduce our use of oil for heating, optimise our use of energy and increase the share of renewable energy.

KPIs
Used oil/gas in tons in % of production volume
Used electricity in kWh in % of production volume


We strive to interact with our customers and stakeholders to increase focus on environmental standards and set our footprint in the industry as a responsible partner.

KPIs

Roll-out ISO 14001 standard


We want to have a responsible production. This include reduction of waste and less use of oil in the perforation process.

KPIs
Oil consumption in % of production volume
Percentage of Waste metal/Burr recycled in % of metal consumption

## 2. Policy for Corporate Social Responsibility

### 2.1 Policy for respecting human rights

RMIG respects the personal dignity, privacy and personal rights of all individuals. In accordance with our corporate values, we are committed to showing respect, honesty and trust towards our employees and external partners. Interacting with one another, we value a fair, friendly and constructive behaviour. Our awareness is materialised in our RMIG Code of Conduct which includes actions of equality and non-discriminating behaviour.

#### 2.1.1 Results for year and targets for next year

The board of RMIG has decided to follow a policy for the under-represented gender in management positions.

Targets for the under-represented gender in the board: When new candidates for the RMIG board are to be selected, emphasis is placed on competences, international experience and diversity. Regarding the under-represented gender, it is the objectives of RMIG to increase the number of board members of the under-represented gender and to achieve a share of the under-represented gender of at least 25% before the end of 2022.
At the board meeting in March 2020 a female candidate was elected as new board member for the RMIG Board and thereby the target has been achieved.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

Targets for the under-represented gender on other management levels. Other management levels at RMIG consist of Executive Management and the Business Area Management team. The objective of RMIG is to ensure a share of the under-represented gender of at least 25% before the end of 2022.
For Executive Management the gender distribution is 50/50. For the Business Area Management team level the under-represented gender is 33%.

## 2.2 Policy for labour rights

RMIG's policy for labour rights seeks to secure a good working environment so we can attract, develop and maintain a qualified and engaged workforce. Through our safety committees, we focus on ensuring a safe and ergonomic working environment and RMIG is responsible for taking preventive measures concerning occupational health and safety.

Executive Management decides and implements actions based on input from the committees and Employee Satisfaction Surveys to ensure a good working environment. Executive Management follows up on the impacts from the initiatives through the yearly Personal Development Review and Employee Satisfaction Survey every third year.

Systematic follow-ups on health and safety incidents are taking place and Executive Management is focused on minimising the numbers and severity of the incidents. The result shows reduced numbers of accidents. We have not experienced any issues regarding labour rights.

### 2.2.1 Results for the year and targets for next year

There has been made big efforts and awareness to avoid injuries in our productions sites during 2020. We have focused on different areas such as getting different gloves for different type of workstations and efforts in securing that people walk in the right zones, and thereby not come close to running machines.

In 2020, we have registered total incidents for the Solutions business to 13, which is an improvement since last year where we had 26 incidents.

The target for 2021 is first of all to have a common reporting set-up for the entire Group. The target for the number of incidents is less than 10.

## 2.3 Policy for environment and climate impact

It is RMIG's principles to comply with any current environmental laws and regulations, to develop measures in order to minimise environmental pollution, continuously to improve environmental protection and endlessly to implement initiatives in order to reduce the impact.

### 2.3.1 Result for the year and targets for next year

It is Executive Management's objective that the Group's products and production processes are not harmful to the environment. The Group companies have an ongoing dialogue with the authorities in the countries in which the Group has production facilities, and seek to contribute to an environmentally sustainable development.

During 2020, we have worked on different projects to improve climate impact. In our production sites in Denmark and the UK, we have changed lighting to LED and thereby saved electricity costs. Also in Denmark, the old oil heating has been changed to district heating again helping in improving our $CO_2$ emission.

At the end of 2020, we have received the ISO 14001 standard in our production sites in Denmark and the UK. We have started a systematic measurement of use of electricity, use of heat, use of water and metal waste etc. We call this programme Mass Balance. As a target for 2021, we will strive to get our production sites in Germany and Sweden to gain the ISO 14001 standard as well and have full Mass Balance data to be able to report on our planned KPIs.

We work with responsible use of raw materials and therefore we collect all cut-off from the perforation process and recirculate it to metal dealers.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

When it comes to transport and flights, 2020 has been a year with covid-19 and we have introduced new ways of meeting via Teams. Going forward, we forsee a mix of meeting our customers and stakeholders in person and via virtual meeting.

### 2.4 Policy for bribery and corruption

It is RMIG's policy and commitment to work against bribery and corruption as expressed in our RMIG Supplier Code of Conduct. Free and fair competition is the foundation of our economic activities. Corruption, disloyalty and betrayal distort this competition. RMIG is obligated to comply with all current regulations concerning fair competition and antitrust laws. RMIG shall not violate those antitrust laws by agreements concerning, for example, price collusion, allocation of markets and customers, market agreements or bid rigging, and shall not abusively take advantage of an existing market-dominating position. RMIG must comply with all relevant legal obligations concerning money laundering prevention and shall not be involved in money laundering activities. Our business relationships are based on honesty and should not be distorted or influenced by means of bribery or other measures.

The RMIG Code of Conduct expresses the policy for employees in the Group and defines expected behaviour. RMIG employees are obligated to notify Executive Management immediately upon learning of any known or suspected improper behaviour by suppliers or subcontractors, or by colleagues within RMIG. All subcontractors and suppliers are asked to sign the RMIG Supplier Code of Conduct and RMIG employees are asked in the yearly Personal Development Review to confirm that he/she is aware of our procedures and act in accordance with RMIG Code of Conduct. We have not experienced any incidents regarding bribery and corruption.

