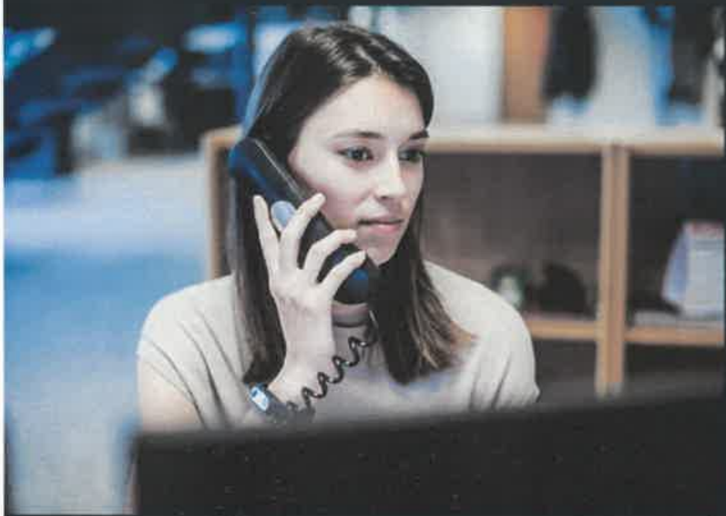





ANNUAL REPORT

2019

BORG Automotive A/S

CVR no.: 87 32 24 16

Bergsøesvej 12
DK-8600 Silkeborg

Approved at the Annual General Meeting,
6 March 2020

Conductor
Carsten Gyldenløv Kristoffersen

Your partner in remanufacturing

BORG AUTOMOTIVE

Content

Corporate Information

Borg Automotive A/S
Bergsøesvej 12
8600 Silkeborg
Denmark

Phone: +45 86 80 11 77
Web: www.borgautomotive.com

CVR no.: 87 32 24 16
Registered in: Denmark, Silkeborg
Financial year: 1 January – 31 December

Board of Directors
Jens Bjerg Sørensen, Chairman
Kurt Bering Sørensen, Vice Chairman
Søren Ulrik Toft-Jensen
Jørn Ankær Thomsen
Carsten Thygesen

Executive Management
Kim Kruse Andersen, CEO

Auditors
Ernst & Young, Godkendt Revisionspartnerselskab
Værkmestergade 25, 8000 Aarhus C
CVR-nr.: 30 70 02 28

Statement by Management

The Board of Directors and the Executive Management have today discussed and approved the annual report of Borg Automotive A/S for 2019.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

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

Silkeborg, 24 February 2020

Executive Management

Kim Kruse Andersen
CEO

Board of Directors

Jens Bjerg Sørensen
Chairman of the Board

Kurt Bering Sørensen
Vice Chairman of the Board

Jørn Ankær Thomsen

Søren Ulrik Toft-Jensen

Carsten Thygesen

Independent Auditor's Reports

To the shareholders of Borg Automotive A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Borg Automotive A/S for the financial year 1 January - 31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

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

Statement on the Management's review
Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's reports

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Silkeborg, 24 February 2020

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Hammer-Pedersen
State Authorised Public Accountant
mne-no. 21334

Kim R. Mortensen
State Authorised Public Accountant
mne-no. 18513

Financial highlights and key ratios

	CONSOLIDATED	
	2019	**2018**
Revenue and income		
Revenue	917.678	951.564
EBITDA	110.000	130.647
Depreciation and amortization	25.308	12.566
Operating profit (EBIT)	84.692	118.081
Net Financial items	-985	-6.762
Profit for the year	60.364	84.621
Cash flows		
Cash flow from operating activities	84.728	149.209
Cash flow from investing activities	-26.684	-40.939
Cash flow from financing activities	-60.092	-113.946
Cash flows for the year	3.029	4.911
Invested capital and financing		
Investments in property, plant and equipment	20.537	27.422
Net working capital	156.035	141.011
Invested capital	261.573	241.663
Total Assets	749.261	715.712
Equity	344.179	345.296
Net interest-bearing debt*	-1.918	41.720
Financial ratios		
EBITDA margin (%)	12,0%	13,7%
EBIT margin (%)	9,2%	12,4%
Net margin (%)	6,6%	8,9%
Return on equity (%)	17,5%	31,8%
Return on invested capital (%)	16,0%	24,6%
Solvency (%)	45,9%	48,2%
Financial data		
Average number of employees	1.615	1.599

* A positive Net interest-bearing debt means that the deposits exceeds the debt.

With reference to the Danish Financial Statements Act paragraph 128, section 4 key figures and ratios for comparison years 2015-2017 have not been included.

Financial highlights and key ratios
(continued)

The ratios included in financial highlights are defined and calculated as follows:

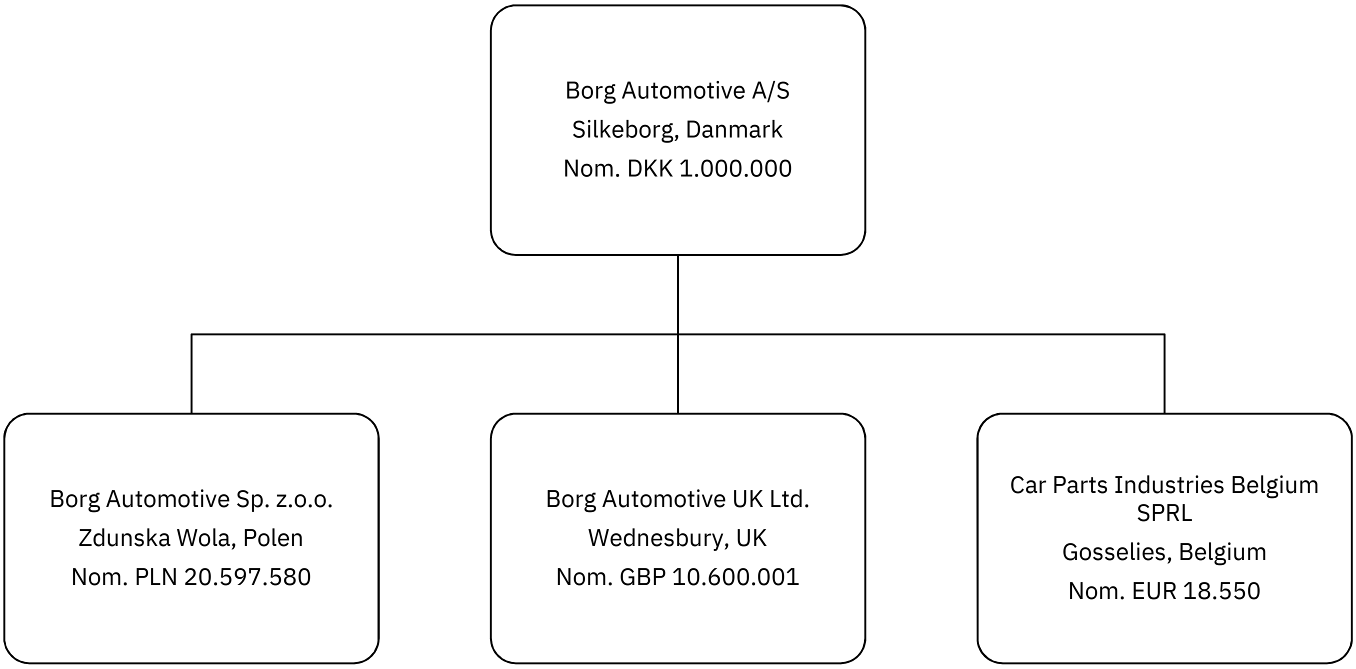
EBITDA margin (%)	EBITDA x 100 / Revenue
EBIT margin (%)	EBIT x 100 / Revenue
Net margin (%)	Profit for the year x 100 / Revenue
Return on equity (%)	Profit for the year x 100 / Average equity
Return on invested capital (%)	EBITDA x 100 / Average invested capital
Solvency (%)	Equity x 100 / Total assets

Additionally the following alternative performance measures are applied and calculated in the following manner:

	2019	2018
Inventories	369.421	336.632
Trade receivables	112.043	124.777
Receivables from related parties, non-interest bearing	0	0
Other receivables	19.169	19.283
Prepayments	3.938	4.302
Trade payables	-53.472	-49.941
Paybles to related parties, non-interest bearing	0	-25
Other payables	-295.064	-294.017
Net working capital	**156.035**	**141.011**
Net working capital	156.035	141.011
Intangible assets	21.328	21.016
Property, plant and equipment	97.170	90.780
Provisions	-12.960	-11.144
Invested capital	**261.573**	**241.663**
Non-current interest bearing debt	-25.983	-10.369
Current interest bearing debt	-10.921	-3.841
Interest bearing debt	**-36.904**	**-14.210**
Interest bearing debt	-36.904	-14.210
Receivables from related parties	31.957	51.019
Cash and cash equivalents	3.029	4.911
Net-interest bearing debt	**-1.918**	**41.720**

Group Structure

The Borg Automotive Group legal structure is illustrated below:



All shares in subsidiaries are owned 100%.

Aktieselskabet Schouw & Co. owns 100% of the shares in Borg Automotive A/S.

Management Review

BORG Automotive Group (BORG Group or Group) is an independent remanufacturer of automotive parts, covering the product groups starters, alternators, air condition compressors, brake calipers, EGR valves and steering products. The remanufacturing of parts takes place at the production facilities in Poland and UK and the products are sold throughout Europe by Sales Teams in Denmark and Belgium.

2019 AT A GLANCE

Revenue for the fiscal year for the Group was MDKK 918 compared to MDKK 952 in 2018, amounting to a decrease of 3,6%. The profits before tax ended at MDKK 84 against last year of MDKK 111 corresponding to a decrease of 24,8%. For the parent company revenue for the fiscal year was MDKK 787 compared to MDKK 809 in 2018, while profits before tax amounted to MDKK 68, compared to MDKK 102 in 2018.

For the Group profit for the year amounted to MDKK 60 (2018: MDKK 85), and to MDKK 60 (2018: MDKK 85) for the parent company.

The decrease in revenue and thus lower profit before tax was a result of a general stagnation and slowdown within the remanufacturing automotive business and thus spread on most geographic markets. The decreased revenue was not a result of lost customers which despite the unsatisfactory results are considered positive and in general the Group did better than the market trend. The postponement of BREXIT has entailed that the expected effects of this are not considered to have had an impact on the lower generated revenue during the year.

Overall the performance in 2019, covering both revenue and profit before tax is considered unsatisfactory and not in line with the expectations for the year.

One of the main focus areas for the Group during 2019 has been on strengthening and future proofing the organisation to be able to meet and resist the current challenges, but also to have the organisation in place to meet the expected increased demand for remanufactured auto parts in the coming years. As part of this process, continued focus has been on strengthening the product portfolio and optimizing the production setup at the production facilities in both Poland and UK. Furthermore, and despite the current marked stagnation a new production facility was established during the year in Lublin Poland, starting out with the production of brake calipers. It is expected that the new factory over the coming years will more than double the current production capacity in Poland. The intention is that the factory is to expand the production in 2020.

As part of future proofing the Groups organisation and setup, the R&D activities in Belgium were terminated. The continued R&D activities consisting primarily of development activities covering development of new remanufacturing methods, processes and products as well as customer specific amendments to the existing portfolio. The development activities in the Group are thus going forward placed together with the production facilities in Poland and in UK in order to fully optimize and utilize all synergies between these activities.

At year-end 2019, total assets for the Group amounted to MDKK 749 against MDKK 716 in 2018, while total equity ended at MDKK 344 against MDKK 345 at the financial year-end 2018. The average number of employees increased from 1.599 in 2018 to 1.615 in 2019. For the parent company assets amounted to MDKK 1.063 at year-end compared to MDKK 1.028 in 2018, while equity was MDKK 344 against MDKK 345 last year.

Despite the challenging markets and situation during 2019 BORG Group is a healthy, well-developed business with a strong base of competent employees and an appropriate production footprint in Europe in place.

EVENTS SUBSEQUENT TO THE FINANCIAL YEAR-END

No material events have occurred after the end of the financial year.

OUTLOOK FOR 2020

The market upon which BORG Group operates is these years characterized and affected by considerable customer consolidations. A consequence of this consolidation is an increase in purchasing power of the customers and a change in the existing trading patterns in the market. On the positive side of this consolidation is the potential increase in sales to the consolidated customer groups. With existing broad product portfolio and a strong pipeline in place it is expected that this will ensure a positive development in sales to both the free aftermarket and OES customers.

The current expectations for the positive development on sales levels is one of the main reasons for the establishment of the additional production facility in Lublin Poland, which will enable handling an even larger product range and broader geographical coverage, while at the same time assuring the existing customers a level of service that lives up to a constant increasing demand on quality, delivery capability and product range.

The expected future growth in sales levels will potentially entail that the current distribution centre in Zduńska Wola, Poland within the coming few years will reach its maximum capacity without no expandability options at the current site. Based on this, a suitable plot has been acquired in late 2019 near the current production facility in Zduńska Wola, Poland. It is expected that the construction of the new distribution centre will commence during 2020. BORG Group will in 2020 have a continued focus on capacity levels and invest in extended capacity when deemed a requirement.

The challenges experienced in 2019 related to increasing pressure on sales prices and increasing salaries in Poland will continue in 2020. The increasing cost levels are expected to be compensated by investments in improved processes and automation at the production facilities.

In 2020, BREXIT is still an unknown factor, and even though more than 15% of the Group´s revenue was generated on this market in 2019, the effects in 2020 are considered limited, due to the postponement of the UK leaving the EU.

BORG Group expects an increase in sales volume in 2020 compared to 2019. Based on this revenue and earnings before tax is expected to increase moderately up to 5%.

EMPLOYEE DEVELOPMENT AND APPRAISAL

An essential prerequisite for the continued development of BORG Group is the employees, which entails a focus on both attracting new and competent employees, but also a very keen and determined focus in order to retain, develop and motivate the existing workforce to ensure that the necessary skills and capabilities are present. Important elements to support this goal include delegation of responsibility and competencies, establishment of cross-organisational solutions, compulsory annual employee appraisals and employee surveys.

