SKAKO CONCRETE A/S

Bygmestervej 2, 5600 Faaborg

Annual Report for 1 January - 31 December 2019

CVR No 64427512

The Annual Report was presented and adopted at the Annual General Meeting of the Company on

20-04-2020

Morten Kofod-Jensen
Chairman of the meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SKAKO Concrete A/S for the financial year 1 January - 31 December 2019.

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 at 31 December 2019 of the Company and of the results of the Company operations and cash flows for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Faaborg, 12-03-2020

Board of Directors

Jens Wittrup Willumsen
Chairman

Christian Herskind Jørgensen
Vice Chairman

Samuel Waldorph Andreasen
Board Member

Carsten Krogsgaard Thomsen
Board Member

Lars Tveen
Board Member

Mogens Schou Larsen
Board Member

Susanne Nielsen
Board Member

Executive Board

Steffen Kremmer
Managing Director

Independent Auditor's Report

To the Shareholders of SKAKO Concrete A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SKAKO Concrete A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

- 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 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.

Odense, 12 March 2020
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam
State Authorised Public Accountant
mne27768

Company Information

The Company	SKAKO CONCRETE A/S Bygmestervej 2 DK-5600 Faaborg Telephone: + 45 63616100 E-mail: skakoconcrete.dk@skako.com CVR No: 64427512 Financial period: 1 January - 31 December Municipality of reg. office: Faaborg
Board of Directors	Jens Wittrup Willumsen, Chairman Christian Herskind Jørgensen Samuel Waldorph Andreasen Carsten Krogsgaard Thomsen Lars Tveen Mogens Schou Larsen Susanne Nielsen
Executive Board	Steffen Kremmer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 Postboks 370 DK-5100 Odense C

Financial Highlights

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

	2019	2018	2017	2016	2015
Key figures					
Profit/loss					
Revenue	150,861,198	131,358,455	143,811,742	112,303,599	115,100,250
Gross profit	19,018,354	15,962,410	9,853,273	17,864,515	23,569,681
Operating profit (EBIT)	-1,009,982	-1,446,390	-6,327,634	-257,551	7,560,072
Net financial items	-1,402,449	-991,839	-530,204	372,719	2,911,876
Profit for the year	13,699,339	12,652,159	-6,298,656	17,296,449	14,162,195
Balance sheet					
Total assets	199,793,989	183,006,268	166,074,883	170,571,508	149,122,172
Equity	125,154,182	110,942,559	98,152,337	118,625,339	101,717,009
Investment in tangible assets	1,398,592	1,355,874	3,702,000	141,000	-
Number of employees	78	83	65	59	56
Ratios					
Gross margin	12.6%	12.2%	6.9%	15.9%	20.5%
Profit margin	-0.7%	-1.1%	-4.4%	-0.2%	6.6%
Return on assets	-0.5%	-0.08%	-3.8%	-0.2%	5.1%
Solvency ratio	62.6%	60.6%	59.1%	69.5%	68.2%
Return on equity	11.6%	12.1%	-5.8%	15.7%	15.7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete batching plants for ready-mix, precast and jobsite plants. Our main focus is on plant sales with a strong after sales division.

The products are based on own developed technology.

The main markets are Europe, North America and the Middle East. We have strong focus on obtaining higher market share on existing markets without increasing the risk profile on the orders.

The Company has a branch in Great Britain, which performs the sales activities in Great Britain.

Development in the year

The Company's total revenue amounted to DKK 150.9m in 2019 (2018: DKK 131.4m) and the EBIT result amounted to DKK -1.0m (2018: DKK -1.4m).

Profit for the year amounts to DKK 13.7m.
The Company expect a result in the same level for 2020.

Total equity amounted to DKK 125.2m (2018: DKK 110,9m) and total assets was DKK 199.8m.

Uncertainty relating to recognition and measurement

There have been no material uncertainties or other significant unusual circumstances affecting recognition.