#### 2.4.1 Result for the year and targets for next year

We are not aware that any bribery or corruption cases has been dealt with during 2020.

## Financial risks

RMIG is an international group with activities in a number of countries. Consequently, RMIG has a number of ordinary currency related positions in DKK, SEK, NOK, GBP etc. It is the Group's policy continuously to evaluate if these net positions are to be hedged. The Group's net position consists of investments in subsidiaries, receivables and liabilities other than provisions.

## Events after the balance sheet date

No events that would materially influence the evaluation of this annual report have occurred after the balance sheet date to this date.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Income statement

| Parent 2019 €'000 | Parent 2020 €'000 | | Note | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|---|
| 49,594 | 45,226 | Turnover | 1 | 143,346 | 130,093 |
| (41,231) | (36,096) | Production costs | 2, 6 | (110,872) | (104,696) |
| **8,363** | **9,130** | **Gross profit** | | **32,474** | **25,396** |
| (2,928) | (2,780) | Sales and distribution costs | 2, 6 | (15,882) | (11,838) |
| (5,399) | (6,669) | Administrative costs | 2, 3, 6 | (11,766) | (8,760) |
| 1,570 | 1,731 | Other operating income | 4 | 1,186 | 776 |
| (4,028) | (37) | Other operating expenses | 5 | (224) | (4,402) |
| **(2,422)** | **1,375** | **Earnings before interest and tax (EBIT)** | | **5,786** | **1,174** |
| 3,186 | 2,672 | Income from investments in group enterprises | | - | - |
| 367 | 113 | Financial income | | 129 | 140 |
| (890) | (1,368) | Financial expenses | | (1,888) | (1,032) |
| **241** | **2,793** | **Earnings before tax** | | **4,027** | **282** |
| 174 | (58) | Tax on profit for the year | 7 | (1,292) | 133 |
| **415** | **2,735** | **Earnings for the year** | 8 | **2,735** | **415** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Balance sheet

| Parent 2019 €'000 | Parent 2020 €'000 | | Note | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|---|
| 7,805 | 7,026 | Software licenses and trademarks | | 7,051 | 7,831 |
| 2,384 | 1,645 | Goodwill and other intangible assets | | 6,111 | 7,226 |
| **10,189** | **8,671** | **Intangible assets** | 9 | **13,161** | **15,057** |
| 1,451 | 1,378 | Land and buildings | | 14,729 | 15,096 |
| 3,767 | 3,716 | Plant and machinery | | 16,831 | 17,562 |
| 180 | 319 | Fixtures and fittings, tools and equipment | | 1,658 | 1,846 |
| 917 | 331 | Tangible assets in progress and prepayments | | 1,362 | 1,682 |
| **6,315** | **5,744** | **Tangible assets** | 10 | **34,579** | **36,186** |
| 45,907 | 47,703 | Investments in subsidiaires | 11 | - | - |
| - | - | Other securities | 11 | 30 | 30 |
| 943 | 867 | Deferred tax asset | 12 | 2,465 | 2,980 |
| **46,849** | **48,570** | **Fixed asset investments** | | **2,496** | **3,010** |
| **63,354** | **62,985** | **Fixed assets** | | **50,237** | **54,253** |
| **3,774** | **3,289** | **Inventories** | 13 | **14,443** | **17,736** |
| 2,109 | 1,868 | Trade receivables | | 11,493 | 13,387 |
| 12,942 | 5,966 | Receivables from group enterprises | | - | - |
| - | 1 | Corporation tax receivables | | 135 | 71 |
| 996 | 412 | Other receivables | | 1,125 | 1,667 |
| 326 | 121 | Prepayments | 14 | 754 | 671 |
| **16,373** | **8,368** | **Receivables** | | **13,507** | **15,795** |
| **7,836** | **14,187** | **Cash** | | **19,011** | **11,545** |
| **27,982** | **25,844** | **Current assets** | | **46,961** | **45,076** |
| **91,336** | **88,829** | **Assets** | | **97,197** | **99,328** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Balance sheet

| Parent | | | | Group | |
|---|---|---|---|---|---|
| 2019 €'000 | 2020 €'000 | | Note | 2020 €'000 | 2019 €'000 |
| 16,985 | 16,985 | Share capital | | 16,985 | 16,985 |
| 11,419 | 14,153 | Retained earnings | | 14,153 | 11,419 |
| **28,404** | **31,138** | **Shareholders equity** | | **31,138** | **28,404** |
| - | - | Provision for deferred tax | 12 | 1,622 | 2,218 |
| - | - | Pensions and similar liabilities | 15 | 791 | 778 |
| 136 | 252 | Other provisions | 16 | 1,115 | 765 |
| **136** | **252** | **Provisions** | | **3,528** | **3,762** |
| 3,347 | 3,361 | Subordinated convertible loan capital | 17 | 3,361 | 3,347 |
| 11,401 | 8,762 | Mortgage debt | 18 | 20,914 | 11,401 |
| 27,857 | 13,887 | Long-term loans | 17 | 13,887 | 27,857 |
| 341 | 1,026 | Other long-term debt | 17 | 4,543 | 4,993 |
| **42,946** | **27,035** | **Long-term liabilities other than provisions** | 17 | **42,705** | **47,598** |
| 795 | 3,204 | Bank debt | | 3,204 | 795 |
| 1,998 | 1,920 | Trade payables | | 6,757 | 8,081 |
| - | 1,291 | Short term Mortage debt | | 1,291 | - |
| 12,818 | 21,514 | Payables to group enterprises | | - | - |
| - | - | Corporation tax payables | | 147 | 83 |
| 4,239 | 2,475 | Other payables | | 8,427 | 10,604 |
| **19,850** | **30,404** | **Short-term liabilities other than provisions** | | **19,826** | **19,564** |
| **62,796** | **57,439** | **Liabilities other than provisions** | | **62,531** | **67,162** |
| **91,336** | **88,829** | **Equity and liabilities** | | **97,197** | **99,328** |
| | | Working capital changes | 19 | | |
| | | Assets charged, contingent liabilities, operatinal lease obligations, related parties | 20 - 23 | | |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Statement of changes in equity