During 2019 a Performance Culture project was initiated to support both the development of the employees as well as the general ambitions and targets for the BORG Group. The project was kicked off at a Management Seminar covering Group Management and next level managers from all locations and will continue to be spread out in the organisation during 2020.

ENVIRONMENTAL MANAGEMENT

BORG Group makes continuous efforts to mitigate the environmental impact of the business activities. The largest environmental impact identified relates to the consumption of energy, raw materials and the derived materials waste at the production facilities.

Group policy is always to comply with applicable local legislation, rules and regulations and commits to progress at the established initiatives within environment, health and safety. In 2018 to 2021 focus is specifically on reducing electricity consumption, the use of cardboard, plastic and the Lost Time Injury Frequency Rate (LTIFR). All KPI's are showing a positive trend. Further information about this can be attained here:

https://www.borgautomotive.com/media/1207/report-on-cr_2019.pdf

In addition to the internal focus BORG Group is also determined to contribute to ensure environmental management as well as promote responsible behaviour throughout the value chain. Since the Group is an international supplier of auto parts, it is imperative that all environmental and quality requirements are channelled to the Group´s partners and suppliers to ensure the same high levels of quality, environment, safety and ethics.

QUALITY MANAGEMENT

BORG Group's quality system is based on the standard ISO 9001a. In addition to this platform, the Group has a close cooperation with several customers who challenge the existing production setup as well as the quality management. This collaboration is considered to have a very positive impact on the current and future quality of the products within the portfolio and is a valuable and important aspect of the Group's ability to continuously update, renew and improve the product quality.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group is continuously developing new methods, processes and products as well as customer specific amendments to the existing portfolio. The development activities have during 2019 taken place in the subsidiaries in Poland, UK and Belgium. The activities in Belgium have due to the process of future proofing the organisation been terminated during the first half of 2019.

One of the larger development projects for the Group started during 2017 in UK with one of the Group´s main OE customers as sparring partner. The main purpose was to improve the quality of steering products to satisfy OE customers. The OE quality level on steering products was achieved in 2018. The project has continued during 2019 however, now primarily focused on sustaining and optimizing the existing quality of the steering products to satisfy OE customers.

In Poland remanufacturing of products within hybrid technology has been in focus to secure necessary skills and processes for reverse engineering of future products and technologies. Several products are in a screening process with customers for potentially being incorporated into Borg's future product portfolio.

CORPORATE RESPONSIBILITY

BORG Group is dedicated to being a responsible employer and a good corporate citizen. Our Code of Conduct (COC) represents how suppliers are expected to act when doing business with the Group. A continuous focus is on updating the COC to reflect the expectations both from the community and customers.

Any suspicions related to a breach of the COC are considered very serious and are always acted upon. In severe cases of non-compliance with the COC, a termination of the business relationship will take place. As part of the Group's business is the audit of external suppliers of finished goods and spare parts. From 2020 compliance with the COC will be part of these supplier audits.

STATUTORY DESCRIPTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND GENDER REPRESENTATION

For BORG Group's statutory description of Corporate Social Responsibility, including human rights, social and labour conditions, climate, environment and anti-corruption, in accordance with §99a and §99b in the Financials Statements act, please refer to Schouw & Co at

https://www.schouw.dk/media/1784/schouw-esg-2019-eng.pdf

The Group continually strive to improve the work environment and aim to strengthen and implement a shared corporate culture, to ensure that all colleagues are treated equally irrespective of location, gender, origin or employment.

For the policies and targets regarding gender representation, reference is made to the annual report of the ultimate parent company Schouw & Co.

WORKING ENVIRONMENT

In BORG Group the number of working hours is always set to comply with local labour legislation. In situations where overtime is needed, the Group always compensates according to the requirements related to all additional payments. No employees shall work more than the hours set as a maximum by the UN Human Rights.

The Group continuously improve the internal work instructions and workflows to ensure that all phases of the supply chain are planned and organised to promote a safe, healthy and responsible working environment. The purpose is to avoid accidents and to ensure that the physical and mental conditions of the employees will not deteriorate. It is indeed important to the Group to have healthy employees.

During 2019, Schouw & Co established a whistleblower-system for all companies within the Schouw & Co. Group, also covering BORG Group. The system provides a secure channel for all employees and business partners for reporting suspected criminal or unethical matters.

OUTSTANDING ENVIRONMENTAL ISSUES

The Group always aims at conducting its business and operating in compliance with all existing environmental rules and regulations and has set up internal task forces to handle the Group's environmental affairs.

There are currently no known material environmental issues outstanding within the Group.

SPECIAL BUSINESS RISKS

The general financial risks relevant for the BORG Group are described more detailed in note 26 to which reference is made, but below is included a brief highlight of the special risks to which the Group is exposed.

OPERATIONAL RISKS

The Group is not considered to have special operational risks. The operations are located within a business area with a low sensitivity to the general conjunctural changes and where the customer portfolio is considered broad and loyal. The risk to which the Group is exposed relates more to the conjunctural changes within the automotive business, which is also what has impacted the 2019 sales and profits.

RAW MATERIALS RISKS RELATED TO PURCHASE OF CORES

A large part of the raw materials (cores) are continuously purchased at prices that may fluctuate depending on market demand, with only limited correlation to the metal prices.

CURRENCY RISKS

The cross-country activities within the Group entails that both income, cash flow and equity are affected by changes in currencies especially PLN to DKK. Therefore, hedging of cash flows are carried out to cover the exposure of trading between PLN and DKK. The hedging is done based on 12 months rolling forecast.

INTEREST RISK

Overall the Group is not considered to be highly sensitive or disposed to any risks related to the changes in the general interest level.

LIQUIDITY RISK AND CAPITAL RESSOURCES

BORG Group is financed by the parent company Schouw & Co, via a credit facility established in 2016 with a bank consortium consisting of Danske Bank, DNB and Nordea. MDKK 119 is allocated to BORG Group at year-end 2019, for the continued operations and development of the Group. The available facilities are continuously reviewed and the ultimate parent company Schouw & Co. provides the adequate funds required for the Group.

Based on the policies set by and for all companies within the Schouw Group the equity ratio for each individual company shall be within a range which enables an assessment of this company as credit-worthy on a stand-alone basis.

CREDIT RISK

The majority of the Group's production is delivered to large international and regular customers, who have a long history with the Group. Any credit risk related to the customers and trade receivables are covered by Group policy and with effective management of customer credit assessments and regular and thorough analyses of customer creditworthiness. Furthermore, as part of the business setup within the Group, customers pay a core charge (deposit) on top of the purchase price for the product. The deposit will be repaid if the customer returns a used unit (a core). This setup (depos system) is an additional safeguard in regard to potential losses related to customers, since the depos amount placed within the Group can be offset in any outstanding balances.

These factors combined with external credit insurance have entailed that no material losses have been recorded in recent years.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

Income statement

		CONSOLIDATED		PARENT COMPANY	
	Notes	2019	2018	2019	2018
Revenue	3	917.678	951.564	787.397	808.602
Cost of sales	4,5,7,8	-716.467	-711.527	-696.947	-661.033
Gross profit		**201.211**	**240.037**	**90.450**	**147.569**
Other operating income	9	1.772	1.120	19.199	20.902
Distribution expenses	5,8	-72.599	-74.924	-44.649	-52.244
Administrative expenses	5,6,8	-43.898	-46.996	-36.853	-37.541
Other operating expenses	9	-1.794	-1.156	0	-241
Operating profit (EBIT)		**84.692**	**118.081**	**28.147**	**78.445**
Income from subsidiaries	16	0	0	35.340	24.472
Financial income	10	3.958	626	6.904	4.647
Financial expenses	11	-4.943	-7.388	-2.688	-6.060
Profit before tax		**83.707**	**111.319**	**67.703**	**101.504**
Tax for the year	12	-23.343	-26.698	-7.339	-16.883
Profit for the year		**60.364**	**84.621**	**60.364**	**84.621**

Statement of other comprehensive income

Items that may be reclssified subsequently to the income statement:					
Exchange differences on translation of foreign operations		3.532	-5.641	3.532	-5.641
Value adjustment of hedging instruments for the year		-392	-1.100	-392	-1.100
Hedging instruments transferred to cost of sales		2.940	0	2.940	0
Tax on other comprehensive income	12	-561	242	-561	242
Other comprehensive income after tax		**5.519**	**-6.499**	**5.519**	**-6.499**
Profit for the year		60.364	84.621	60.364	84.621
Total comprehensive income		**65.883**	**78.122**	**65.883**	**78.122**
Attributable to:					
Shareholders of Borg Automotive A/S		65.883	78.122	65.883	78.122

BALANCE SHEET

ASSETS

		CONSOLIDATED			PARENT COMPANY		
		31 Dec.	31 Dec.	1 Jan.	31 Dec.	31 Dec.	1 Jan.
	Notes	2019	2018	2018	2019	2018	2018
Completed development projects		12.635	14.795	0	12.635	14.795	0
Development projects in progress		5.194	2.594	676	5.194	2.594	676
Software		3.241	2.269	5.464	2.847	2.269	5.464
Other intangible assets		258	1.358	2.219	204	617	1.030
Intangible assets	13	**21.328**	**21.016**	**8.359**	**20.880**	**20.275**	**7.170**
Land and buildings		64.961	60.375	43.606	12.325	12.403	12.719
Plant and machinery		17.908	13.910	13.217	20	35	50
Other fixtures, tools and equipment		6.578	11.296	9.225	169	256	211
Assets under construction, etc.		7.723	5.199	6.783	0	0	0
Property, plant and equipment	14	**97.170**	**90.780**	**72.831**	**12.514**	**12.694**	**12.980**
Investment in subsidiaries	16	0	0	0	329.426	290.554	266.345
Deferred tax	17	56.669	55.266	55.903	27.813	26.244	21.217
Lease assets	15	29.831	0	0	1.600	0	0
Receivables from related parties	20,22	0	0	0	0	108.760	109.059
Other receivables		1.331	1.209	963	0	0	0
Other non-current assets		**87.831**	**56.475**	**56.866**	**358.839**	**425.558**	**396.621**
Total non-current assets		**206.329**	**168.271**	**138.056**	**392.233**	**458.527**	**416.771**
Inventories	18	369.421	336.632	348.134	391.234	351.274	352.101
Trade receivables	26	112.043	124.777	117.466	100.639	117.811	140.130
Receivables from related parties	20,22	31.957	51.019	0	169.045	96.517	69.184
Corporate Income tax	19	0	6.517	2.040	0	0	0
Joint taxation contribution	19	3.375	0	2.464	3.375	0	2.464
Other receivables		19.169	19.283	15.868	4.838	2.096	3.007
Prepayments		3.938	4.302	3.122	1.217	1.498	1.097
Cash and cash equivalents		3.029	4.911	10.956	45	589	274
Total current assets		**542.932**	**547.441**	**500.050**	**670.393**	**569.785**	**568.257**
Total assets		**749.261**	**715.712**	**638.106**	**1.062.626**	**1.028.312**	**985.028**

BALANCE SHEET

EQUITY AND LIABILITIES

		CONSOLIDATED			PARENT COMPANY		
		31 Dec.	31 Dec.	1 Jan.	31 Dec.	31 Dec.	1 Jan.
	Notes	**2019**	**2018**	**2018**	**2019**	**2018**	**2018**
Share capital	21	1.000	1.000	1.000	1.000	1.000	1.000
Hedge transaction resererve		1.129	-858	0	1.129	-858	0
Net revaluation reserve as per the equity method		0	0	0	215.385	176.513	150.532
Reserve for development projects		0	0	0	9.855	11.540	0
Exchange adjustment reserve		1.086	-2.446	3.262	0	0	0
Retained earnings		280.964	280.600	82.012	56.810	90.101	-65.258
Proposed dividend		60.000	67.000	100.000	60.000	67.000	100.000
Total equity		**344.179**	**345.296**	**186.274**	**344.179**	**345.296**	**186.274**
Deferred tax	17	35	0	2.889	0	0	0
Other payables	23	64.125	59.000	36.000	47.531	59.000	36.000
Payables to related parties	20,22	0	0	0	113.784	0	0
Interest bearing debt	15,22	25.983	10.369	11.362	4.816	4.810	5.332
Total non-current liabilities		**90.143**	**69.369**	**50.251**	**166.131**	**63.810**	**41.332**
Current portion of non-current interest bearing debt	15,22	10.921	3.841	3.481	1.428	522	523
Interest bearing debt	22	0	0	11.710	0	0	11.335
Payables to related parties	20,22	0	25	128.449	364.420	444.312	574.979
Trade payables		53.472	49.941	68.181	9.979	2.920	8.267
Others payables	23	230.939	235.017	180.476	163.763	159.229	153.374
Coporation tax payable	19	6.646	0	0	2	0	0
Joint taxation contribution	19	0	1.079	0	0	1.079	0
Provisions	24	12.960	11.144	9.284	12.725	11.144	8.944
Total current liabilities		**314.938**	**301.047**	**401.581**	**552.317**	**619.206**	**757.422**
Total liabilities		**405.081**	**370.416**	**451.832**	**718.448**	**683.016**	**798.754**
Total equity and liabilities		**749.260**	**715.712**	**638.106**	**1.062.627**	**1.028.312**	**985.028**

Financial risks	26
Changes in working capital	27
Contingent liabilities	28
Related parties	29
Events after the balance sheet	30

