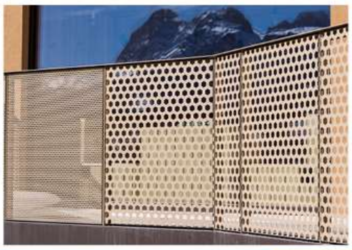
List of Signatures

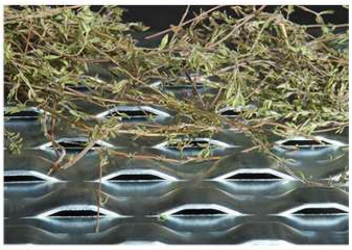
RMIG årsrapport 2021 - underskrift.pdf

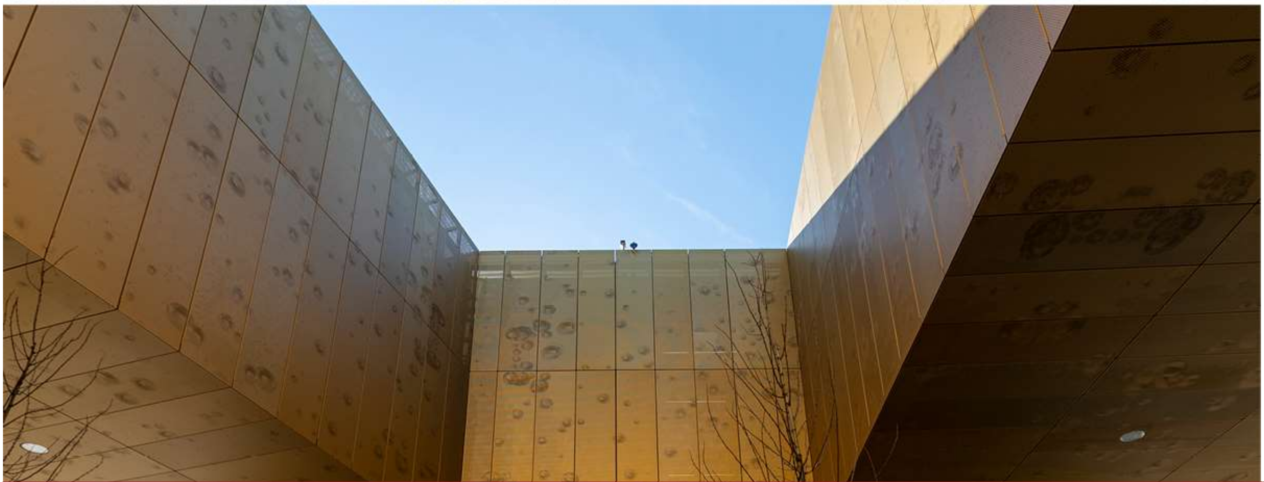
Name	Method	Signed at
Jørgen Frost	NEMID	2022-03-14 16:51 GMT+01
Anne Christine Beck	NEMID	2022-03-14 19:09 GMT+01
Per Thanning Johansen	NEMID	2022-03-14 16:00 GMT+01
Kim Borch-Kristensen	NEMID	2022-03-14 13:16 GMT+01
Kim Danstrup	NEMID	2022-03-14 12:42 GMT+01
John Rene Grahn Petersen	NEMID	2022-03-14 12:38 GMT+01
Jacob Fromm Christiansen	NEMID	2022-03-14 18:18 GMT+01
Lene Hall	NEMID	2022-03-14 17:23 GMT+01
Bjarne Moltke Hansen	NEMID	2022-03-14 17:19 GMT+01
Torben Dalgaard Svanholm	NEMID	2022-03-14 17:17 GMT+01

RMIG

we make ideas come to life







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

Annual report 2021

RMIG

we make ideas come to life

Contents

Company details

Company

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

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

Board of Directors

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

Management

Torben Dalgaard Svanholm
Lene Hall

Company auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

The Annual General Meeting adopted the annual report on 14 March 2022

Chairman of the General Meeting

Statement by Management on the annual report

Today we have presented the annual report of RM Rich. Müller A/S for the financial year 1 January - 31 December 2021.