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Share capital €'000 | Retained earnings €'000 | Fair value reserve €'000 | Sharehold. equity €'000 | Subordinated loan capital €'000 | Total Equity €'000 |
| Balance at 1 January 2019 | 16,985 | 10,797 | - | 27,782 | 3,348 | 31,130 |
| Profit for the year | - | 415 | - | 415 | - | 415 |
| Exchange rate adjustments relating to subsidiaries, hedging etc. | - | 109 | - | 109 | (1) | 108 |
| Net value adjustments, derivates | - | 97 | - | 97 | - | 97 |
| **Balance at 31 December 2019** | **16,985** | **11,419** | **-** | **28,404** | **3,347** | **31,751** |
| Profit for the year | - | 2,735 | - | 2,735 | - | 2,735 |
| Exchange rate adjustments relating to subsidiaries, hedging, etc | - | - | (252) | (252) | 14 | (238) |
| Net value adjustments, derivates | - | - | 252 | 252 | - | 252 |
| **Balance at 31 December 2020** | **16,985** | **14,153** | **-** | **31,138** | **3,361** | **34,499** |

The share capital is registered in DKK and amounts to DKK 126.6 million equal to € 16,985 thousand. Changes in the share capital relating to exchange rate adjustments are recognised under other reserves. The share capital consists of 126,600 shares of DKK 1,000 each. The shares are not classified. The shareholder has provided the Group with subordinated loan capital. The loan has no due date and bears interest at arm's length conditions.

| | Parent | | | | | |
|---|---|---|---|---|---|---|
| | Share capital €'000 | Retained earnings €'000 | Fair value reserve €'000 | Sharehold. equity €'000 | Subordinated loan capital €'000 | Total Equity €'000 |
| Balance at 1 January 2019 | 16,985 | 10,797 | - | 27,782 | 3,348 | 31,130 |
| Profit for the year | - | 415 | - | 415 | - | 415 |
| Exchange rate adjustments relating to subsidiaries, hedging etc. | - | 109 | - | 109 | (1) | 108 |
| Net value adjustments, derivates | - | 97 | - | 97 | - | 97 |
| **Balance at 31 December 2019** | **16,985** | **11,419** | **-** | **28,404** | **3,347** | **31,751** |
| Profit for the year | - | 2,735 | - | 2,735 | - | 2,735 |
| Exchange rate adjustments relating to subsidiaries, hedging, etc | - | - | (252) | (252) | 14 | (238) |
| Net value adjustments, derivates | - | - | 252 | 252 | - | 252 |
| **Balance at 31 December 2020** | **16,985** | **14,153** | **-** | **31,138** | **3,361** | **34,499** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Cash flow statement

| | Note | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|
| Earnings before interest and tax (EBIT) | | 5,786 | 1,174 |
| Depreciation and amortisation | 6 | 5,923 | 3,556 |
| Adjustment of profits and losses from the sale of companies, property, plant and equipment | | 9 | 1,759 |
| **Adjusted earnings before interest and tax** | | **11,717** | **6,489** |
| Change in provisions | | 332 | 92 |
| Working capital changes | 19 | 2,771 | 2,661 |
| **Cash flows from operating activities before net financials and tax** | | **14,820** | **9,242** |
| Net financial items | | (1,759) | (981) |
| Income taxes and withholding taxes paid | | (1,369) | (346) |
| **Cash flows from operating activities** | | **11,692** | **7,915** |
| Acquisition of tangible assets and property, plant and equipment | | (2,776) | (8,770) |
| Acquisition of intangible assets | | (24) | (8,554) |
| Acquisitions of subsidaries | | - | (13,520) |
| Divestment of subsidiary | | - | 1 |
| Sale of property, plant and equipment | | 299 | 201 |
| Acquisition and sale of other securities, investments, etc | | - | (39) |
| **Cash flows from investing activities** | | **(2,501)** | **(30,682)** |
| **Cash flows from operating and investing activities** | | **9,191** | **(22,767)** |
| Changes in equity and subordinated loan capital | | 175 | - |
| Change in interest-bearing debt excl. subordinated loan capital | | (4,310) | 31,485 |
| Cash flow change in exchange rates | | 1 | (22) |
| **Cash flows from financing activities** | | **(4,134)** | **31,463** |
| **Increase in cash and cash equivalents** | | **5,057** | **8,697** |
| Cash and cash equivalents at 1 January | | 10,750 | 2,053 |
| **Cash and cash equivalents at 31 December** | | **15,807** | **10,750** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **1. Segment information** | | |
| | | Turnover by geographical market: | | |
| 45,651 | 41,217 | Europe | 137,155 | 122,945 |
| 3,943 | 4,009 | Rest of the world | 6,191 | 7,148 |
| **49,594** | **45,226** | | **143,346** | **130,093** |
| | | **2. Staff costs** | | |
| 10,833 | 10,958 | Wages and salaries | 33,005 | 30,572 |
| 949 | 894 | Pension contributions and other social security costs | 5,843 | 4,924 |
| **11,782** | **11,852** | | **38,848** | **35,496** |
| | | Remuneration for the Parent's Management is included by € 923 thousand (2019: 707 thousand) and Board of Directors is included by € 177 thousand (2019: € 176 thousand). Staff costs are included under other production costs, sales and marketing costs and administrative costs. | | |
| 149 | 137 | Average number of employees | 636 | 715 |
| | | **3. Audit fee** | | |
| | | Fee to auditor appointed at the Annual General Meeting: | | |
| | | Deloitte: | | |
| 55 | 63 | Legal audit, annual accounts | 169 | 175 |
| 12 | - | Tax counselling | 7 | 39 |
| 1,061 | 60 | Non-audit services | 60 | 1,061 |
| **1,128** | **123** | | **236** | **1,275** |
| | | **4. Other operating Income** | | |
| - | 228 | Received salary compensation COVID-19 | 486 | - |
| - | 164 | Reversal of accrued Transaction costs from | 164 | - |
| 1,570 | 1,339 | Other operating income | 536 | 776 |
| **1,570** | **1,731** | | **1,186** | **776** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **5. Other operating Expenses** | | |
| (2,140) | - | Transaction costs from acquisitions | - | (2,140) |
| (1,834) | - | Loss on divested subsidiary | - | (1,916) |
| (54) | (37) | Other operating expenses | (222) | (346) |
| **(4,028)** | **(37)** | | **(222)** | **(4,402)** |
| | | **6. Depreciations, amortisations and impairment losses on tangible assets** | | |
| 541 | 1,557 | Amortisations | 1,923 | 829 |
| 844 | 936 | Depreciations | 4,000 | 2,727 |
| **1,385** | **2,493** | | **5,923** | **3,556** |
| | | **7. Tax on profit for the year** | | |
| (403) | 50 | Current tax | 825 | 524 |
| 24 | 8 | Change in deferred tax | 406 | (861) |
| - | - | Adjustment in deferred tax due to changes in tax rates | 19 | (4) |
| 205 | - | Adjustment concerning previous years | 42 | 208 |
| **(174)** | **58** | | **1,292** | **(133)** |
| | | **8. Proposed distribution of profit** | | |
| 415 | 2,735 | Retained earnings | 2,735 | 415 |
| **415** | **2,735** | | **2,735** | **415** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 9. Intangible assets