Accounting Policies

Basis of Preparation

The Annual Report of SKAKO Concrete A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies changed from last year:

IFRS 16 replaces IAS 17, Leases and related interpretations. IFRS 16 from a lessee viewpoint eliminates the classification of leases as either operating leases or finance leases. Instead, all leases are treated in a similar way to finance leases under IAS 17. The standard is effective for accounting periods beginning on or after 1 January 2019.

IFRS 16 allows various implementation methods. The company applies the simplified retrospective method, which implies that the accumulated effect is recognized in the equity beginning of the year. The cumulative effect on initially applying the standard as adjustment to the opening balance on retained earnings is DKK t.kr. 37.
Under this transitional phase, the 2018 comparable numbers presented in the 2019 reporting are not restated as if IFRS 16 was applied in 2018.

Following the recognition of IFRS 16, IFRS 15 has also been adopted and recognized from the start of 2019.
IFRS 15 has not affected the recognition and measurement of the consolidated financial statements for 2019. The standard has been adopted using the modified method as of 1 January 2019.
IFRS 15 “Revenue from Contracts with Customers” introduces a new model for recognition of revenue. Revenue in accordance with the new standard is recognized over time when an asset is created on behalf of a customer with no alternative use and SKAKO Concrete has an enforceable right to payment for performance completed to date, or the customer obtains control of a Plant and thus has the ability to direct the use and obtain the benefit from the Plant. The standard has not impacted SKAKO Concrete's Plant contracts.

Financial Statements for 2019 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Cash Flow Statement

With reference to section 86 (4) of the Danish Financial Statements Act, no cash flow statement is prepared.

Recognition and measurement

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete

Accounting Policies

Recognition and measurement (continued)

batching plants for ready-mix, precast and jobsite plants. The main focus is on plant sales with a strong after sales division.

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Accounting Policies

Leases

Due to new law regulations, the company has adopted IFRS 16.

To recognize leases as assets (right of use asset) and liabilities in the balance sheet, depreciation and

interest is recognized as expenses in the income statement.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as the commencement date.
- Amounts expected to be payable by the company under residual value guarantees.
- The exercise price of a purchase option if the company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the companies exercising that option.

The lease payments are discounted using the interest rate for implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company., the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct cost and restoration cost

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Leases (continued)

assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leased with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

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

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognized in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognized in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognized in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognized. The amount is recognized in the same item as the hedged transaction.

Accounting Policies

Income Statement

Revenue

Revenue is recognized over time or at a point in time. Revenue is recognized over time when an asset on behalf of a customer is created with no alternative use and SKAKO has an enforceable right to payment for performance completed year to date, or the customer obtains control of a Plant or product and thus has the ability to direct the use and obtain the benefit from the Plant or product.

Plant sales are negotiated contracts to design and concrete batching plants and conveying equipment for customers. Revenue will be recognized over time, as the above criteria are met, using "the percentage of completion method"

The proportion of revenue to be recognized in a particular period is calculated according to the percentage of completion of the project. For most contracts this is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Reference to cost is assessed to be the most appropriate method as incurred hours and material costs are the value drivers for the projects. The sales value agreed in the contract is recognized over the contract period using above method.

Contracts where the recognized revenue from the work performed exceeds progress billings are recognized in the balance sheet under assets.

Contracts for which progress billings exceed the revenue are recognized under liabilities. Prepayments from customers are recognized under liabilities.

If it is likely that the total costs in relation to a construction contract will exceed the total revenue on a specific project, the expected loss is recognized immediately in the income statement in the current period.

SKAKO Concrete sells a range of spare parts and products as Aftersales to the Plants sales. Revenue is recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and SKAKO has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the service contracts is recognized in the period in which the services are provided based on amounts billable to a customer. For fixed price components in the contract, revenue is recognized on a straight-line basis over the course of a year, while for variable components revenue is recognized based on usage of units, and price lists according to the contract

Accounting Policies

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labor costs and indirect production costs such as maintenance and depreciation, etc., as well as operation, administration and management of factories.