CASH FLOW STATEMENT

		CONSOLIDATED		PARENT COMPANY	
	Notes	**2019**	**2.018,0**	**2019**	**2018**
Profit before tax		83.707	111.319	67.703	101.504
Adjustment for operating items of a non-cash nature, etc.:					
Depreciation and impairment losses	8	25.308	12.566	9.235	4.960
Other non-cash operating items, net		5.762	109	80	-1.042
Provisions		1.815	1.863	1.580	2.200
Income from subsidiaries	16	0	0	-35.340	-24.472
Financial income	10	-3.958	-626	-6.904	-4.647
Financial expenses	11	4.943	7.388	2.688	6.060
Cash flows from operating activities before changes in working capital		**117.577**	**132.619**	**39.042**	**84.563**
Changes in working capital	27	-14.572	53.147	-10.524	56.422
Cash flows from operating activities after changes in working capital		**103.005**	**185.766**	**28.518**	**140.985**
Interest income received		158	626	5.866	247
Interest expenses paid		-2.173	-7.388	-924	-2.030
Cash flows from ordinary activities		**100.990**	**179.004**	**33.460**	**139.202**
Income tax paid	19	-16.262	-29.795	-13.921	-18.125
Cash flows from operating activities		**84.728**	**149.209**	**19.539**	**121.077**
Puchase of intangible assets	25	-6.600	-17.906	-6.449	-17.806
Purchase of property, plant and equipment	25	-20.252	-23.325	-383	-214
Sale of property, plant and equipment		241	292	4	0
Change in financial assets		-73	0	0	0
Cash flows from investing activities		**-26.684**	**-40.939**	**-6.828**	**-18.020**
Repayment of non-current liabilities	22	-1.680	-4.484	-523	-523
Repayment of lease liabilities	22	-10.369	0	-1.061	0
Increase (repayment) of bank overdrafts	22	0	-11.623	0	-11.252
Change in net payables to group companies	22	18.957	-178.739	55.329	-171.873
Shareholders:					
Capital increase		0	180.900	0	180.900
Dividend paid		-67.000	-100.000	-67.000	-100.000
Cash flows from financing activities		**-60.092**	**-113.946**	**-13.255**	**-102.748**
Cash flows for the year		**-2.048**	**-5.676**	**-544**	**309**
Cash at the beginning of the year		4.911	10.956	589	274
Value adjustment of cash and cash equivalents	22	166	-369	0	6
Cash at the end of the year		**3.029**	**4.911**	**45**	**589**

EQUITY STATEMENT

CONSOLIDATED

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2019	**1.000**	**-858**	**-2.446**	**280.600**	**67.000**	**345.296**
Profit and other comprehensive income in 2019:						
Exchange rate adjustment of foreign subsidiaries	0	0	3.532	0	0	3.532
Hedging instruments transfered to cost of sales	0	2.940	0	0	0	2.940
Value adjustment of hedging instruments recognised during the year	0	-392	0	0	0	-392
Tax on hedging instruments	0	-561	0	0	0	-561
Profit for the year	0	0	0	364	60.000	60.364
Total recognised comprehensive income	**0**	**1.987**	**3.532**	**364**	**60.000**	**65.883**
Transactions with the owners:						
Dividend distributed	0	0	0	0	-67.000	-67.000
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**-67.000**	**-67.000**
Equity at 31 December 2019	**1.000**	**1.129**	**1.086**	**280.964**	**60.000**	**344.179**

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2018	**1.000**	**0**	**3.262**	**82.012**	**100.000**	**186.274**
Profit and other comprehensive income in 2018:						
Exchange rate adjustment of foreign subsidiaries	0	0	-5.708	67	0	-5.641
Value adjustment of hedging instruments recognised during the year	0	-1.100	0	0	0	-1.100
Tax on hedging instruments	0	242	0	0	0	242
Profit for the year	0	0	0	17.621	67.000	84.621
Total recognised comprehensive income	**0**	**-858**	**-5.708**	**17.688**	**67.000**	**78.122**
Transactions with the owners						
Capital increase	0	0	0	180.900	0	180.900
Dividend distributed	0	0	0	0	-100.000	-100.000
Transactions with the owners for the period	**0**	**0**	**0**	**180.900**	**-100.000**	**80.900**
Equity at 31 December 2018	**1.000**	**-858**	**-2.446**	**280.600**	**67.000**	**345.296**

EQUITY STATEMENT

PARENT COMPANY

	Share capital	Hedge transaction reserve	Net revaluation reserve as per the equity method	Reserve for development projects	Retained earnings	Proposed dividend	Total Equity
Equity at 1 January 2019	**1.000**	**-858**	**176.513**	**11.540**	**90.101**	**67.000**	**345.296**
Profit and other comprehensive income in 2019:							
Exchange rate adjustment of foreign subsidiaries	0	0	3.532	0	0	0	3.532
Hedging instruments transferred to cost of sales	0	2.940	0	0	0	0	2.940
Value adjustment of hedging instruments recognised during the year	0	-392	0	0	0	0	-392
Tax on hedging instruments	0	-561	0	0	0	0	-561
Profit for the year	0	0	35.340	-1.685	-33.291	60.000	60.364
Total recognised comprehensive income	**0**	**1.987**	**38.872**	**-1.685**	**-33.291**	**60.000**	**65.883**
Transactions with the owners:							
Dividend distributed	0	0	0	0	0	-67.000	-67.000
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**0**	**-67.000**	**-67.000**
Equity at 31 December 2019	**1.000**	**1.129**	**215.385**	**9.855**	**56.810**	**60.000**	**344.179**

	Share capital	Hedge transaction reserve	Net revaluation reserve as per the equity method	Reserve for development projects	Retained earnings	Proposed dividend	Total Equity
Equity at 1 January 2018	**1.000**	**0**	**150.532**	**0**	**-65.258**	**100.000**	**186.274**
Profit and other comprehensive income in 2018:							
Exchange rate adjustment of foreign subsidiaries	0	0	-5.708	0	67	0	-5.641
Value adjustment, transferred			7.217		-7.217		0
Value adjustment of hedging instruments recognised during the year	0	-1.100	0	0	0	0	-1.100
Tax on hedging instruments	0	242	0	0	0	0	242
Profit for the year	0	0	24.472	11.540	-18.391	67.000	84.621
Total recognised comprehensive income	**0**	**-858**	**25.981**	**11.540**	**-25.541**	**67.000**	**78.122**
Transactions with the owners:							
Capital increase	0		0	0	180.900	0	180.900
Dividend distributed	0		0	0	0	-100.000	-100.000
Transactions with the owners for the period	**0**	**0**	**0**	**0**	**180.900**	**-100.000**	**80.900**
Equity at 31 December 2018	**1.000**	**-858**	**176.513**	**11.540**	**90.101**	**67.000**	**345.296**

Notes to the Financial Statements

Content

Notes to the financial statements

1. Accounting policies

Borg Automotive A/S is a limited liability company incorporated and domiciled in Denmark. The annual report for the period 1. January – 31. December 2019 comprises both the consolidated accounts for Borg Automotive A/S and its subsidiaries (BORG Group or Group) and the annual accounts for the parent company Borg Automotive A/S.

The consolidated financial statements of Borg Automotive A/S and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports applying for class C entities.

Basis of preparation

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the presentation currency for the Group and the functional currency of the parent company. If not stated otherwise, all amounts rounded to nearest thousands (‘000 or TDKK).

The consolidated financial statements and the parent company financial statements have been prepared on the basis of historical cost, except for share based remuneration and derivative financial instruments that are measured at fair value.

Going concern

The Board of Directors and Executive Management have in connection to the preparation of the Financial Statements assessed the Group´s and the Parent Company´s ability to continue as a going concern and thus whether this assumption can be applied. Based in the knowledge of the Group and Parent Company including the future expectations including budgets, developments in liquidity, the identified risks and uncertainties connected to the regular business the Board of Directors and Executive Management considers it fair and justified to apply the going concern principle.

First time adoption of IFRS

These financial statements for the year ended 31 December 2019 with comparative figures are the first set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements. For periods up to and including the year ended 31 December 2019, Borg Automotive A/S prepared its financial statements in accordance with the Danish Financial Statements Act.

Accordingly, Borg Automotive A/S has prepared financial statements that comply with IFRS as adopted by the EU applicable for periods ending on or after 31 December 2019, together with the comparative period at and for the year ended 31 December 2018, as described in the summary of significant accounting policies.

Borg Automotive A/S did previously not provide consolidated financial statements. Consequently, no adjustments are relevant to the consolidated financial statements.

Exemptions applied
IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. For the purpose of preparing the consolidated financial statements and the parent company financial statements of Borg Automotive A/S has applied the following exemptions:

- IFRS accounting balances as applied by the parent company Aktieselskabet Schouw & Co. in their consolidated financial statements have been used as opening balances in the first-time adoption of IFRS in Borg Automotive A/S’ consolidated and parent company’s financial statements adjusted with the carrying amounts that would be included in the parent´s consolidated financial statements, based on the parent´s date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.
- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that are considered businesses under IFRS that occurred before 1 January 2018.

Consequences of adopting IFRS

- Since 2019 is the first year of reporting consolidated financial statements for BORG Group no differences exist.
- For the parent company the opening balances have been prepared based on the IFRS accounting balances as applied and reported to Aktieselskabet Schouw & Co. Compared to the local statutory accounts prepared in accordance with the Danish Financial Statements Act the following adjustments have been made on the opening balances for 2018 and the profit and loss:

	Asset Group	Assets	Liabilities	Equity
Opening local GAAP 2018		**669.126**	**669.126**	**186.274**
Assets purchased from subsidiary	Intangible assets	-12.710	0	0
	Shares in subsidiaries	9.818	0	0
	Deferred tax assets	2.892	0	0
Recognition of inventory	Inventory	316.302	0	0
	Payables to related parties	0	316.302	0
Opening IFRS 2018		**985.028**	**985.028**	**186.274**

Change in accounting principles and presentation

New and amended standards and interpretations

BORG Automotive A/S applied *IFRS 16 Leases* and *IFRIC 23 Uncertainty over income tax treatments* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet. Under the new accounting standard, the right of use of leased assets must be recognized as an asset in the balance sheet, while the corresponding lease liability must be recognized in interest-bearing debt. Lease payments are broken down in the income statement into a depreciation component and an interest component. As a result, operating profit before depreciation (EBITDA) will improve by the amount of the lease payment, while depreciation charges will increase by the amount of the estimated depreciation component and financial expenses will increase by the estimated interest component.

BORG Group adopted IFRS 16 using the modified retrospective method, with the date of initial application of 1 January 2019, and no adjustments have been made to equity as of 1 January 2019. Therefore, comparative figures are not restated. Borg Automotive A/S elected to use the transition practical expedient to not reassess whether existing contracts are, or contain, leases, as defined under IFRS 16 (IFRS 16.C3) at the date of initial application. This practical expedient is applied to all contracts ongoing at the date of initial application 1 January 2019. Instead, BORG Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

Borg Automotive A/S also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

For the year ended 31 December 2019 adoption of IFRS 16 had the following impact:

- Depreciation expense increased because of the depreciation of additional assets recognized (i.e. increase in right-of-use assets, net of the decrease in ‘Property, plant and equipment’). The net result is a decrease in ‘Cost of sales’, “distribution expenses” and ‘Administrative expenses’ of KDKK 882 for the Group and KDKK 182 for the Parent company.
- ‘Finance costs’ increased by KDKK 1.027 for the Group relating to the interest expense on additional lease liabilities recognized, while this increase was KDKK 18 for the Parent company.
- ‘Income tax expense’ for the Group decreased by KDKK 32 relating to the tax effect of these changes in expenses, while the corresponding amount for the parent company was KDKK 36.

IFRIC 23 Uncertainty over income tax treatments

The Group does not have uncertainty over any income tax treatments.

Change in presentation of the income statement

The format for presenting the income statement from a format based on type of expenditure to a format based on expenditure by function to better reflect the nature of the activities within the BORG Group and to align to the principles applied by Schouw & Co.

Basis of consolidation

The consolidated financial statements comprise Borg Automotive A/S and its subsidiaries at 31 December 2019.

Subsidiaries are entities over which Borg Automotive A/S has control. Control is achieved by directly or indirectly holding or having the disposal of more than 50% of the voting rights or otherwise exercising a controlling influence over the relevant enterprise.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The consolidated financial statements have been prepared by aggregating the financial statements of the parent company and the individual subsidiaries prepared in accordance with the Group's accounting policies. Intra-group income and expenses, shareholdings, dividends, balances as well as realised and unrealised gains or losses on transactions between the consolidated companies are eliminated. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Foreign currency translation

The Group's consolidated financial statements are presented in Danish Kroner (DKK), which is also the Parent Company's functional currency. A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in other currencies other than the functional currency are considered transactions in foreign currencies.

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the exchange rate at the transaction date and the exchange rate at the payment date, as well as the exchange rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical exchange rates.

On consolidation of entities with functional currency different from Danish Kroner (DKK), the income statements are translated at monthly average exchange rates prevailing at the dates of the transactions and the balance sheets are translated at the exchange rate prevailing at the balance sheet date. The exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive relating to that particular foreign operation is recognised in the income statement.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks (cash flow hedges).

Derivative financial instruments are measured at fair value and recognised in the balance sheet under other receivables or other payables, respectively. The fair value of derivative financial instruments is calculated on the basis of current market data and recognised valuation methods.

Changes in the fair value of derivative financial instruments that effectively hedge the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability. Hedging of future cash flows under agreements are treated as hedging of the fair value of a recognised asset or a recognised liability.

Changes in the part of the fair value of derivative financial instruments effectively hedging future cash flows are recognised in other comprehensive income in the reserve for hedging transactions under equity. On realisation of the hedged transaction, any gains or losses relating to such hedge transactions are transferred from other comprehensive income and recognised in the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised as interest income or expenses and similar items in the income statement as they occur.

Income statement

Revenue

Revenue from contracts with customers comprises sales of remanufactured products including market value of cores and adjustment of core provisions. Revenue from the sale is recognised at the point in time when the control of products is transferred to the customer, which is generally upon delivery.

For contracts providing the customer with a right of return within a specified period, the Group considers the timing of recognition.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products. Amounts disclosed as net revenue exclude discounts, VAT and other duties.

The Group considers whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration. No element of financing is deemed present, as payment is generally received as cash - on delivery or up to generally 60-90 days of credit.

Variable consideration:

The Group pays various discounts depending on the nature of the customer and business. Customer discounts comprise off-invoice discounts, volume- and activity-related discounts. Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments. Volume- and activity-related discounts is a broad term covering incentives for customers to sustain business with the Group over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets, or progressive discounts offered in step with increasing sales to a customer.