**Group**

| | Software licenses, patents and trademarks €'000 | Goodwill, oth. intang. assets €'000 |
|---|---|---|
| Cost at 1 January 2020 | 11,252 | 11,014 |
| Exchange rate adjustment | 32 | 75 |
| Additions | 24 | - |
| Disposals | (232) | (35) |
| **Cost at 31 December 2020** | **11,075** | **11,054** |
| Amortisation at 1 January 2020 | (3,421) | (3,789) |
| Exchange rate adjustment | (2) | (66) |
| Amortisation for the year | (834) | (1,089) |
| Disposals | 232 | |
| **Balance at 31 December 2020** | **(4,024)** | **(4,943)** |
| **Carrying amount at 31 December 2020** | **7,051** | **6,111** |
| **Leased assets included above:** | 301 | - |

**Parent**

| | Software licenses, patents and trademarks €'000 | Goodwill, oth. intang. assets €'000 |
|---|---|---|
| Cost at 1 January 2020 | 9,198 | 3,782 |
| Exchange rate adjustment | 38 | 15 |
| **Cost at 31 December 2020** | **9,235** | **3,798** |
| Amortisation at 1 January 2020 | (1,392) | (1,398) |
| Exchange rate adjustment | (8) | (7) |
| Amortisation for the year | (809) | (748) |
| **Balance at 31 December 2020** | **(2,209)** | **(2,153)** |
| **Carrying amount at 31 December 2020** | **7,026** | **1,645** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 10. Tangible assets

| | Group | | | |
|---|---|---|---|---|
| | Land and buildings €'000 | Plant and machinery €'000 | Fixtures fittings, tools and equipment €'000 | Tangible assets in progress €'000 |
| Cost at 1 January 2020 | 29,101 | 56,182 | 6,404 | 1,682 |
| Exchange rate adjustment | (60) | 109 | (5) | 5 |
| Additions | 256 | 1,433 | 345 | 892 |
| Disposals from assets sold | (21) | (1,633) | (311) | - |
| Adjustments | 121 | 979 | - | (1,217) |
| **Cost at 31 December 2020** | **29,396** | **57,069** | **6,433** | **1,362** |
| Depreciation at 1 January 2020 | (14,005) | (38,620) | (4,558) | - |
| Exchange rate adjustment | 21 | (119) | 9 | - |
| Depreciation for the year | (695) | (2,844) | (461) | - |
| Impairment for the year | - | (35) | - | - |
| Depreciations regarding sold assets | 12 | 1,379 | 235 | - |
| **Balance at 31 December 2020** | **(14,667)** | **(40,239)** | **(4,775)** | **-** |
| **Carrying amount at 31 December 2020** | **14,729** | **16,831** | **1,658** | **1,362** |
| **Leased assets included above:** | - | 2,002 | 271 | - |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 10. Tangible assets (continued)