Research and development costs and government grants is included in cost of sales.
Research costs are always recognised in the Income Statement in step with the incurrence of such costs.

Development costs include all costs not satisfying capitalization criteria, but incurred in connection with development, prototype construction and development of new business concepts.

Direct and indirect research and development incentives in terms of tax incentives and other grants and subsidy schemes for research and development. Grants are offset against research and development costs. Government grants are recognised when there is reasonable certainty that the conditions for such grants are satisfied and that they will be awarded.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administration expenses

Administration expenses comprise costs in form of salaries to administration staff and management, office expenses, operation of motor vehicles, depreciations etc.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Accounting Policies

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Danish subsidiaries of the SKAKO division are liable for tax of the jointly taxed income, etc. of the Group. The total amount appears from the annual report of SKAKO A/S which is the administrative company of the joint taxation. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Intangible assets

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

Software are measured at cost less accumulated depreciation and less any accumulated impairment losses. Deferred tax is calculated using the balance sheet liability method on temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated based on the applicable tax rates for the individual financial years. The effect of changes in the tax rates is stated in the income statement unless they are items previously entered in the statement of other comprehensive income.

Development projects, for which the technical rate of utilization, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used are recognized as completed development projects. This requires that the cost can be determined, and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognized in the income statement when the costs are incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

Amortization of completed development projects is charged on a straight-line basis during their estimated useful life. Development projects are written down for impairment to recoverable amount, if lower. Development projects in progress are tested for impairment once a year.

The amortization profile is systematically based on the expected useful life of the assets, taking into account the remaining agreement period and consumption (unit of production method) at the time of implementation. The basis of amortization is reduced by impairment, if any.

Amortization takes place systematically over the estimated useful life of the assets which is as follows:

Development costs	2-10 years
Software systems	2-10 years

Accounting Policies

Property, plant and equipment

Property, plant leases and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant, and equipment are recognized in cost over the period of construction. All indirectly attributable borrowing expenses are recognized in the income statement.

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

Plant and machinery	3-10 years
Leases	3-5 years
Other fixtures and fittings, tools and equipment	1-3 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 50,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Accounting Policies

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method.

The item in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

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

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Accounting Policies

Contract work in progress

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

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

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

Prepayments

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

Provisions

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

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax assets and liabilities (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme is recognized in the income statement in financial income and expenses.

Financial debts

Credit lines to financial institutions and other debts are measured at amortized cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

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

Income Statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
Revenue		150,861,198	131,358,455
Cost of sales	1	-131,842,844	-115,396,045
Gross profit		**19,018,354**	**15,962,410**
Distribution expenses		- 10,225,091	-7,949,750
Administrative expenses		- 9,803,245	- 9,459,050
Results from operating activities		**- 1,009,982**	**- 1,446,390**
Result from shares in subsidiaries		14,268,151	17,304,838
Other financial income from subsidiaries		29,262	265,963
Other financial income		36,309	2,499
Financial expenses from subsidiaries		- 371,800	- 307,550
Other financial expenses		- 1,030,649	- 952,750
Profit before tax		**11,921,291**	**14,866,610**
Tax on profit for the year	2	1,778,049	- 2,214,451
Profit for the year		**13,699,340**	**12,652,159**