Cost of sales

Cost of sales comprises cost related to generating the revenue for the year. While trading companies recognise the costs of goods sold, the manufacturing companies recognise production costs corresponding to the year's revenue, including direct and indirect costs for raw materials and consumables, wages and salaries, depreciation on leasing assets and on minor rent and leasing arrangements, amortisation and impairment of intangible assets, depreciation and impairment of production buildings and equipment and impairment of inventory.

Cost of sales also includes costs and expenses relating to the operation, administration and management of the production sites. Additionally is included costs for research and product development that do not meet the criteria for capitalization, as well as amortisation and impairment of capitalized product development costs.

Distribution costs

Distribution costs comprise expenses incurred in connection with the distribution of goods sold during the year and in connection with sales campaigns, etc. launched during the year under review, including cost of sales and logistics staff, advertising and exhibition costs, as well as depreciation/amortisation and impairment losses.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses. Administrative expenses also comprise write-downs on receivables.

Employee benefits

Executive Management and senior managers in Borg Group are covered by the parent company Schouw & Co.'s share option programme. The costs related to the programme are calculated according to "Black & Scholes" and are expensed as staff costs linearly over the period of the option and settled to the parent company.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature relative to the companies' primary activities and consist of the following:

- Gains and losses on disposal of intangible assets and property, plant and equipment and lease assets.
- Compensation from external parties for e.g. claims or insurance
- Income from rental of facilities to external parties

Profit or loss in subsidiaries (Parent company)

The proportionate share of the profit or loss from individual subsidiaries after tax and after elimination of the proportionate share of intra-group gains or losses is recognised in the income statement.

Financial income and expenses

Financial income comprises interest income and expenses including interest to group enterprises, net capital gains or losses on securities, payables and transactions in foreign currencies, amortisation of financial assets, interests related to leases as well as tax relief or surcharge under the Danish Tax Prepayment Scheme etc.

Tax for the year

Tax for the year comprise current tax including joint taxation contribution and deferred tax for the year. Tax relating to the result for the year is recognised in the income statement, while tax expenses or income relating to changes in equity is recognised in other comprehensive income.

Balance sheet

Intangible assets

Development projects and software

Projects for the development of new products are recognised as intangible assets when they are clearly defined, identifiable, and for which technical feasibility, sufficient resources and a potential future market or application in the enterprise can be demonstrated. In addition, it is the intention with these projects to manufacture, market or use the project for future commercial purposes. This applies if cost can be measured reliably and sufficient certainty exists that future earnings or the net selling price can cover production costs, distribution costs, and administration costs as well as research and development costs. At Borg this is underpinned by a gate process, where these judgements are made at specific gates. Other development costs are recognised in the income statement and incurred as research and development costs.

Capitalized development projects, including internal software projects, are measured at cost less accumulated amortisation and impairment losses. Development costs comprise salaries, external costs, amortisation and other costs attributable to the projects.

Following completion of the development work, development projects are amortised on a straight-line basis over their estimated useful lives. The amortisation period is three to five years. The basis of amortisation is calculated net of any impairment losses.

The carrying amount of development projects in progress is tested for impairment at least annually, and where the carrying amount exceeds the net present value of the future net cash flows expected to be generated by the development project, the project is written down to its recoverable amount in the income statement. Finished development projects are tested for impairment if there is indication of impairment from the annual review.

Other intangible assets

Other intangible assets comprise IT licenses.

The cost of other intangible assets acquired from an external party are capitalized at cost at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets are amortised on a straight-line basis over the expected useful lives of the assets which are as follows:

- Licenses: 3 years
- Other intangible assets: 3-5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the acquisition price and any costs directly attributable to the acquisition and preparation of the asset until the time when it is ready to be put into operation. The total cost of an asset is divided into separate components which are depreciated separately if their useful lives differ.

Subsequent costs, such as the cost of replacing components of property, plant and equipment, are included in the asset´s carrying amount when deemed likely that it will result in economic benefit. The replaced components are no longer recognised in the balance sheet and the carrying amount is transferred to the income statement. All other ordinary repair and maintenance costs are recognised in the income statement when incurred.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the asset/components, which are expected to be as follows:

- Buildings: 5-40 years
- Plant and machinery: 5-10 years
- Other fixtures and fittings, tools and equipment: 3-10 years
- Land is not depreciated

The basis for depreciations are calculated with due considerations to the asset´s scrap value, useful life and reduced by any impairment losses. The residual value is determined at the acquisition date and reassessed annually and adjusted prospectively, if appropriate.

In case of changes to the depreciation period or residual value the effect on depreciations going forward is recognised as a change in accounting estimates.

Depreciation are recognised in the income statement as production costs, distribution costs or administrative expenses.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Usually borrowing costs do not exist.

Lease assets

Lease assets are *"right-of-use-assets"* arising from lease agreements. Lease assets are initially 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 costs
- restoration costs

The lease assets are depreciated on a straight-line basis over the shorter period of the assets useful life and the lease term in the contract. The lease assets can be adjusted due to modifications to the lease agreement or reassessment of the lease term.

The depreciation periods are as follows:

- Property: 1-5 years
- Cars: 1-3 years
- Production equipment: 3-5 years
- Other lease assets: 3-5 years

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 month or less, while low value assets comprise assets with a value below TDKK 75.

Investments in subsidiaries (Parent company)

Investments in subsidiaries are, at first recognition measured at cost and subsequently at the proportionate share of the companies' net asset values calculated in accordance with the parent company's accounting policies with the deduction or addition of unrealised intra-group gains or losses and with the addition or deduction of goodwill calculated according to the acquisition method.

Investments in subsidiaries with negative net asset values are measured at cost at DKK 0 (nil), and any receivables and loans from these companies, if any, are written down to the extent it is deemed irrecoverable. In case the negative net assets exceeds the receivables the residual amount is recognised as a provision in case the parent company has a legal or contractual obligation to cover the negative balance of the subsidiary.

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

Subsidiaries acquired or established during the year are initially recognised in the financial statement from the date of acquisition, while sold or liquidated companies are recognised until the date of disposal.

Impairment of non-current assets

Deferred tax assets are assessed on a yearly basis and are only recognised in case it is deemed likely that they will be utilized.

The carrying amount of other non-current assets are tested annually to determine whether there is any indication of impairment. If such an amount exists, the recoverable amount of the assets is calculated. The recoverable amount is the higher of the fair value of the asset less expected costs to sell and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

A write-down is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Write-downs are recognised in the income statement as production, distribution or administration expenses.

Inventories

Inventories are measured at cost in accordance with the FIFO. Where the net realisable is lower than the cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale and is determined in consideration of marketability, obsolescence and movements in the expected selling price.

The cost of goods for resale, raw materials and consumables comprise the purchase price and delivery costs.

The cost of finished goods and work in progress comprise of raw materials, consumables, direct labour and indirect production costs, based on a normal operating activity. Indirect production costs comprise indirect materials and labour as well as maintenance of and depreciation and impairment of the relating to machines, factory buildings and equipment used in the manufacturing process as well as costs of factory management and administration. Financing costs are not included in cost.

Provision related to obsolescence is calculated based on 12-months sales forecast and is adjusted when sales forecast and stock volumes changes.

Receivables

Receivables comprises of trade receivables, receivables from group companies, and other receivables.

Receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment losses. The impairment assessment is based on the Expected Credit Loss model (ECL). The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes. The stages determine how impairment losses are measured and the effective interest is applied.

For trade receivables, Borg Group applies the simplified approach, which permits the use of lifetime ECL. Provisions are determined based on grouping of trade receivables sharing the same credit risk characteristics and days past due.

Regarding group intercompany loans, impairment losses will be recognized based on 12-month or lifetime ECL depending on whether a significant increase in credit risk has arisen since initial recognition.

Corporate income tax

Current tax consist of tax payable or receivable including joint taxation contribution and is recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account scheme. Receivables and payables regarding the joint taxation is presented separately in the balance sheet.

Borg Automotive A/S is taxed jointly with its parent company and other Danish subsidiaries. The current Danish income tax liability is allocated among the companies of the tax pool in proportion to their taxable income. Companies that utilize tax losses from other companies pay a joint contribution to the parent company at an amount corresponding to the tax value of the tax losses utilized. Companies whose tax losses are utilized by other companies receive joint tax contribution from the parent company corresponding to the tax value of the utilised losses (full absorption). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Prepayments

Prepayments include expenses paid in respect of subsequent financial years and are measured at cost.

Cash

Cash comprises cash in hand and short term bank deposits.

Shareholders' Equity

Dividend

Dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration). Dividends expected to be declared in respect of the year are stated as a separate line item under equity.

Hedge transaction reserve

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

The hedge transaction reserve is dissolved, when the hedged transaction is realised, if the hedged cash flow are no longer expected realised, or if the hedge is no longer effective.

Reserve for development projects (Parent company)

The reserve for development costs comprise recognized development costs reduced by amortizations and taxes. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company´s operations by a transfer directly to the distributable reserves under equity.

Exchange adjustment reserve

The exchange adjustment reserve comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into Danish kroner including exchange differences on financial instruments considered to be a part of the net investment or as hedging of the net investment. On realisation, accumulated value adjustments are taken from equity to financial income and expenses in the income statement.

The exchange adjustment reserve is dissolved upon disposal of the subsidiary, or if the conditions for efficient hedging is no longer present.

Net revaluation reserve (Parent company)

Net revaluation of investments in subsidiaries are recognised at cost in the reserve for net revaluation according to the equity method. The reserve cannot be recognised at a negative amount.

The reserve is dissolved upon disposal of the subsidiary.

Provisions

Provisions relates to warranty commitments which recognized when, as a consequence of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is likely to result in an outflow from the Group of economic benefit.

Financial liabilities

Debt to credit institutions is recognised at the raising of a loan at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, applying the “effective interest rate method”, to the s effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. In addition, the capitalised lease liability is recognised under financial liabilities.

Other liabilities

Other liabilities including core liability (customer rebates) are measured at amortised cost, which normally will be equal to nominal value.

Deferred tax

Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and the tax base of assets and liabilities. However, no deferred tax is recognised on timing differences on non-deductible items for which timing differences have arisen at the acquisition date without affecting the financial results or taxable income.

Deferred tax is measured based on the tax rules and rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other noncurrent assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Deferred tax adjustments are made regarding eliminations of unrealised intercompany gains and losses.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilized within the period of five years.

Fair value measurement

Fair value measurement are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transportation costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognized valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

The cash flow statement shows cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the profit for the year before tax adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of companies and operation and the acquisition and disposal of intangible assets, property, plant and equipment.

Cash flows from financing activities comprise payments to and from shareholders and related expenses as well as the raising of loans, re-payments of interest-bearing debt and repayment of lease liabilities.

Cash comprise cash in hand and short-term bank deposits.

Segmented reporting

With reference to IFRS 8 paragraph 2, segment information is not provided for the consolidated or parent company, except for the information about revenue according to IFRS 15.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on a number of factors in the given circumstances. The following accounting estimates are considered significant for the financial reporting:

Inventories

The uncertainty related to inventories of cores cover both the assessment of core market prices and the valuation related to cores considered to be obsolete or lack of marketability.

Cores repurchased from customers for remanufacturing are valued based on the historical external purchases prices at the production facilities. The uncertainty related to the core market price is the fact that the historical prices, though being the best indicator available, are not necessarily equal to the price development in the market.

Goods considered to be obsolete or to have impaired marketability are written down to net realisable value. The assumption applied in regards to the valuation of cores on inventory relates to the principle applied that cores on stock for more than 1 years expected sales are considered obsolete and thus written down to the scrap price.

Core liability (customer rebates)

The core liability is composed of the core charge (deposit) paid be the customer upon purchase of a unit which is returned to the customer conditional on and at the same rate as return of the used units (cores). The core charge is offset by the expected value of the returned cores and the expected core return rate, which constitutes the elements of the core liability. The uncertainty related to the core liability therefore covers both the estimation of the expected core return rate of cores as well as the value of the outstanding cores.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The primarily part of the deferred tax assets are tax losses carried forward. These losses relate to the subsidiaries in Belgium and UK. The tax losses carried forward do not expire and they may not be used to offset taxable income elsewhere in the Group. The tax value of tax loss carry forwards has been recognised, as it has been considered sufficiently probably that the losses will be utilised within five years.

Further details on taxes are disclosed in Note 17.

	CONSOLIDATED		PARENT COMPANY	
3 REVENUE	**2019**	**2018**	**2019**	**2018**
Denmark	52.489	60.269	52.489	60.199
Europe, other than Denmark	865.189	891.295	734.908	748.403
Total revenue	**917.678**	**951.564**	**787.397**	**808.602**

4 COST OF SALES	**2019**	**2018**	**2019**	**2018**
Cost of goods sold	458.036	496.505	434.410	359.638
Inventory impairments	21.717	19.571	498	510
Reversed inventory impairments	-15.047	-15.823	-411	-670

5 STAFF COST	**2019**	**2018**	**2019**	**2018**
Wages and salaries	185.671	172.761	44.413	41.291
Defined contribution pension plans	4.783	4.112	3.974	3.561
Other social security costs	26.795	25.105	1.289	1.113
Share-based payment	1.046	410	1.046	410
Total staff costs	**218.295**	**202.388**	**50.722**	**46.375**
Staff costs are recognised as follows:				
Cost of sales	156.780	135.462	11.799	10.704
Distribution	41.742	38.607	22.781	21.856
Administration	18.436	19.659	14.805	13.815
Development projects	1.337	8.660	1.337	0
Staff costs recognised in the income statement	**218.295**	**202.388**	**50.722**	**46.375**
Average number of employees	**1.615**	**1.599**	**77**	**75**

Remuneration to the Board of Directors, Executive Management and Other Management

Staff costs include salaries and bonuses, pensions, social costs and share-based payments.