| | Parent | | | |
|---|---|---|---|---|
| | Land and buildings €'000 | Plant and machinery €'000 | Fixtures fittings, tools and equipment €'000 | Tangible assets in progress €'000 |
| Cost at 1 January 2020 | 5,836 | 18,949 | 919 | 917 |
| Exchange rate adjustment | 24 | 76 | 4 | 2 |
| Additions | 88 | 670 | 213 | (589) |
| Disposals | - | (1,322) | (98) | - |
| **Cost at 31 December 2020** | **5,948** | **18,373** | **1,039** | **331** |
| Depreciation at 1 January 2020 | (4,385) | (15,182) | (739) | - |
| Exchange rate adjustment | (18) | (60) | (3) | - |
| Depreciation for the year | (166) | (695) | (75) | - |
| Depreciations regarding year's disposals | - | 1,281 | 97 | - |
| **Balance at 31 December 2020** | **(4,569)** | **(14,656)** | **(721)** | **-** |
| **Carrying amount at 31 December 2020** | **1,378** | **3,716** | **319** | **331** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 11. Financial assets

| | Group<br>Other securities<br>€'000 |
|---|---|
| Cost at 1 January 2020 | 31 |
| **Cost at 31 December 2020** | **31** |
| Adjustments at 1 January 2020 | (1) |
| **Balance at 31 December 2020** | **(1)** |
| **Carrying amount at 31 December 2020** | **30** |

| | Parent<br>Investments in subsidaries<br>€'000 |
|---|---|
| Cost at 1 January 2020 | 69,363 |
| **Cost at 31 December 2020** | **69,363** |
| Adjustments at 1 January 2020 | (23,457) |
| Exchange rate adjustment | (181) |
| Share of profit/(loss) for the year in subsidiaries | 2,672 |
| Dividends from subsidiaries | (694) |
| **Balance at 31 December 2020** | **(21,660)** |
| **Carrying amount at 31 December 2020** | **47,703** |

**Shares in subsidiaries**

| Name | Place of business | Share Capital | Votes and ownership |
|---|---|---|---|
| RMIG Sweden AB | Mariestad, Sweden | SEK 4 thousand | 100% |
| RMIG AS | Stokke, Norway | NOK 1 thousand | 100% |
| RMIG Ltd. | Warrington,Great Britain | £ 500 thousand | 100% |
| RMIG GmbH | Raguhn, Germany | € 2,557 thousand | 100% |
| RMIG Nold GmbH | Stockstadt, Germany | € 1,023 thousand | 100% |
| RMIG Lochbleche GmbH | Leobersdorf, Austria | € 400 thousand | 100% |
| RMIG AG | Olten, Switzerland | HF 100 thousand | 100% |
| RMIG B.V. | Dordrecht, The Netherlands | € 193 thousand | 100% |
| RMIG N.V./S.A. | Aalst, Belgium | € 217 thousand | 100% |
| RMIG Sp. Z.o.o. | Poznan, Poland | PLN 3,500 thousand | 100% |
| RMIG S.A.S. | Lyon, France | € 200 thousand | 100% |
| MEVACO GmbH | Göppingen, Germany | € 1,600 thousand | 100% |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **12. Deferred tax** | | |
| 994 | 943 | Tax asset/liabilities at 1 January | 762 | 2,358 |
| - | - | Reclass from corp. tax liabilities | - | (1,227) |
| (0) | 4 | Exchange rate adjustment | 5 | (11) |
| (28) | (71) | Changes during the year, recognised on equity | (142) | 504 |
| (24) | (8) | Changes during the year, recognised in profit and loss account | 217 | (861) |
| **943** | **867** | | **843** | **762** |
| | | Deferred taxes relate to the following items: | | |
| 89 | 133 | Intangible assets | 133 | 88 |
| 752 | 792 | Tangible assets | (387) | (428) |
| (83) | (103) | Current assets | (415) | (347) |
| 30 | 55 | Provisions | 96 | 129 |
| (19) | (11) | Liabilities other than provisions | 237 | 308 |
| 173 | - | Tax losses carry forward, gross | 2,812 | 2,893 |
| - | - | Impairment of tax asset | (1,634) | (1,881) |
| **943** | **867** | **Total deferred tax** | **843** | **762** |
| | | Consisting of: | | |
| **943** | **867** | **Deferred tax asset** | **2,465** | **2,980** |
| **-** | **-** | **Provision for deferred tax liabilities** | **1,622** | **2,218** |

Tax losses carried forward are recognised as the value of current accounting policy, in which only the portion of tax losses expected to be used within a five-year period is capitalised.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **13. Inventories** | | |
| 1,798 | 1,313 | Raw materials and consumables | 4,970 | 5,719 |
| 269 | 293 | Work in progress | 1,436 | 2,468 |
| 1,708 | 1,683 | Manufactured goods and goods for resale | 8,037 | 9,548 |
| **3,774** | **3,289** | | **14,443** | **17,736** |

## 14. Prepayments

Prepayments include payment in advance and accrued income, such as insurance premium or subscriptions.

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **15. Pension and similar liabilities** | | |
| - | - | Liability at 1 January | 778 | 704 |
| - | - | Spent during the year | (35) | (34) |
| - | - | Change in assumptions | 48 | 109 |
| **-** | **-** | | **791** | **778** |

Pension and similar liabilities solely relate to provisions made in connection with the subsidiaries' pension obligations to present and former employees. Provisions are calculated on the basis of actuarial computations according to the Company's accounting policy.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **16. Other provisions** | | |
| 303 | 136 | Other provisions at 1 January | 765 | 391 |
| (17) | (115) | Spent during the year | (435) | (32) |
| (46) | 0 | Reversed during the year | (128) | (85) |
| (104) | 231 | Provisions made during the year | 913 | 491 |
| **136** | **252** | | **1,115** | **765** |

Other provisions essentially relate to provisions made in connection with the Group's restructuring activities. Provisions are, in all material respects, expected to mature within the coming financial years.