Balance Sheet 31 December

Assets

	Note	2019	2018
		DKK	DKK
Intangible assets		4,807,986	5,578,892
Intangible assets under construction		4,216,984	2,257,555
Total intangible assets	**3**	**9,024,970**	**7,836,447**
Property, plant and equipment		6,751,290	4,818,444
Property, plant and equipment	**4**	**6,751,290**	**4,818,444**
Investments in group enterprises	**5**	97,776,192	83,143,149
Deferred tax assets	**6**	9,552,000	9,096,000
Deposits		584,573	579,171
Total fixed assets		**107,912,765**	**92,818,320**
Total non-current assets		**123,689,025**	**105,473,211**
Raw materials and consumables		6,182,807	18,729,000
Work in progress		1,059,705	1,285,000
Manufactured goods and goods for resale		23,671,523	12,447,000
Total inventories		**30,914,034**	**32,461,000**
Trade receivables		7,673,889	23,288,534
Work in progress for third parties	**7**	12,816,010	3,202,058
Receivables from subsidiaries		8,557,417	10,755,930
Corporate tax receivables		1,162,110	891,549
Other receivables		668,256	5,497,957
Prepayments		2,557,457	785,869
Total receivables		**33,435,139**	**44,421,897**
Liquid funds		**11,755,791**	**650,160**
Total current assets		**76,104,963**	**77,533,057**
Total assets		**199,793,989**	**183,006,268**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		DKK	DKK
Share capital	8	80,920,400	80,920,400
Reserves for net reevaluation according to the equity method		47,260,860	32,627,817
Reserve for development costs		7,039,477	6,112,429
Retained earnings		-10,066,554	- 8,718,087
Total equity		**125,154,183**	**110,942,559**
Finance lease liabilities		1,068,238	-
Other Payables, non current		1,381,437	-
Provisions		1,000,000	1,207,388
Total non-current liabilities	**9**	**3,449,675**	**1,207,388**
Bank overdraft		12,725,931	7,802,664
Finance lease liabilities		998,975	-
Prepayments from customers	7	10,245,799	18,151,939
Trade payables		20,846,259	20,941,437
Payables subsidiaries		20,487,415	15,155,968
Other payables		5,885,753	8,804,313
Total current liabilities		**71,190,131**	**70,856,321**
Total liabilities		**74,639,806**	**72,063,709**
Total liabilities and equity		**199,793,989**	**183,006,268**

Contingent liabilities	**10**
Related parties	**11**
Events after the balance sheet date	**12**
Proposed distribution of net profit	**13**

Statement of Changes in Equity

Changes in equity	Share capital	Reserves for net reevaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	80,920,400	32,627,817	6,112,429	-8,718,087	110,942,559
Change in accounting policy (IFRS 16)	-	-	-	-37,000	-37,000
Restated equity at 01.01.2019	**80,920,400**	**32,627,817**	**6,112,429**	**-8,755,087**	**110,905,559**
Value adjustments of hedging instruments	-	-	-	184,392	184,392
Foreign currency translation adjustments, foreign enterprises	-	364,892	-	-	364,892
Development costs for the year	-	-	1,528,355	-1,528,355	-
Depreciation, amortization and impairment for the year	-	-	-601,307	601,307	-
Net profit/loss for the year	-	14,268,151	-	-568,811	13,699,340
Equity at 31 December	**80,920,400**	**47,260,860**	**7,039,477**	**-10,066,554**	**125,154,183**

Notes to the Financial Statements

1. Cost of sales

	2019	2018
Personnel expenses	**DKK**	**DKK**
Wages and salaries	52,995,518	48,352,502
Contributions related to contribution plans	3,352,183	3,386,138
Other personnel expenses	887,860	1,599,086
	57,235,561	**53,337,726**

Personnel expenses are recognised in profit or loss as follows:		
Cost of sales	44,391,440	40,384,586
Distribution expenses	5,183,747	4,441,417
Administrative expenses	7,660,374	8,511,723
	57,235,561	**53,337,726**
Average number of full time employees	**78**	**83**

Executive Board and Board of Directors:		
Board fee, Board of Directors	50.000	50.000
Wages and salaries, Executive Board	1,769,184	1,818,302
Pension and expenses to social security, Executive Board	151,908	152,000
	1,971,092	**2,020,302**

Government grant
The measurement and classification of government grants related to research and development is based on Management´s assessment. The incentive schemes applied does not require positive taxable income and hence grants are offset against research and development costs. Government grants amounts to 0 DKK. (2018: 7,661,414 DKK).