Board of Directors and Executive Management	3.366	3.061	3.366	3.061
Other Management	9.646	8.508		

With reference to the Danish Financial Statements Act Paragraph 98b, section 3 remuneration to the Board of Directors, Executive Management and lkey management personel have been disclosed together. Additionally remuneration to Other Management have not been disclosed. The exemption is applied to ensure that remuneration for one single member is not disclosed.

5 STAFF COST
(Continued)

Share-based payment: Share option programme

Management and Senior Managers in the Group are covered by the parent company Schouw & Co.´s share option programme. The programme entitles participants to acquire shares in Aktieselskabet Schouw & Co. at a price based on the market price at the allocation date (2019: DKK 510,30) plus a calculated rate (2019: 3%) from the allocation date to the date of exercise. The costs related to the programme are calculated according to “Black & Scholes” and are expensed as staff costs linearly over the period of the option and settled to the parent company.

Outstanding share options	Executive Manage-ment	Others	Total	Exercise price in DKK (1)	Fair value in DKK per option (2)	Total fair value in '000 (2)	Can be exercised from	Can be exercised until
Granted in 2018	10.000	18.000	28.000	705,58	58,51	1.638	March 2021	March 2022
Lapsed (from 2018 grant)	0	-2.167	-2.167			-127		
Granted in 2019	10.000	18.000	28.000	574,35	71,47	2.001	2022	2023
Lapsed (from 2019 grant)	0	-4.167	-4.167			-298		
Unexercised options in total as at 31 December 2019	**20.000**	**29.666**	**49.666**			**3.214**		

(1) On exercise after 4 years (at the latest possible moments)
(2) At the date of allocation

For unexercised options per 31 December 2019 the average remaining option life amounts to 2,23 years (2018: 1,75 years), and the exercise prices is within the interval 574,35-705,58 DKK per option (2018: 705,58 per option).

The assumptions for determining the fair value of unexercised share options at the date of allocation as follows:

On the date of allocation:	2019 grant	2018 grant
Expected volatility	29,23%	21,10%
Expected option life	48 mth.	48 mth.
Expected dividend per share	13 DKK	12 DKK
Risk free interest rate	-0,52%	-0,38%

The expected volatility is calculated as 12 months' historical volatility based on average share prices. If the option holders have not exercised their options at the end of the specified period, the options will lapse without any compensation to the holders. Exercise of the share options is contingent to the holder being in continuing employement during the above-mentioned periods. If the share option holder resigns before the vesting date, the holder may in some cases have a right to exercise the share option early during a four-week period following the next interim report from Schouw & Co. In the event of early exercise, the number of options will be reduced proportionally.

6 FEES TO AUDITORS APPOINTED BY THE GENERAL MEETING

	CONSOLIDATED	
	2019	2018
Total fees to EY		
Audit fees	828	866
Non-audit fees	0	134
Fees for tax- and VAT-related services	157	267
Fees for other services	216	597
Total fees	**1.201**	**1.864**
Total fees to other accountants		
Audit fees	292	210
Non-audit fees	13	63
Fees for tax- and VAT-related services	0	5
Fees for other services	0	0
Total fees	**305**	**278**
Total fees	**1.506**	**2.142**

With reference to the Danish Financial Statements Act Paragraph 96, section 3 Fees to auditors appointed by the General Meeting have only been provided for the Group.

7 RESEARCH AND DEVELOPMENT COSTS

	CONSOLIDATED		PARENT COMPANY	
	2019	2018	2019	2018
Research & Development costs expensed and development costs incurred are shown below:				
Research and development costs incurred	18.677	22.208	20.171	23.985
Development costs recognised as intangible assets	-3.695	-14.795	-3.695	-14.795
Amortisation and impairment of recognised development	5.855	0	5.855	0
Research and development costs expensed and recognised in the income statements	**20.837**	**7.413**	**22.331**	**9.190**

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	2019	2018	2019	2018
Amortisation of intangible assets	8.160	4.805	7.776	4.460
Depreciation of property plant and equipment	6.768	7.705	563	500
Depreciation of lease assets	10.380	0	896	0
Impairment of property plant and equipment	0	56	0	0
Total depreciation, amortisation and impairment losses	**25.308**	**12.566**	**9.235**	**4.960**
Depreciation/amortisation and impairment is recognised in the income statement as follows:				
Cost of sales	18.147	6.132	6.127	16
Distribution	3.809	1.127	456	0
Administration	3.352	5.307	2.652	4.944
Total depreciation, amortisation and impairment losses	**25.308**	**12.566**	**9.235**	**4.960**

9 OTHER OPERATING INCOME AND EXPENSES	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Gains on the disposal of property, plant and equipment and	222	152	4	5
Charged to Group companies (i.e. management services)	0	0	18.982	20.732
Other operating income	1.550	968	213	165
Total other operating income	**1.772**	**1.120**	**19.199**	**20.902**
Losses on the disposal of property, plant and equipment	696	261	0	241
Other operating expenses	1.098	895	0	0
Total other operating expenses	**1.794**	**1.156**	**0**	**241**

10 FINANCIAL INCOME	2019	2018	2019	2018
Interest	39	26	0	0
Interests from group loans and cash pool	119	189	4.028	4.236
Interest income on financial assets measured at amortised cost	158	215	4.028	4.236
Exchange rate adjustments	3.800	411	2.876	411
Total financial income	**3.958**	**626**	**6.904**	**4.647**

11 FINANCIAL EXPENSES	2019	2018	2019	2018
Interest expense	260	625	63	234
Interests from leasing	1.027	0	18	0
Interests from group loans and cash pool	886	1.795	2.551	3.226
Interest expenses from financial liabilities measured at amortised cost	2.173	2.420	2.632	3.460
Exchange rate adjustments	2.770	4.968	56	2.600
Total financial expenses	**4.943**	**7.388**	**2.688**	**6.060**

12 TAX ON PROFIT FOR THE YEAR

	CONSOLIDATED		PARENT COMPANY	
	2019	2018	2019	2018
Tax for the year is composed as follows:				
Tax on profit for the year	23.343	26.698	7.339	16.883
Tax on other comprehensive income	561	-242	561	-242
Total tax	**23.904**	**26.456**	**7.900**	**16.641**
Tax on the profit for the year has been calculated as follows:				
Current tax	24.898	28.974	9.437	21.779
Deferred tax	-1.601	-2.165	-2.130	-4.785
Adjustment of prior-year tax charge	46	-111	32	-111
Total tax recognised in the income statement	**23.343**	**26.698**	**7.339**	**16.883**
Effective tax rate:				
Calculated 22.0% tax of the profit for the year	18.416	24.490	14.895	22.331
Adjustment of tax related to subsidiaries	-187	-66	-7.775	-5.384
Change in the corporate income tax rate	0	2.972	0	0
Non-deductible amortisation and impairment of goodwill	0	356	0	0
Non-deductible costs and non-taxable income	491	973	187	47
Adjustment of prior-year tax charge	46	-544	32	0
Adjustment of deferred tax asset regarding previous years	4.577	-1.483	0	-111
Recognised tax income	**23.343**	**26.698**	**7.339**	**16.883**
Effective tax rate	**27,9%**	**24,0%**	**10,8%**	**16,6%**

Tax recognised in other comprehensive income:

CONSOLIDATED

2019	**Before tax**	**Tax**	**After tax**
Exchange rate adjustment of foreign subsidiaries	3.532	0	3.532
Value adjustment of hedging instruments for the year	-392	86	-306
Hedging instruments transferred to cost of sales	2.940	-647	2.293
Tax on items recognised in other comprehensive income	**6.080**	**-561**	**5.519**

2018	**Before tax**	**Tax**	**After tax**
Exchange rate adjustment of foreign subsidiaries	-5.641	0	-5.641
Value adjustment of hedging instruments for the year	-1.100	242	-858
Tax on items recognised in other comprehensive income	**-6.741**	**242**	**-6.499**

PARENT COMPANY

2019	**Before tax**	**Tax**	**After tax**
Exchange rate adjustment of foreign subsidiaries	3.532	0	3.532
Value adjustment of hedging instruments for the year	-392	86	-306
Hedging instruments transferred to cost of sales	2.940	-647	2.293
Tax on items recognised in other comprehensive income	**6.080**	**-561**	**5.519**

2018	**Before tax**	**Tax**	**After tax**
Exchange rate adjustment of foreign subsidiaries	-5.641	0	-5.641
Value adjustment of hedging instruments for the year	-1.100	242	-858
Tax on items recognised in other comprehensive income	**-6.741**	**242**	**-6.499**

13 INTANGIBLE ASSETS

CONSOLIDATED

2019	Completed development projects	Development projects in progress	Software	Other intangible assets	Total
Cost at 1 January	14.795	2.594	9.769	2.491	29.649
Foreign exchange adjustment	0	0	0	9	9
Additions	3.695	3.374	1.422	41	8.532
Disposals	0	0	-91	0	-91
Transferred/reclassified	0	-774	2.918	-2.151	-7
Cost at 31 December	**18.490**	**5.194**	**14.018**	**390**	**38.092**
Amortisation and impairment at 1 January	0	0	7.500	1.133	8.633
Foreign exchange adjustment	0	0	3	2	5
Amortisation	5.855	0	1.869	436	8.160
Amortisation and impairment of disposed assets	0	0	-36	0	-36
Transferred/reclassified	0	0	1.441	-1.439	2
Amortisation and impairment at 31 December	**5.855**	**0**	**10.777**	**132**	**16.764**
Carrying amount at 31 December	**12.635**	**5.194**	**3.241**	**258**	**21.328**
Amortized over (years)	3		3-5	3-5	

Management have not identified issues, which indicate need for impairment regarding intangible assets.

2018	Completed development projects	Development projects in progress	Software	Other intangible assets	Total
Cost at 1 January	0	676	8.917	2.601	12.194
Foreign exchange adjustment	0	0	0	-28	-28
Additions	14.795	2.159	852	100	17.906
Disposals	0	-241	0	0	-241
Transferred/reclassified	0	0	0	-182	-182
Cost at 31 December	**14.795**	**2.594**	**9.769**	**2.491**	**29.649**
Amortisation and impairment at 1 January	0	0	3.453	382	3.835
Foreign exchange adjustment	0	0	0	-7	-7
Amortisation	0	0	4.047	758	4.805
Amortisation and impairment of disposed assets	0	0	0	0	0
Amortisation and impairment at 31 December	**0**	**0**	**7.500**	**1.133**	**8.633**
Carrying amount at 31 December	**14.795**	**2.594**	**2.269**	**1.358**	**21.016**
Amortized over (years)	3		3-5	3-5	

13 INTANGIBLE ASSETS (Continued)

PARENT COMPANY

2019	Completed development projects	Development projects in progress	Software	Other intangible assets	Total
Cost at 1 January	14.795	2.594	9.769	1.238	28.396
Additions	3.695	3.374	1.312	0	8.381
Transferred/reclassified	0	-774	774	0	0
Cost at 31 December	**18.490**	**5.194**	**11.855**	**1.238**	**36.777**
Amortisation and impairment at 1 January	0	0	7.500	621	8.121
Amortisation	5.855	0	1.508	413	7.776
Amortisation and impairment at 31 December	**5.855**	**0**	**9.008**	**1.034**	**15.897**
Carrying amount at 31 December	**12.635**	**5.194**	**2.847**	**204**	**20.880**
Amortized over (years)	3		3-5	3-5	

Management have not identified issues, which indicate need for impairment regarding intangible assets.

2018	Completed development projects	Development projects in progress	Software	Other intangible assets	Total
Cost at 1 January	0	676	8.917	1.238	10.831
Additions	14.795	2.159	852	0	17.806
Disposals	0	-241	0	0	-241
Cost at 31 December	**14.795**	**2.594**	**9.769**	**1.238**	**28.396**
Amortisation and impairment at 1 January	0	0	3.453	208	3.661
Amortisation	0	0	4.047	413	4.460
Amortisation and impairment at 31 December	**0**	**0**	**7.500**	**621**	**8.121**
Carrying amount at 31 December	**14.795**	**2.594**	**2.269**	**617**	**20.275**
Amortized over (years)	3		3-5	3-5	

14 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED

2019	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Assets under con-struction	Total
Cost at 1 January	62.004	16.291	14.755	5.275	98.325
Foreign exchange adjustment	494	215	165	138	1.012
Additions	1.136	1.457	1.108	16.836	20.537
Disposals	-1.310	0	-661	0	-1.971
Transferred to leased assets/reclassified	6.034	4.431	-3.851	-14.452	-7.838
Cost at 31 December	**68.358**	**22.394**	**11.516**	**7.797**	**110.065**
Depreciation and impairment at 1 January	1.629	2.381	3.459	76	7.545
Foreign exchange adjustment	27	53	46	0	126
Impairment	0	0	0	0	0
Depreciation	2.210	2.582	1.978	-2	6.768
Depreciation and impairment of disposed assets	-469	-530	-545	0	-1.544
Transferred to leased assets/reclassified	0	0	0	0	0
Depreciation and impairment at 31 December	**3.397**	**4.486**	**4.938**	**74**	**12.895**
Carrying amount at 31 December	**64.961**	**17.908**	**6.578**	**7.723**	**97.170**
Depreciated over (years)	5-40	5-10	3-10		
Legal obligation at 31 December for the purchase of property, plant and equipment	131	1.330	225		1.686

No changes have been made in accounting estimates regarding property, plant and equipment.
No interests has been recognised during the period.

Management have not identified issues, which indicate need for impairment regarding property, plant and equipment.