| Parent 2019 €'000 | Parent 2020 €'000 | | Group 2020 €'000 | Group 2019 €'000 |
|---|---|---|---|---|
| | | **17. Long-term liabilities other than provisions**<br>Part of long-term liabilities due after more than 5 years from the balance sheet date amounts to: | | |
| 3,347 | 3,361 | Subordinated convertible loan capital | 3,361 | 3,347 |
| 5,359 | 3,202 | Mortgage debt | 15,430 | 5,359 |
| 670 | 420 | Derivates | 420 | 670 |
| 27,857 | - | Long-term loans | - | 27,857 |
| 341 | 1,026 | Other long-term debt | 2,801 | 1,839 |
| - | - | Finance lease | 1,742 | 3,154 |
| **37,574** | **8,009** | | **23,754** | **42,226** |
| - | 13,887 | Long-term loans over 1 year less than 5 years | 13,887 | - |
| 4,256 | 4,300 | Mortgage debt over 1 year less than 5 years | 4,224 | 4,256 |
| 1,116 | 840 | Derivates over 1 year less than 5 years | 840 | 1,116 |
| **42,946** | **27,035** | | **42,705** | **47,598** |

The subordinated convertible loan capital has no maturity. The outstanding amount is DKK 25 million equal to € 3.361 million end of 2020 (end of 2019: DKK 25 million equal to € 3.347 million). The subordination is valid for the full loan amount. The loan shall be repaid upon request from creditor with a notice period of minimum 12 months. In case of liquidation or bankruptcy the loan is subordinated to all other debts of the company.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 17. Long-term liabilities other than provision (continued)

The loan is convertible into share capital with a redemption at pari. Hence the current outstanding amount can be converted into share capital of a nominal value of in total DKK 25 million. There is no deadline for the right of conversion. The loan bears interests at arm's length conditions.

Other long-term debt are provision made for the long-term holiday accrual in Denmark, Time value account in MEVACO GmbH and Finance lease debt in MEVACO GmbH.

| Parent | | | Group | |
|---|---|---|---|---|
| 2019 €'000 | 2020 €'000 | | 2020 €'000 | 2019 €'000 |
| | | **18. Mortgage debt etc.** | | |
| | | Part of mortage debt due after more than 5 years from the balance sheet date amounts to: | | |
| 5,359 | 3,202 | Mortgage debt | 15,430 | 5,359 |
| 670 | 420 | Derivates | 420 | 670 |
| | | Part of mortage debt due over 1 year less than 5 years from the balance sheet date amounts to: | | |
| 4,256 | 4,300 | Mortgage debt over 1 year less than 5 years | 4,224 | 4,256 |
| 1,116 | 840 | Derivates over 1 year less than 5 years | 840 | 1,116 |
| | | Part of mortage debt due less than 1 year from the balance sheet date amounts to: | | |
| - | 1,081 | Short term Mortage debt | 1,081 | - |
| - | 210 | Short term Deviates | 210 | - |
| **11,401** | **10,053** | | **22,205** | **11,401** |

Derivates of DKK 10.9 million equals to € 1.470 million is founded to secure a fixed interest rate on the variable mortgage loan. The derivates of notional principal amount DKK 64.3 million equals to € 8.583 million, are securing a fixed interest rate of 4.02% and will expire in 2028. Mortgage loan and derivates are with the same counterpart.

| | Group | |
|---|---|---|
| | 2020 €'000 | 2019 €'000 |
| **19. Working capital changes** | | |
| Change in inventories | 3,263 | 2,112 |
| Change in receivables | 784 | 688 |
| Change in trade payables, etc | (189) | (2,262) |
| Change in other NWC items | (1,087) | 2,123 |
| | **2,771** | **2,661** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 20. Assets charged

**Group**

| | Net book value of assets charged 2020 €'000 | Charge 2020 €'000 | Net book value of assets charged 2019 €'000 | Charge 2019 €'000 |
|---|---|---|---|---|
| Shares | 7,752 | 20,000 | 4,556 | 26,000 |
| Land, buildings and machineries | 25,261 | 28,466 | 11,461 | 16,175 |
| | **33,013** | **48,466** | **16,018** | **42,175** |

**Parent**

| | Net book value of assets charged 2020 €'000 | Charge 2020 €'000 | Net book value of assets charged 2019 €'000 | Charge 2019 €'000 |
|---|---|---|---|---|
| Shares | 7,752 | 20,000 | 4,556 | 26,000 |
| Land, buildings and machineries | 5,094 | 12,532 | 5,217 | 12,481 |
| | **12,846** | **32,532** | **9,774** | **38,481** |

Debt related to shares is € 13,887 thousand. The committed credit facility of € 20 million expires in Sept. 2025 and includes an overdraft facility of € 6 million.

Debt related to land, buildings and machinery is € 11,753 thousand end of 2020.
Hereof is € 1,775 thousand related to Time Value account in MEVACO GmbH.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Notes

## 21. Related parties and group relations

Related party comprise the shareholder, the Board of Directors and Management as well as enterprises of the RM Rich. Müller A/S Group, see group chart on page 6 and company details on page 1 in the annual report. Please also refer to the accounting policies.

Related parties with a controlling interest:

The Rich. Müller-Foundation, Industriparken 40, 2750 Ballerup, Denmark wholly owns the share capital and the voting rights.

Rich. Müller-Foundation is the ultimate shareholder of RM Rich. Müller A/S. The Foundation does not prepare any consolidated financial statement.

All transactions with related parties, meet the requirememts of arm's length conditions.