2. Tax expense

Tax on profit for the year	1.778.049	- 2.214.451
Tax on profit for the year	**1.778.049**	**- 2.214.451**

To be specified as follows:		
Current tax on profit for the year	1,288,410	891.549
Adjustment of current tax, prior years	34,000	- 112.000
Change in deferred tax	455,639	- 2.994.000
Tax of profit for the year	**1.778.049**	**- 2.214.451**

Notes to the Financial Statements

3. Intangible assets

Intangible assets under development is partly related to the implementation of the ERP system. The majority of the project are expected to be finalized in the coming year and the project are progressing as planned using the resources allocated by Management to the development. Furthermore, there has been focus in optimizing some standard product which should result in a decrease of the cost in production of these specific items and in the end contribute to an increase in the margin where these product go in to.

	Intangible assets under development	Software	Total
Cost at 1 January	2,257,555	18,728,533	20,986,088
Additions for the year	-	-	-
Disposals for the year	1,959,429	-	1,959,429
Transfers for the year	-	-	-
Cost at 31 December	4,216,984	18,728,533	22,945,517
Impairment losses and amortisation at 1 January	-	13,149,641	13,149,641
Amortisation for the year	-	770,906	770.906
Reversal of amortisation of disposals for the year	-	-	-
Impairment losses and amortisation at 31 December	-	13,920,547	13,920,547
Carrying amount at 31 December	4,216,984	4,807,986	9,024,970

4. Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Finansial Lease	Total
Cost at 1 January	3,648,657	4,793,983	5,319,668	4,103,305	2,036,976	19,902,588
Additions for the year	0	250,379	0	0	1,148,213	1,398,592
Disposals for the year	0	0	-542,561	0	-124,856	-667,417
Transfers for the year	0	0	0	0	0	0
Cost at 31 December	3,648,657	5,044,362	4,777,107	4,103,305	3,060,333	20,633,763
Impairment losses and amortisation at 1 January	84,666	4,668,749	4,495,709	3,798,045	0	13,047,169
Amortisation for the year	64,469	67,241	193,872	36,837	1,015,446	1,377,865
Reversal of amortisation of disposals for the year	0		-542,561	0	0	-542,561
Impairment losses and amortisation at 31 December	149,135	4,735,990	4,147,020	3,834,882	1,015,446	13,882,473
Carrying amount at 31 December	**3,499,522**	**308,372**	**630,087**	**268,423**	**2,044,887**	**6,751,290**

Notes to the Financial Statements

5. Investments

Shares in subsidiaries	2019 DKK	2018 DKK
Cost at 1 January	50,515,332	50,515,332
Additions	-	-
Disposals	-	-
Cost at 31 December	**50,515,332**	**50,515,332**
Adjustments 1 January	32,627,817	15,032,554
Result from shares in subsidiaries	14,268,151	17,304,839
Dividend distributions 0	-	-
Effect of movement in exchange rates	364,892	290,424
Adjustments 31 December	**47,260,860**	**32,627,817**
Carrying amount 31 December	**97,776,192**	**83,143,149**

Shares in subsidiaries includes:	Ownership
SKAKO Vibration A/S, Faaborg, Denmark	100%
SKAKO Concrete, Inc., San Diego, USA	100%
SKAKO GmbH, Haltern am See, Germany	100%

6. Deferred tax

Deferred tax is recognised in the balance sheet as follows:	2019 DKK	2018 DKK
Deferred tax assets	9,552,000	9,096,000
Deferred tax liabilities	-	-
Deferred tax net	**9,552,000**	**9,096,000**
Deferred tax assets:		
Intangible assets	-1,087,000	-750,000
Property, plant and equipment	10,042,000	9,646,000
Other items	-34,000	200,000
Inventories	-86,000	-
Customer contracts	-2,812,000	-
Tax losses	3,529,000	-
Total deferred tax assets	**9,552,000**	**9,096,000**
Deferred tax assets not recognized		
Tax losses	4,496,000	8,031,000
Total deferred tax assets not recognized	**4,496,000**	**8,031,000**