2018	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Assets under con-struction	Total
Cost at 1 January	43.691	13.887	11.593	6.783	75.954
Foreign exchange adjustment	-867	-321	-285	-172	-1.645
Additions	796	2.165	4.222	20.239	27.422
Disposals	-75	-320	-2.913	-26	-3.334
Transferred/reclassified	18.459	880	2.138	-21.549	-72
Cost at 31 December	**62.004**	**16.291**	**14.755**	**5.275**	**98.325**
Depreciation and impairment at 1 January	85	670	2.368	0	3.123
Foreign exchange adjustment	-28	-40	-73	0	-141
Impairment	0	0	0	56	56
Depreciation	1.632	2.042	4.011	20	7.705
Depreciation and impairment of disposed assets	0	-291	-2.847	0	-3.138
Depreciation of disposed assets	-60	0	0	0	-60
Depreciation and impairment at 31 December	**1.629**	**2.381**	**3.459**	**76**	**7.545**
Carrying amount at 31 December	**60.375**	**13.910**	**11.296**	**5.199**	**90.780**
Of which assets held under finance lease	0	2.122	10.243	0	12.365
Legal obligation at 31 December for the purchase of property, plant and equipment	7	1.424	0	0	1.431
Depreciated over (years)	5-40	5-10	3-10		

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

PARENT COMPANY

2019	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Assets under con-struction	Total
Cost at 1 January	13.098	60	365	0	13.523
Additions	383	0	0	0	383
Cost at 31 December	**13.481**	**60**	**365**	**0**	**13.906**
Depreciation and impairment at 1 January	695	25	109	0	829
Depreciation	461	15	87	0	563
Depreciation and impairment at 31 December	**1.156**	**40**	**196**	**0**	**1.392**
Carrying amount at 31 December	**12.325**	**20**	**169**	**0**	**12.514**
Depreciated over (years)	5-30	5	3-10		

2018	Land and buildings	Plant and machinery	Other fixtures, tools and equipment	Assets under con-struction	Total
Cost at 1 January	13.008	60	241	0	13.309
Additions	90	0	124	0	214
Cost at 31 December	**13.098**	**60**	**365**	**0**	**13.523**
Depreciation and impairment at 1 January	289	10	30	0	329
Depreciation	406	15	79	0	500
Depreciation and impairment at 31 December	**695**	**25**	**109**	**0**	**829**
Carrying amount at 31 December	**12.403**	**35**	**256**	**0**	**12.694**
Depreciated over (years)	5-30	5	3-10		

No significant changes have been made in accounting estimates regarding property, plant and equipment.
No interests has been recognised during the period.

Management have not identified issues, which indicate need for impairment regarding property, plant and equipment.

15 LEASE ASSETS

CONSOLIDATED

2019	Buildings	Production equipment	Cars	Other assets	Total
Cost at 1 January	0	0	0	0	0
Transferred from property, plant and equipment	0	6.485	1.360	0	7.845
Effect of transition to IFRS 16	34.930	-2.477	2.087	351	34.891
Adjusted cost at 1 January	**34.930**	**4.008**	**3.447**	**351**	**42.736**
Additions	0	1.270	2.287	0	3.557
Disposals	-5.790	-48	-262	0	-6.100
Cost at 31 December	**29.140**	**5.230**	**5.472**	**351**	**40.193**
Amortisation and impairment at 1 January	0	0	0	0	0
Foreign exchange adjustment	107	20	5	0	132
Amortisation	6.471	1.813	1.979	117	10.380
Amortisation and impairment of disposed assets	0	-48	-102	0	-150
Amortisation and impairment at 31 December	**6.578**	**1.785**	**1.882**	**117**	**10.362**
Carrying amount at 31 December	**22.562**	**3.445**	**3.590**	**234**	**29.831**

PARENT COMPANY

2019	Buildings	Production equipment	Cars	Other assets	Total
Cost at 1 January	0	0	0	0	0
Effect of transition to IFRS 16	0	0	1.523	0	1.523
Adjusted cost at 1 January	**0**	**0**	**1.523**	**0**	**1.523**
Additions	0	0	973	0	973
Cost at 31 December	**0**	**0**	**2.496**	**0**	**2.496**
Amortisation and impairment at 1 January	0	0	0	0	0
Amortisation	0	0	896	0	896
Amortisation and impairment at 31 December	**0**	**0**	**896**	**0**	**896**
Carrying amount at 31 December	**0**	**0**	**1.600**	**0**	**1.600**

15 LEASE ASSETS (continued)

Lease liabilities

Lease liabilities expiring within the following periods from the balance sheet date:

	CONSOLIDATED 2019	PARENT COMPANY 2019
Within 1 year	9.242	905
Between 1 and 5 years	20.733	530
After 5 years	0	0
Total lease liability, non-discounted	**29.975**	**1.435**
Lease liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	20.733	530
Current liabilities	9.242	905
Total lease liabilities	**29.975**	**1.435**
Lease payments in the year		
Repayment of lease debt	10.369	1.061
Recognised intersts on lease contracts	1.027	18
	11.396	**1.079**

Lease agreements not recognised in the balance sheet

CONSOLIDATED

	Service*	Small value assets	Short term leases	Total
Due for payment within 1 year	225	11	56	292
Due for payment within >1-5 years	329	34	0	363
Due for payment after 5 years	0	0	0	0
Total commitments	**554**	**45**	**56**	**655**
Recognised in the income statement	**279**	**11**	**679**	**969**

PARENT COMPANY

	Service*	Small value assets	Short term leases	Total
Due for payment within 1 year	8	11	3	22
Due for payment within >1-5 years	27	34	0	61
Due for payment after 5 years	0	0	0	0
Total commitments	**35**	**45**	**3**	**83**
Recognised in the income statement	**8**	**11**	**679**	**698**

*) Comment: The service (variable) element of lease contracts is the part of the lease commitment that are not included in the leaseobligation in the balance sheet.

16 INVESTMENTS IN SUBSIDIARIES (Parent Company)

	2019	2018
Cost at 1 January	114.041	115.880
Disposals	0	-1.839
Cost at 31 December	**114.041**	**114.041**
Adjustments at 1 January	176.513	150.465
Foreign exchange adjustments	3.532	-5.641
Disposals for the year	0	7.217
Share of profit/loss before tax for the year	35.340	24.472
Adjustments at 31 December	**215.385**	**176.513**
Carrying amount at 31 December	**329.426**	**290.554**

Name	Registered Office	Ownership interest 2019	Ownership interest 2018
Borg Automotive Sp. z.o.o.	Poland, Zdunska Wola	100%	100%
Borg Automotive UK Ltd.	UK, Birmingham	100%	100%
Car Parts Industries Belgium SPRL	Belgium, Charleroi	100%	100%
Electro Steer Ltd. (Dormant)	UK, Birmingham	100%	100%

All subsidiaries are Limited Liability Companies.

17 DEFERRED TAX

	CONSOLIDATED		PARENT COMPANY	
	2019	2018	2019	2018
Defered tax at 1 January	**55.266**	**53.014**	**26.244**	**21.217**
Foregin exchange adjustment	328	-155	0	0
year	1.601	2.165	2.130	4.785
Deferred tax for the year recognised in equity	-561	242	-561	242
Deferred tax at 31 December, net	**56.634**	**55.266**	**27.813**	**26.244**
Deferred tax is recognised as follows in the balance sheet:				
Deferred tax asset	56.669	55.266	27.813	26.244
Deferred tax liability	-35	0	0	0
Net deferred tax at 31 December	**56.634**	**55.266**	**27.813**	**26.244**
Deferred tax pertains to:				
Intangible assets	-2.817	-3.057	-2.817	-3.057
Property, plant and equipment	-1.741	-1.707	-1.753	-1.719
Inventories	6.333	5.089	0	0
Equity	-319	242	-319	242
Provisions	1.251	1.115	0	0
Liabilities other than provisions	48.478	30.872	32.702	30.778
Recaptured losses	511	508	0	0
Tax losses	4.938	22.204	0	0
Total deferred tax (net liability)	**56.634**	**55.266**	**27.813**	**26.244**

Tax losses carried forward are recognised in the balance sheet only if they are expected to be utilised within a period of 5 (five) years. This principle entails that an amount of MDKK 15,7 (2018: MDKK 14,7) related to the subsidiary Borg Automotive UK Ltd. have not be recognised in the balance sheet. The unrecognised tax loss may be carried forward for

17 DEFERRED TAX (Continued)

CONSOLIDATED

2019	1 Jan.	Foreign exchange adjustment	Recognised in profit for the year	Recognised in equity	31 Dec.
Intangible assets	-3.057	0	240	0	-2.817
Property, plant and equipment	-1.707	0	-34	0	-1.741
Inventories	5.089	51	1.193	0	6.333
Equity	242	0	0	-561	-319
Provisions	1.115	13	123	0	1.251
Liabilities other than provisions	30.873	3	17.603	0	48.479
Recaptured losses	508	5	-2	0	511
Tax losses	22.203	256	-17.522	0	4.937
Total tax	**55.266**	**328**	**1.601**	**-561**	**56.634**

2018	1 Jan.	Foreign exchange adjustment	Recognised in profit for the year	Recognised in equity	31 Dec.
Intangible assets	-367	0	-2.690	0	-3.057
Property, plant and equipment	-1.704	0	-3	0	-1.707
Inventories	3.221	-131	1.999	0	5.089
Equity	0	0	0	242	242
Provisions	838	-25	302	0	1.115
Liabilities other than provisions	23.171	2	7.700	0	30.873
Recaptured losses	257	-9	260	0	508
Tax losses	27.598	8	-5.403	0	22.203
Total tax	**53.014**	**-155**	**2.165**	**242**	**55.266**

PARENT COMPANY

2019	1 Jan.	Foreign exchange adjustment	Recognised in profit for the year	Recognised in equity	31 Dec.
Intangible assets	-3.056	0	240	0	-2.816
Property, plant and equipment	-1.720	0	-34	0	-1.754
Equity	242	0	0	-561	-319
Liabilities other than provisions	30.778	0	1.924	0	32.702
Deferred tax at 31 December, net	**26.244**	**0**	**2.130**	**-561**	**27.813**

2018	1 Jan.	Foreign exchange adjustment	Recognised in profit for the year	Recognised in equity	31 Dec.
Intangible assets	-367	0	-2.689	0	-3.056
Property, plant and equipment	-1.706	0	-14	0	-1.720
Equity	0	0	0	242	242
Liabilities other than provisions	23.290	0	7.488	0	30.778
Deferred tax at 31 December, net	**21.217**	**0**	**4.785**	**242**	**26.244**

18 INVENTORIES

	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Raw materials and consumables	203.238	170.320	212.948	178.967
Work in progress	0	2.310	0	2.426
Finished goods and goods for resale	166.183	164.002	178.285	169.881
Total inventories	**369.421**	**336.632**	**391.234**	**351.274**

Inventory values are presented at lower of cost and net realisable value.

	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Cost of inventories for which impairment losses have been recognised	179.698	158.359	188.629	166.231
Accumulated impairment losses on inventories	-40.356	-36.368	-42.340	-38.152
Net sales value	**139.342**	**121.991**	**146.289**	**128.079**

During 2019, TDKK 6.580 (2018: TDKK 5.186) was recognised as an expense for inventories carried at net realisable value at Group level. This is recognised in cost sales.

In the Parent Company, TDKK 6.580 (2018: TDKK 5.186) was recognised during 2019 as an expense for inventories carried at net realisable value. This is recognised in cost sales or as a part of result in shares in subsidiaries.

19 CORPORATE INCOME TAX

	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Income tax payable at 1 Janaury	5.438	4.504	-1.079	2.464
Exchange adjustments	-27	2	0	0
Current tax for the year	-24.898	-28.974	-9.437	-21.779
Adjustment related to prior years	-46	111	-32	111
Corporate Income tax paid during the year	2.370	11.670	31	-
Joint taxation contribution paid during the year	13.892	18.125	13.890	18.125
Income tax at 31 December	**-3.271**	**5.438**	**3.373**	**-1.079**

Which is distributed as follows:

Corporate Income tax, receivable	0	6.517	0	0
Joint taxation contribution, receivable	3.375	0	3.375	0
Corporate Income tax, payable	-6.646	0	-2	0
Joint taxation contribution, payables	0	-1.079	0	-1.079
	-3.271	**5.438**	**3.373**	**-1.079**

20 RECEIVABLES AND PAYABLES WITH RELATED PARTIES	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Receivables from related parties, interest-bearing, non-current	0	0	0	108.760
Receivables from related parties, interest bearing, current	31.957	51.019	169.045	96.517
Receivables from related parties, current	0	0	0	0
Payables to related parties, interest bearing, non-current	0	0	-113.784	0
Payables to related parties, interest bearing, current	0	0	0	-94.707
Payables to related parties, current	0	-25	-364.420	-349.605
	31.957	**50.994**	**-309.159**	**-239.035**
Recognised as follows in assets:				
Receivables from related parties, non-current	0	0	0	108.760
Receivables from related parties, current	31.957	51.019	169.045	96.517
Payables to related parties, non-current	0	0	-113.784	0
Payables to related parties, current	0	-25	-364.420	-444.312
	31.957	**50.994**	**-309.159**	**-239.035**

21 SHARE CAPITAL	2019	2018
The share capital consists of 5.000 shares of each DKK 200	1.000	1.000

The shares have not been divided into classes. During the last five years, no changes have been made to the share capital.

The following shareholder is registered to hold 100 % of the shares and voting capital of the company:

Aktieselskabet Schouw & Co.
Chr. Filtenborgs Plads 1, 8000 Aarhus C
Company registration number: 63 96 58 12

22 INTERST-BEARING DEBT

	CONSOLIDATED		PARENT COMPANY	
	2019	2018	2019	2018
Debt recognised in the balance sheet:				
Mortgage debt	4.286	4.810	4.286	4.810
Credit institutions	964	2.099	0	0
Lease liabilities	20.733	3.460	530	0
Payables to related parties	0	0	113.784	0
Non-current interest bearing debt	**25.983**	**10.369**	**118.600**	**4.810**
Current portion of non-current interest bearing debt	10.921	3.841	1.428	522
Credit institutions	0	0	0	0
Payables to related parties	0	0	0	94.707
Current interest bearing debt	**10.921**	**3.841**	**1.428**	**95.229**
Total interest bearing debt	**36.904**	**14.210**	**120.028**	**100.039**
Fair-value of interest bearing debt	**36.904**	**14.210**	**120.028**	**100.039**

	2019	2018	2019	2018
Weighted average effective rate of interest for the year was (%)	2,0%	1,3%	1,3%	1,2%
Weighted average effective rate of interest for the balance sheet date was (%)	2,4%	2,8%	0,2%	0,3%

Interst bearing debt per currency:				
DKK	6.238	4.467	6.238	5.332
EUR	1.178	783	113.784	94.707
PLN	17.604	8.879	0	0
USD	6	3	6	0
GBP	11.878	79	0	0
Total interest-bearing debt	**36.904**	**14.211**	**120.028**	**100.039**

Borg Groups borrowings are mainly in GBP, PLN and EUR with floating rates. The fair value of the floating rate loans are approximately the carrying amounts.