## 22. Contingent liabilities

**Parent**

The parent company has signed suretyships regarding all current and future obligations of a number of subsidiaries towards Nordea Group. At 31 December 2020 the balance between these subsidiaries and Nordea amounted to zero.

| Parent | | | Group | |
|---|---|---|---|---|
| 2019 €'000 | 2020 €'000 | | 2020 €'000 | 2019 €'000 |
| | | **23. Operational lease obligations** | | |
| | | **Operational lease obligations** | | |
| 110 | 101 | Due within 1 year | 1,459 | 1,151 |
| 141 | 74 | Due within 1 to 5 years | 1,609 | 1,134 |
| | | **Other obligations** | | |
| 415 | 284 | Due within 1 year | 671 | 800 |
| 127 | 58 | Due within 1 to 5 years | 1,091 | 387 |
| - | - | Due above 5 years | 737 | - |
| **794** | **516** | | **5,567** | **3,473** |

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Accounting policies

## Basis of accounting

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large). The accounting policies are unchanged from last year.

### Reporting currency

The financial statements are presented in euro which is also the Group's internal reporting currency. Translation of amounts in DKK is based on the following exchange rates:

| DKK/€ | 2020 | 2019 |
|---|---|---|
| Income statement items | 744.15 | 747.12 |
| Balance sheet items | 743.93 | 746.97 |

## Recognition and measurement

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

Liabilities are recognised in the balance when the Group, as a consequence of a previous event, has a legal or actual liability, and it is likely that future financial advantages will be deducted from the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each financial statement 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.

Profits, losses and risks that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, including recognition of value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Costs incurred to make this year's earnings, including depreciation, amortisation, impairment losses, provisions and reversals due to changed accounting estimates previously recognised in the income statement are furthermore recognised in the income statement.

## Consolidation

The consolidated financial statements include RM Rich. Müller A/S (Parent) and the group enterprises (subsidiaries) in which the Group holds more than 50% of the voting rights or in any other way exercises controlling influence. Enterprises in which the Group holds 20%-50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries whose financial statements have been prepared applying the accounting policies of the RM Rich. Müller Group. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts as well as shareholdings are eliminated. Furthermore, unrealised profits and losses on transactions between the consolidated enterprises are eliminated.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Accounting policies

## Foreign currency translation

Foreign currency transactions are translated applying standard exchange rates that roughly reflect the exchange rate at the transaction date. Assets and liabilities in foreign currencies are translated using the exchange rate at the balance sheet date and hedged amounts are translated at the agreed exchange rates. Exchange differences deriving from this are recognised in the income statement under financial income and expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the year and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' and associates' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Currency exposure related to foreign enterprises' equity is as a main assumption not hedge, as investments in foreign enterprises are seen as long-term investments. Exchange gains and losses – if any - on hedging are recognised directly on equity.

## Derivatives

The RM Rich. Müller Group uses derivatives to control financial exposure that arises in connection with operating, financing and investing activities.

On initial recognition, derivatives are measured at cost and subsequently at fair value in the balance sheet. Positive and negative fair values of derivatives are recognised under other receivables or other payables.

Changes in the fair value of derivatives, classified as and complying with the requirements for hedging of the fair value of a recognised asset or liability, are recorded in the income statement according to the policy applied for hedged items.

Changes in the fair value of derivatives, classified as and complying with the requirements for hedging future assets or liabilities, are recognised under receivables or payables as well as equity. Income and expenses regarding such hedging transactions are transferred from equity at realisation and recognised under the same financial statement item as the hedged amount.

For derivatives that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement.

Changes in the fair value of derivatives, applied for hedging of net investments in independent foreign subsidiaries or associates, are classified directly on equity.

## Pension obligations

The Group has made pension schemes and similar contracts with most of its employees.

The Company's payments into contributory schemes are recognised in the income statement at the time of maturity and any outstanding payments are recognised in the balance sheet under other payables.

For benefit schemes, an actuarial calculation is made of the net present value of future benefits to be paid by the Company pursuant to the schemes. The net present value less market value of assets related to the scheme is recognised in the balance sheet under pension obligations. Changes in net present value are recognised in the income statement.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Accounting policies

## Government grants

Government grants, related to the acquisition of assets, are recognised concurrently with expenditure and depreciation on the assets concerned. Government grants, received to cover costs, are recognised when incurred.

Repayment obligations that are made topical in case of conditions for receiving the grants are not fulfilled are disclosed in the notes under contingent liabilities.

## Income statement

### Turnover

Income from the sales of goods is recognised in the income statement when delivery has taken place and risk hereby has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Turnover is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less cash discounts

### Costs of sales

Costs of sales (variable costs and other production costs) comprise costs incurred to achieve turnover for the year. Costs of sales include direct payroll expenses, raw materials, consumables and indirect production costs, incl. among others costs for freight, which is a deviation from the Danish Companies Act. In addition, research and non-capitalised development costs are included. Depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

### Sales and marketing costs

Costs for the distribution of goods sold during the year, such as sales campaigns etc. including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised as sale and distributions costs.

### Administrative expenses

Administrative expenses comprise expenses for the administrative staff and Management include wages and salaries, office premise expenses etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration.

### Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature to the Group's primary activities, incl. grants for research and development, rental and commission income as well as payroll refunding etc.

### Income from investments in group enterprises

For equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. Income from equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

### Financial income and expenses

Interest income and interest expenses are recognised in the income statement at the amounts attributable to the financial year. In addition, financial income and expenses comprise income and expenses under finance leases.

Furthermore, realised and unrealised value adjustments on financial instruments, securities and transactions in foreign currencies are recognised in the income statement.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Accounting policies

**Income taxes**

Tax for the year includes current tax for the year and changes in deferred tax. Tax for the year relates to both profit/losses from ordinary and extraordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's expected taxable income adjusted for tax payable from prior years. Tax related to the exchange gains and losses on financial instruments used for hedging the equity of foreign group enterprises are recognised directly on equity.