Notes to the Financial Statements

Deferred tax(continued)

Deferred tax assets is related to tax loss carryforwards, the utilization of which depends on future positive taxable income exceeding the realised deferred tax liabilities. It is management's opinion that these tax loss carryforwards can be utilised.

7. Contract work in progress

	2019	2018
Contract work in progress	**DKK**	**DKK**
Total costs incurred	76,339,889	43,362,395
Profit recognised as income, net	12,934,120	9,923,472
Contract work in progress	89,274,009	53,285,867
Invoicing on account to customers	-86,703,797	-68,235,750
Net contract work in progress	**2,570,212**	**-14,949,883**

Included as follows:

	2019	2018
Of which contract work in progress is stated under assets	12,816,010	3,202,058
and prepayments for work in progress	-10,245,799	-18,151,939
	2,570,212	**-14,949,881**

8. Equity

The share capital consist of 1.618.408 shares of 50 DKK. The shares are not divided in share classes.

The share capital has developed as follows:

	2019	2018	2017	2016	2015
Share capital at 1 January	80,920,400	80,920,400	80,920,400	80,920,400	80,920,400
Capital increase	0	0	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	**80,920,400**	**80,920,400**	**80,920,400**	**80,920,400**	**80,920,400**

Notes to the Financial Statements

9. Non-current liabilities

	2019	2018
	DKK	DKK
Lease liabilities		
After 5 years	0	0
Between 1 and 5 years	1,068,238	0
Non-current lease liabilities	**1,068,238**	**0**
Within 1 year	998,975	0
Total lease liabilities	**2,067,213**	**0**
Other liabilities		
After 5 years	0	0
Between 1 and 5 years	1,381,437	0
Non-current other liabilities	**1,381,437**	**0**
Within 1 year	5,885,753	8,804,313
Total other liabilities	**7,267,190**	**8,804,313**

10. Contingent liabilities

The company's rent obligations for amount to 1.8 million DKK (2018: 1.7 million DKK).

The company's primary financial institution has provided a guarantee for consignments and prepayments of a total of 23.0 million DKK. (2018: 33.6 million DKK)

As security for SKAKO A/S's and SKAKO Vibration A/S's outstanding account in relation to its primary financial institution the company has provided an unlimited, joint and several suretyship.

Towards the company's primary financial institution a company deposit of 50 million DKK has been provided with deposit in unsecured claims, stocks, tangible assets and intangible rights. The company deposit also provides a security for SKAKO Vibration A/S and SKAKO A/S.

The Danish subsidiaries of the SKAKO division are liable for tax of the jointly taxed income, etc. of the Group. The total amount appears from the annual report of SKAKO A/S which is the administrative company of the joint taxation.

11. Related parties

Related parties
SKAKO A/S, Faaborg, 100% ownership, is the only related party with a controlling interest.

Related parties with significant influence are the Company´s Executive Board, Board of Directors and their related parties.

Furthermore, related parties are companies in which the above persons have significant interests.

Transactions with related parties are only disclosed if they have not been in accordance with the arm´s length principle. All transactions have been on arm´s length conditions.

Consolidated Financial Statements

The Company is included in the Group Annual Report of SKAKO A/S, Faaborg.

Notes to the Financial Statements

12. Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2019 after the balance sheet date and up to today.

13. Proposed of net profit distribution

Proposed distribution of net profit:	2019	2018
Transferred to reserves for net revaluation according to the equity method	14,268,151	17,304,839
Proposed dividends	-	-
Retained earnings	-568,812	-4,652,680
	13,699,340	**12,652,159**

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