22 INTERST-BEARING DEBT

Development in Net interest-bearing debt

CONSOLIDATED

2019	1 Jan.	Cash flow	Non-cash changes: Currency exchange movements	Non-cash changes: IFRS 16 lease liabilities	Other	31 Dec.
Interest-bearing assets						
Non-current receivables	254	73	0	0	0	327
Receivables from related parties, current	51.019	-18.957	-105	0	0	31.957
Cash	4.911	-2.048	166	0	0	3.029
Interest-bearing liabilities						
Non-current mortgage debt	-4.810	0	0	0	524	-4.286
Non-current credit institutions	-2.099	1.157	-22	0	0	-964
Non-current lease liabilities	-3.460	9.721	-35	-31.415	4.456	-20.733
Current part of non-current mortgage debt	-522	523	0	0	-524	-523
Current part of non-current, credit institutions	-1.145	0	-9	0	0	-1.154
Current part of non-current lease debt	-2.174	648	-22	-9.244	1.548	-9.244
Net interest-bearing debt	**41.974**	**-8.883**	**-27**	**-40.659**	**6.004**	**-1.591**

2018	1 Jan.	Cash flow	Non-cash changes: Currency exchange movements	Non-cash changes: IFRS 16 lease liabilities	Other	31 Dec.
Interest-bearing assets						
Non-current receivables	0	0	1	0	253	254
Current receivables from related parties	0	50.411	608	0	0	51.019
Cash	10.956	-5.676	-369	0	0	4.911
Interest-bearing liabilities						
Non-current mortgage debt	-5.332	0	0	0	522	-4.810
Non-current credit institutions	-3.335	0	91	0	1.145	-2.099
Non-current lease liabilities	-2.695	0	74	0	-839	-3.460
Current part of non-current mortgage debt	-523	523	0	0	-522	-522
Current part of non-current, credit institutions	-1.177	1.149	28	0	-1.145	-1.145
Current part of non-current lease debt	-1.781	2.813	52	0	-3.258	-2.174
Current credit institutions	-11.710	11.623	87	0	0	0
Current payables to related parties	-128.449	128.328	121	0	0	0
Net interest-bearing debt	**-144.046**	**189.171**	**693**	**0**	**-3.844**	**41.974**

22 INTERST-BEARING DEBT

Development in Net interest-bearing debt (continued)

PARENT COMPANY

2019	1 Jan.	Cash flow	Non-cash changes: Currency exchange movements	Non-cash changes: IFRS 16 lease liabilities	Other	31 Dec.
Interest-bearing assets						
Non-current receivables from related parties	108.760	0	0	0	-108.760	0
Current receivables from related parties	96.517	-37.971	3.578	0	106.922	169.046
Cash	589	-544	0	0	0	45
Interest-bearing liabilities						
Non-current mortgage debt	-4.810	0	0	0	524	-4.286
Non-current lease liabilities	0	0	0	-1.591	1.061	-530
Non-current payables to related parties	0	-17.358	-12	0	-96.414	-113.784
Current part of non-current mortgage debt	-522	523	0	0	-524	-523
Current part of non-current lease debt	0	1.061	0	-905	-1.061	-905
Current payables to related parties	-94.707	0	0	0	94.707	0
Net interest-bearing debt	**105.827**	**-54.289**	**3.566**	**-2.496**	**-3.545**	**49.063**

2018	1 Jan.	Cash flow	Non-cash changes: Currency exchange movements	Non-cash changes: IFRS 16 lease liabilities	Other	31 Dec.
Interest-bearing assets						
Non-current receivables from related parties	109.059	2.694	-2.993	0	0	108.760
Current receivables from related parties	43.080	50.039	-591	0	3.989	96.517
Cash	274	309	6	0	0	589
Interest-bearing liabilities						
Non-current mortgage debt	-5.332	0	0	0	522	-4.810
Current part of non-current mortgage debt	-523	523	0	0	-522	-522
Current credit institutions	-11.335	11.252	83	0	0	0
Current payables to related parties	-212.877	119.140	460	0	-1.430	-94.707
Net interest-bearing debt	**-77.654**	**183.957**	**-3.035**	**0**	**2.559**	**105.827**

23 OTHER PAYABLES	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Core liability	62.575	59.000	45.981	59.000
Other payables	1.550	0	1.550	0
Other payables, non-current	**64.125**	**59.000**	**47.531**	**59.000**
Core liability	187.726	176.334	137.942	117.870
Employee related debt	16.652	18.749	6.138	6.595
Hedging, unrealised loss	0	1.100	0	1.100
Customer bonus	17.456	32.510	17.456	32.510
Other costs payable	9.105	6.324	2.227	1.154
Other payables, current	**230.939**	**235.017**	**163.763**	**159.229**
Total other payables	**295.064**	**294.017**	**211.294**	**218.229**

24 PROVISIONS	2019	2018	2019	2018
At 1 January	11.144	9.284	11.144	8.944
Utilized during the year	-11.144	-9.284	-11.144	-8.944
Additions	12.960	11.144	12.725	11.144
At 31 December	**12.960**	**11.144**	**12.725**	**11.144**
Recognised in the balance sheet as follows:				
Non-current liabilities	0	0	0	0
Current liabilities	12.960	11.144	12.725	11.144
Provisions 31 December	**12.960**	**11.144**	**12.725**	**11.144**
Recognised in the income statement:				
Cost of sales	11.144	9.284	11.144	8.944
Provisions recognised in the income statement	**11.144**	**9.284**	**11.144**	**8.944**

Provisions made comprise of warranty commitments related to goods sold, since the company has a contractual obligation to provide warranties up to 24 months. Under these warranties the company either replace or repair goods which do not function according to promised standards. The statement of expected expiry dates is based on historical data and previous experience related to the typical receival or return of goods.

The average historical return rate of warranty units are 9 months.

25 ADJUSTMENT FOR NON-CASH TRANSACTIONS	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Purchase of intangible assets	-8.532	-17.906	-8.381	-17.806
Of which had not been paid at the balance sheet date/adjustment for the year	1.932	0	1.932	0
Amount paid in relation to intangible assets	**-6.600**	**-17.906**	**-6.449**	**-17.806**
Purchase of property, plant and equipment	-20.537	-27.422	-383	-214
Of which had not been paid at the balance sheet date/adjustment for the year	285	0	0	0
Of which assets held under leases	0	4.097	0	0
Amount paid in relation to purchase of property, plant and equipment	**-20.252**	**-23.325**	**-383**	**-214**
Incurring financial liabilities	34.891	4.097	2.496	0
Of which lease debt	-34.891	-4.097	-2.496	0
Proceeds from incurring financial liabilities	**0**	**0**	**0**	**0**

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

BORG Automotive Group actively monitors and manages the risks which the Group is exposed to via its regular business operations, investments and financing activities. The risks are listed below:

1. MARKET RISK, is the risk of incurring losses in financial positions arising from movements in raw material prices, exchange currency rate and interests due to which the Borg Group is exposed. Furthermore the Group is exposed to a general market risk.

2. CREDIT RISK, is the risk of incurring a financial loss if a customer is unable to fullfill its contractual obligations.

3. LIQUIDITY- AND FINANCING RISK, is the risk that the Group is not able to meet its future cash flow needs.

GENERAL MARKET RISK

The general market risk relates to the risk of changes in the market on which the Group operates and sell its products.

Related business activity	Implication	Risk Mitigation	Impact
The market upon which BORG Group operate and sell its products have the recent years been characterized and affected by considerable customer consolidations. The consequens of this consolidation is an increase in the purchasing power of the customers and a change in the trading patterns on the market.	Effect: Medium Threat: Low	To mitigate the customer consolidation risk and ensure the future customer and revenue base of the Group, focus is on delivering a high and valuable customer service. This covers a closer coorporation with the customers as well as matching market expectations related to prices of goods with services offered.	A successfull risk mitigation will expectedly increase overall sales volume on the existing customer portfolio, but potentially at a lower margin. Additionally the market share may be impacted either up- or downwards.

RAW MATERIAL PRICE RISK

Raw material price risk relates to the risk of changes in the market prices of raw materials (cores).

Related business activity	Implication	Risk Mitigation	Impact
The Group is exposed to changes in raw material prices related to the purchase of cores used in the production. The development in raw material prices not only affect the expense related directly to the purchase of cores for production but also the value of the net core liability to customers.	Effect: High Threat: Medium	The raw material price risk is not hedged. The potential impact on the financial results may be significant, since the price change can not immediately be transferred to the sales prices. The development of the prices in the unregulated core market are therefore monitered continously and closely, since the timing of the core purchases are of the essence. The skills and market knowledge of the core purchasers are crucial to reduce this raw material price risk.	A reduction in the core market price will result in a short term loss due to the change in the purchase obligation to the customers, but will in the longer perspective reduce the cost price of the raw materials thus affecting the result positively.

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

Sensitivity of raw material price risk

A 5% increase in the core market prices would increase Group revenue with MDKK 24,4 (2018: MDKK 26,0) and cost of goods sold with MDKK 7,1 (2018: MDKK 9,3), positive net effect on profit before tax of MDKK 17,3 (2018: MDKK 16,7). A 5% decrease in the core market price would have a corresponding invert effect.

For the Parent company a 5% increase in the core market prices would increase revenue with MDKK 20,0 (2018: MDKK 21,0) and cost of goods sold with MDKK 5,1 (2018: MDKK 6,8), positive net effect on profit before tax of MDKK 14,9 (2018: MDKK 14,2). A 5% decrease in the core market price would have a corresponding invert effect.

CURRENCY RISK

Currency risk is the risk of incurring higher expenses and lower income from sales due to changes in the foreign

Related business activity	Implication	Risk Mitigation	Impact
Overall the Group is exposes to currency risk due to selling in EUR, buying raw materials in EUR and USD as well as trading intercompany in PLN, EUR and GBP. Additionally, the Parent Company is exposed to currency risks related to Intercompany loans with the subsidiaries in the functional currencies of the subsidiaries and net investments in subsidiaries with functional currencies in PLN, GBP and EUR.	Effect: High Threat: Low	The largest currency risk exposure for the BORG Group and the Parent Company is the purchase of goods from the subsidiary in Poland in PLN. As a safeguard to this exposure a “rolling” hedge strategy is applied, where the expected requirements of PLN on a rolling 12 months basis is hedged. EUR cash flows are not hedged due to the Danish fixed exchange rate policy against EUR, while the GBP exposure relates mainly to sales of a more limited size and are therefore not hedged. The Intercompany loans and net investments in foreign subsidiaries are not hedged.	The effect from currency risk originates mainly from PLN cash flow. The company has hedged the currency risk in accordance with the Group´s policy. As in 2018, the Group and Parent Company only used derivative financial instruments to hedge exchange rates risks.

CONSOLIDATED

The Group's foreign exchange risks recognised in the balance sheet at 31 December 2019:

Currency	Securities and cash/ equivalents	Receivables	Debt	Net position before hedging	Hedged by financial instruments	Net position after hedging
EUR / DKK	61.807	129.928	-490.813	-299.078	0	-299.078
USD /DKK	-6	0	0	-6	0	-6
GBP / DKK	1.245	45.991	-6.918	40.318	0	40.318
PLN / DKK	3.802	111.553	-11.299	104.056	0	104.056
CNY / DKK	93	542	-2.430	-1.795	0	-1.795
SEK / DKK	0	0	-50	-50	0	-50
EUR / GBP	3.110	12.426	-3.029	12.507	0	12.507
USD / GBP	0	0	-2.750	-2.750	0	-2.750
DKK / GBP	0	10	0	10	0	10
EUR / PLN	429	19.139	-19.648	-80	0	-80

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

The group's foreign exchange risks recognised in the balance sheet at 31 December 2018:

Currency	Securities and cash/ equivalents	Receivables	Debt	Net position before hedging	Hedged by financial instruments	Net position after hedging
EUR / DKK	10	155.166	-464.641	-309.465	0	-309.465
USD /DKK	0	146	-3	143	0	143
GBP / DKK	0	51.415	-27.881	23.534	0	23.534
PLN / DKK	0	167.286	-44.468	122.818	0	122.818
CNY / DKK	4	0	0	4	0	4
EUR / GBP	664	13.534	-1.748	12.450	0	12.450
USD / GBP	0	0	-1.461	-1.461	0	-1.461
DKK / GBP	0	0	-124	-124	0	-124
GBP / PLN	15	426	-2.959	-2.518	0	-2.518
EUR / PLN	5	10.069	-24.750	-14.676	0	-14.676
USD / PLN	13	0	-990	-977	0	-977
DKK / PLN	22	0	0	22	0	22

For trade receivables and payables as well as other receivables and payables the fair value approximates the carrying amount due to the short term nature of these balances.