Deferred tax is calculated based on the current tax rates for the financial year on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The effect of any changes in the tax rates is recognised in the accounts similar to the original transaction. Provisions for deferred tax liabilities are not made as regards investments in subsidiaries, as the temporary differences are not expected for realisation in the near future.

Tax losses carry forward that with adequate certainty are expected to be set off against future taxable income within a five-year period are capitalised and set off against the deferred tax liability within the same legal entity and jurisdiction.

## Balance sheet

**Fixed assets**

When acquiring an enterprise goodwill or negative goodwill on consolidation is computed as the difference between purchase price and fair value of the net assets.

The economic useful life on goodwill is estimated on basis of the empirical professional knowledge of Management within each segment. The amotisation period is maximum 20 years and lasts longest for companies with a strong market position and a long profit profile.

Research expenditure is written off as incurred. Development expenditures is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalized as an intangible asset and amortised over the period during which the company is expected to benefit. This period is 5-7 years. Provision is made for any impairment.

Property, plant and equipment, and other intangible assets are in the year of acquisition measured at acquisition price or cost. The cost of self-constructed assets comprises expenses for materials, direct labour costs and a portion of indirect production costs. Interests are not included in the indirect production costs.

All fixed assets are measured less accumulated depreciation and impairment losses. The carrying amounts of intangible assets and property, plant and equipment are reviewed annually to determine whether or not there are indications of impairment. If such indication exists, the recoverable amount is estimated as the higher of net sales price and utility value. Impairment losses are expensed under amortisation and depreciation.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

# Accounting policies

**Fixed assets (continued)**

Straight-line depreciation and amortisation are made on the basis of the estimated useful lives of the assets:

| | |
|---|---|
| Software, licenses and patents | up to 5 years |
| Trademarks | up to 10 years |
| Goodwill | up to 20 years |
| R&D and other intangible assets | up to 7 years |
| Buildings | 20 to 40 years |
| Plant and machinery | 5 to 15 years |
| Fixtures and fittings, tools and equipment | 3 to 10 years |
| Other plant and machinery, fixtures and fittings, tools and equipment | 3 to 10 years |

Assets of a low acquisition price or of a short useful life are expensed right away in the income statement

Assets, held under financial leases, are recognised in the balance sheet at the lower of fair value and present value of future lease payments at the time of acquisition. The internal rate of return of the lease or an approximation of this is applied as a discount factor for determining the present value. Assets, held under financial leases, are depreciated equal to the Group's other property, plant and equipment.

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

For operating lease the lease payments are expensed on a straight-line basis over the lease term.

**Fixed asset investments**

Investments in subsidiaries are measured under the equity method. The share of the subsidiaries' equity is adjusted for unrealised intra-group profits and losses and goodwill/negative goodwill on consolidation.

Investments in subsidiaries with a negative equity are measured at zero value and to the extend any receiveable from these companies is irrecoverable it is written down by the share of the negative equity. When the share of the negative equity exceeds the receiveable, the remaining amount is recognised under provisions to the extend that there is a legal or actual liability to pay them.

Newly acquired companies are recognized in the consolidated financial statement from the date of acquisition. In the acquisition of new entities over which the Group obtains control, the acquisition method is used, meaning that the acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Intangible assets indentified are recognized if they can be separated or if they originate from contractual terms. The tax effect of the revaluation is taken into account.

**Inventories**

Inventories are measured at the lower of acquisition price and cost using the FIFO method. If the acquisition price or cost exceeds the net realisable value, a write-down is made to such lower value.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0

Work in progress and finished goods are recognised at manufacturing cost that includes consumption of materials and payroll costs plus indirect production costs. Indirect production costs comprise operating expenses, maintenance and depreciation of production plant as well as administration and factory management.

In cases where the acquisition price or the manufacturing cost exceeds the estimated sales price less completion costs and distribution costs, a write-down is made to such lower net realisable value.

**Receivables**

Receivables are measured at amortised cost. Provision is made for bad debts.

**Cash**

Cash includes deposits in bank accounts as well as operating cash.

**Equity**

The net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

**Other provisions**

Other provisions comprise restructuring provisions which are recognised when the Group has a legal or constructive obligation.

**Financial liabilities**

Mortgage debt and bank debt are recognised in the balance sheet at the proceeds received deducted any costs of transaction. In subsequent periods, the debts are measured at amortised cost. The difference between proceeds and nominal value is thus recognised in the profit and loss accounts as an interest expense over the duration of the debts.

**Cash flow statement**

The cash flow statement is presented using the indirect method split into operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

No cash flow statement has been prepared for the parent company as the cash flow of the parent company is included in the cash flow of the Group.

Cash flows from operating activities are calculated as the operating result adjusted for non-cash operating items, working capital changes and net financial items.

Cash flows from investing activities comprise payments in connection with purchase and sale of property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise payments to and investment from shareholders as well as raising and repayment of loans and payments of dividends.

The cash flow statement cannot be concluded only from the published financial records.

Cash and cash equivalents comprise of cash funds and any investments recognised as current assets, which are highly liquid and readily convertible to cash, deducted by the amount of bank debts which consists of overdraft facilities.

## Segment information

As the primary and the secondary segments are identical, disclosures are solely provided on geographic markets. The segmental disclosures comply with the Group's accounting policies, risks and internal financial control.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.
Document ID:
EB8D060399CD4B0F9DB8CCE9ACF7CAC0