PARENT COMPANY

The Parent Company's foreign exchange risks recognised in the balance sheet at 31 December 2019:

Currency	Securities and cash/ equivalents	Receivables	Debt	Net position before hedging	Hedged by financial instruments	Net position after hedging
EUR / DKK	61.807	129.928	-490.813	-299.078	0	-299.078
GBP / DKK	1.245	45.991	-6.918	40.318	0	40.318
PLN / DKK	3.802	111.553	-11.299	104.056	0	104.056
SEK / DKK	0	0	-50	-50	0	-50
USD /DKK	-6	0	0	-6	0	-6

The Parent Company´s foreign exchange risks recognised in the balance sheet at 31 December 2018:

Currency	Securities and cash/ equivalents	Receivables	Debt	Net position before hedging	Hedged by financial instruments	Net position after hedging
EUR / DKK	10	155.166	-464.641	-309.465	0	-309.465
USD /DKK	0	146	-3	143	0	143
GBP / DKK	0	51.415	-27.881	23.534	0	23.534
PLN / DKK	0	167.286	-44.468	122.818	0	122.818
CNY / DKK	4	0	0	4	0	4

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

Sensitivity of currency risk

To measure currency risk in accordance with IFRS 7, sensitivity is calculated as the change in fair value of future cash flow from financial instruments as a result of fluctuations in exchange rates at the Balance Sheet date. Other things being equal and after tax, sensitivity to fluctuations in PLN and GBP at Balance Sheet date based on a 10% decrease in currency translations against DKK would result in a net (loss) of MDKK 14,4 MDKK (2018: MDKK 14,6 mDKK) and affect equity by MDKK 11,3 (2018: 11,4). The effect of a 10% increase in the currency translation rates against DKK would have a corresponding inverse effect. The exposure is the same for both Group and Parent company relative to the translation against DKK.

Exchange rate contracts at year-end:

TDKK		Contractual value		Fair value		Gains and losses recognized in the equity	
Currency	**Period**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
PLN	0-1 year	120.000	82.000	210.498	142.386	1.129	858
Tax						319	242
Total before tax						**1.448**	**1.100**

The figures are the same for the Group and the Parent Company.

INTEREST RISK
Interest risk covers the risk of incurring additional cost related to changes in the interest level on interest bearing debt.

Related business activity	Implication	Risk Mitigation	Impact
Due to financing of investments and normal business operations, the Group is exposed to risk concerning the fluctuations on interest rates. The primary risk to which the Group and the Parent Company is exposed is related to the cash pool accounts and the DANSKE BID/BOR.	Effect: Low Threat: Low	Interest risk are not hedged, since the risk is considered very low. The Group uses cash pool arrangements to net funds on deposits with debt to minimize interest payments.	The interest bearing debt amount to TDKK 36.904 at the end of 2019 (2018: TDKK 14.210), amounting to 5% of total balance sheet value (2018: 2%).

Sensitivity of interest risk
For the Group, the calculated effect after tax based on an interest rate increase of 1%-point would affect profit and equity positively with TDKK 251 (2018: TDKK -325).

For the Parent company, the corresponding increase in the interest rate would affect profit and equity positively by TDKK 383 (2018: TDKK 334).

A corresponding decrease of 1% point in the interest rate would have the opposite effect on profit and equity.

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

CREDIT RISK

Related business activity	Implication	Risk Mitigation	Impact
The Group is exposed to credit risks arising from receivables and from balances with banks including derivative financial instruments. Risks related to receivables are primarily with reference to customers not fullfilling their contractual obligations. Credit risk with banks occur when it is uncertain whether the bank is capable of settling its obligations when due towards the Group.	Effect: Low Threat: Low	The credit risk in relation to customers (trade receivables) is countered by Group policy, with effective management of customer credit and thorough regular analyses based on customer type, country, and specific conditions. Generally, customers are creditworthy and historically only a small and insignificant losses has been realized. Additionally external credit insurance from Euler Hermes are generally used on all customers if possible, which together with the possibility to offset outstanding deposits (core liability) on the outstanding amounts from customers reduces the risk of losses significantly. The risk of losses is therefore considered low. The credit risks in relation to cash at bank and derivative financial instruments are managed by only placing excess liquidity with banks that are approved by and included in the Group's Treasury policy. The risk credit risk related to deposits on the cash pool accounts with Schouw & Co. via Danske bank as well as receviables from the subsidiaries are considered low due to a high creditworthiness of these parties. The group is not exposed to concentration risk regarding customers or vendors.	In general, there are no significant credti risk relative to individual customers. In 2019, the Group has incurred a minor loss of TDKK 120 on trade debtors. In 2018, the loss amounted to TDKK 186. The Group does not expect any loss on trade receivables or amounts owed by subsidiaries. Therefore, there has not been recognised any ECL loss.

In 2019, an impairment of trade receivables of 0,7%, corresponding to TDKK 814 (2018: 0,4% and TDKK 452) was included in the closing balance as of 31 December 2019 for the Group.
For the Parent Company the impairment amount included in the balance as of 31 Decembbr 2019 related to trade receivables amounted 0,8%, corresponding to TDKK 814 (2018: 0,4% and TDKK 452).
For both the Group and Parent Company the impairment related to receivables more than 90 days overdue.

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

Trade receivables can be specified as follows:	CONSOLIDATED		PARENT COMPANY	
	2019	2018	2019	2018
Not overdue	93.652	102.607	85.643	97.050
Due below 30 days	15.109	17.468	12.409	17.406
Due between 31 and 90 days	3.282	3.658	2.587	2.399
Due above 90 days	814	1.496	814	1.408
Trade receivables before allowance	**112.857**	**125.229**	**101.453**	**118.263**
Impairment	-814	-452	-814	-452
Total trade receivables	**112.043**	**124.777**	**100.639**	**117.811**
Proportion of the total receivables which	99,3%	99,6%	99,2%	99,6%
Impairment rate	0,7%	0,4%	0,8%	0,4%

The impairment losses accounted for at 31 December 2019 is related to trade receiavbles due more than 90 days.

	CONSOLIDATED		PARENT COMPANY	
Impairment losses on trade receivables	**2019**	**2018**	**2019**	**2018**
Impairment losses at 1 January	**-452**	**-428**	**-452**	**-280**
Exchange rate adjustments	0	1	0	0
Reversed impairment losses	14	159	14	12
Impairment losses during the year	-496	-370	-496	-370
Realised loss	120	186	120	186
Impairment losses at 31 December	**-814**	**-452**	**-814**	**-452**

LIQUIDITY- AND FINANCING RISK

Related business activity	Implication	Risk Mitigation	Impact
The Group is exposed to liquidity risk due to ongoing business activities, investments and to a minor extent repayment of mortgage debt.	Effect: Low Threat: Low	Liquidity is managed at Group level. The Group generates a positive cash flow from operations and continously prepares rolling-cash flows and monitors liquidity requirements for all Group companies.	The Groups liquidity reserve at year-end 2019 consist of both cash at hand and deposits at creditinstitutions and deposits on cash pool accounts of TDKK 88.864 (2018: TDKK 66.699). In addition to the current deposits the Group has an overdraft facility of MDKK 119 of which TDKK 53.878 was utilized at end of 2019 (2018: TDKK 10.769). It is the Management´s opinion that the Group has suffcient financial ressources to settle its oustanding obligations as they become due.

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

LIQUIDITY- AND FINANCING RISK (Continued)

BORG Group is financed by the parent company Schouw & Co, via a credit facility established in 2016 with a bank consortium consisting of Danske Bank, DNB and Nordea. MDKK 119 of this is allocated to BORG Group at year-end 2019, for the continued operations and development of the Group. The available facilities are continuously reviewed and the ultimate parent company Schouw & Co. provides the adequate funds required for the Group.

The available financial ressources are deemed suffient.

Below is a maturity analysis of the financial liabilities at year-end, 31 December 2019 and 31 December 2018.

	CONSOLIDATED							
	2019				2018			
		Cash flows including interests				Cash flows including interests		
	Carrying amount/ contractual cash flow	0-1 year	1-5 years	< 5 years	Carrying amount/ contractual cash flow	0-1 year	1-5 years	< 5 years
Non-derivats:								
Mortgage debt	4.809	582	2.255	2.265	5.332	591	2.291	2.826
Credit institutions	2.118	1.195	975	0	3.244	1.215	2.151	0
Lease liabilities	29.977	10.044	21.728	0	5.634	2.342	3.601	0
Other non-current payables	64.125	59.000	64.125		59.000	59.000		
Current liabilities other than provisions	284.411	284.411	0	0	283.883	283.883	0	0
Derivats:								
Forward contracts	0	0	0	0	1.100	1.100	0	0
	385.440	**355.232**	**89.083**	**2.265**	**358.193**	**348.131**	**8.043**	**2.826**

	PARENT COMPANY							
	2019				2018			
		Cash flows including interests				Cash flows including interests		
	Carrying amount/ contractual cash flow	0-1 year	1-5 years	< 5 years	Carrying amount/ contractual cash flow	0-1 year	1-5 years	< 5 years
Non-derivats:								
Mortgage debt	4.809	582	2.255	2.265	5.332	591	2.291	2.826
Lease liabilities	1.435	916	534	0	0	0	0	0
Non-current liabilities	161.315	0	161.315	0	59.000	0	59.000	0
Current liabilities other than provisions	538.162	538.162	0	0	605.361	605.361	0	0
Derivats:								
Forward contracts	0	0	0	0	1.100	1.100	0	0
	705.721	**539.660**	**164.104**	**2.265**	**670.793**	**607.052**	**61.291**	**2.826**

26 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS (Continued)

	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Financial assets:				
Non-current receivables	1.331	1.209	0	0
Trade receivables	112.043	124.777	100.639	117.811
Receivables from related parties	31.957	51.019	169.045	205.277
Other receivables	21.659	23.585	4.607	3.594
Cash in hand and in bank	3.029	4.911	45	589
Receivables measured at amortised cost	**170.019**	**205.501**	**274.336**	**327.271**
Derivative financial assets (fair value hierarchy level 2)	1.448	0	1.448	0
Financial derivaties used for hedging purposes	**1.448**	**0**	**1.448**	**0**
Financial liabilities:				
Non-current liabilities	90.108	69.369	52.347	63.810
Interest bearing debt	10.921	3.841	1.428	522
Payables to related parties	0	25	478.204	444.312
Trade payables and other debt	284.411	283.858	173.742	161.049
Financial liabilities measured at amortised cost	**385.440**	**357.093**	**705.721**	**669.693**
Derivative financial liabilities (fair value hierarchy level 2)	0	1.100	0	1.100
Financial derivaties used for hedging purposes	**0**	**1.100**	**0**	**1.100**

27 CHANGES IN WORKING CAPITAL

	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Change in inventories	-32.216	3.950	-13.859	1.063
Change in receivables	15.012	10.791	31.521	14.849
Change in trade payables and other payables	2.632	38.406	-28.186	40.510
Changes in working capital in total	**-14.572**	**53.147**	**-10.524**	**56.422**

28 CONTINGENT LIABILITIES AND GUARANTEES	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
Contingent liabilities				
Net core liability				
The Group has a repayment obligation in respect of deposits received from customers conditional on and at the same rate as customers return of used units (cores).				
Repayment obligation at year-end	533.371	533.649	402.486	409.969
Estimated value of cores	-283.070	-298.315	-218.563	-233.099
Net core liability accrued for in the balance sheet	250.301	235.334	183.923	176.870

Joint taxation liability

Borg Automotive A/S is jointly taxed with the other danish companies of Schouw & Co. Group. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is therefore liable for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies. Schouw & Co. serves as the administration company in a Danish joint taxation agreement.

BORG Group is financed by the parent company Schouw & Co.s cash resources and credit facilities, with a current available credit facility of MDKK 119.

	CONSOLIDATED 2019	CONSOLIDATED 2018	PARENT COMPANY 2019	PARENT COMPANY 2018
The following amount was drawn on the facility at year-end	53.878	10.769	53.878	10.761
Guarantees				
As security for the engageemnt with mortgage institutions, mortgage deeds have been issued with a total value at year-end of	9.870	9.870	9.870	9.870
The value of the related assets amounts to the following	12.325	12.403	12.325	12.403
Debt to the mortgage-institution at year-end amouted to	4.809	5.332	4.809	5.332
Borg Automotive A/S have issued a mortgage deed, which is in the possession of the company. The mortgage deed amounts to	35.000	35.000	35.000	35.000
The Group have issued guaranties towards 3rd parties of	0	250	0	250
Contractual commitments				
BORG Group have commited to the purchase of machinery in the next year of the following amounts:	1.686	1.431	0	0
Leasing commitments				
Due for payment within 1 year	292	4.785	22	339
Due for payment within >1-5 years	363	8.698	61	76
Due for payment after 5 years	0	2.315	0	0
	655	**15.798**	**83**	**415**

The adoption of IFRS 16 have entailed a significant decrease in the leasing commitments not accounted for on the balance sheet.

29 RELATED PARTIES

The Parent Company of BORG Group, Borg Automotive A/S is owned 100% by Aktieselskabet Schouw & Co. All comapnies within the Schouw Group including BORG Group companies are considered related parties. Additionally members of the Board of Directors, Executive management as well as their familiy members are considered related parties. Furthermore, related parties are companies in which the above mentioned group of people has significant interests.

Transactions between companies within the BORG Group and other entities within the Schouw & Co. Group are included below:

	CONSOLIDATED		PARENT COMPANY	
	2019	**2018**	**2019**	**2018**
Sale of goods	0	0	196.833	221.873
Purchase of goods	0	0	679.035	686.304
Sale of services	0	0	18.982	20.732
Purchase of services	0	0	6.227	5.997
Purchase of research and development	0	0	28.946	23.985
Interests paid	886	1.795	2.551	3.226
Interests received	119	189	4.028	4.236
Management fee paid	1.350	1.050	1.350	1.050
Dividend paid	67.000	100.000	67.000	100.000
Dividen received	0	0	0	0
Receivables	31.957	51.019	169.045	205.277
Payables	0	25	478.204	444.312

The consolidated figures of BORG Group is included in the consolidated financial statements of the ultimate parent company Aktieselskabet Schouw & Co., Aarhus, Denmark.

The consolidated financial accounts for Schouw & Co. is publicly available and can be aquired at the following website: www.schouw.dk

30 EVENTS AFTER THE BALANCE SHEET DATE

No material events have occured after the end of the financial year.

31 NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EU

The following new or amended IFRS Standards and Interpretations of relevance to the Group have been issued but not yet adopted by the EU:

- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 3 “Business Combinations”
- Amendments to “References to the Conceptual

The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2019. The Group expects to adopt the new Standards and Interpretations when they become mandatory. It has been assessed that the implementation of the new standards will not have any significant effect on the recognition and measurement of the balance sheet at 1 January 2020.