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

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

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

Ballerup, 14 March 2022

Management

Torben Dalgaard Svanholm Chief Executive Officer	Lene Hall Chief Financial Officer

Board of Directors

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

Independent auditor's report

To the shareholder of RM Rich. Müller A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of RM RICH. MÜLLER A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.
Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Ballerup, 14 March 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 77 12 31

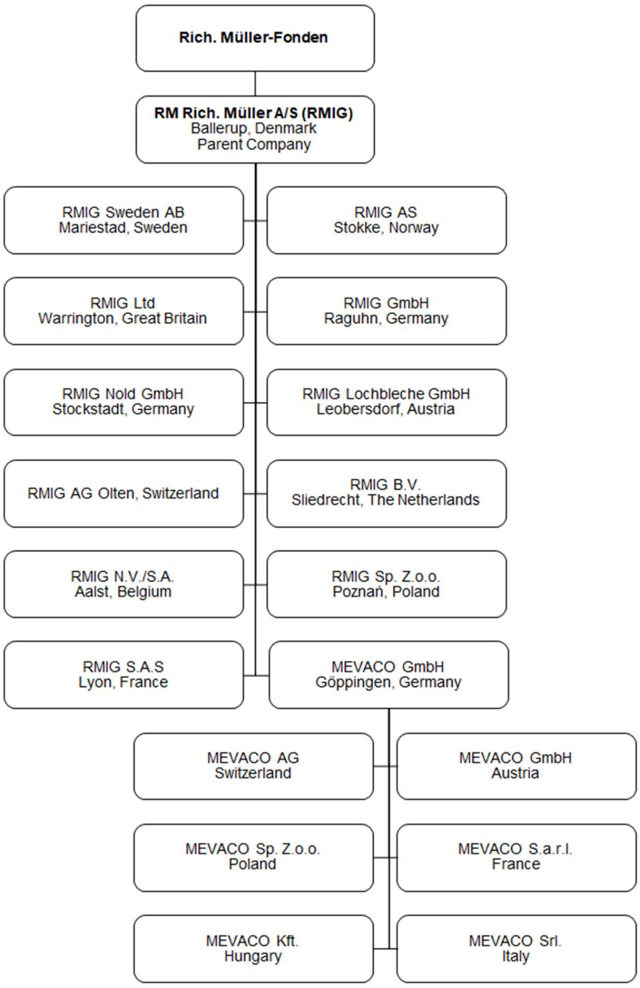
Jacob Fromm Christensen
State Authorised Public Accountant
MNE-nr. mne18628

Kim Danstrup
State Authorised Public Accountant
MNE-nr. mne32201

Management's review

Group chart

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



Management's review

Group financial highlights

	2021 €'000	2020 €'000	2019 €'000	2018 €'000	2017 €'000
Turnover	177,804	143,346	130,093	118,353	113,579
EBITDA	24,129	11,709	4,730	7,306	6,235
EBIT	18,181	5,786	1,174	3,087	3,340
Net financials	(1,356)	(1,759)	(892)	(842)	(625)
Net profit for the year	13,053	2,735	415	2,004	2,851
Investments in property, plant and equipment	4,682	2,926	8,770	4,021	2,275
Total assets	94,367	97,197	99,328	61,203	60,299
Equity	44,700	31,138	28,404	27,782	24,799
EBITDA ratio	13.6%	8.2%	3.6%	6.2%	5.5%
EBIT ratio	10.2%	4.0%	0.9%	2.6%	2.9%
Return on invested capital excl. goodwill (ROIC)	36.3%	14.2%	4.3%	11.6%	13.0%
Return on equity (ROE)	34.4%	9.2%	1.5%	7.6%	12.1%
Equity ratio (solvency ratio)	47.4%	32.0%	28.6%	45.4%	41.1%

Ratios

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

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

The Group's primary activity

RM Rich. Müller A/S (RMIG) and its subsidiaries are internationally known under the names RMIG and MEVACO. RMIG's main market is Europe where the Group serves its customers through local sales offices in 13 European countries and by having manufacturing facilities in 4 European countries. RMIG also sells its perforated products to customers outside Europe either as export or through cooperations with sales representatives, agents or distributors. RMIG perceives Europe as its home market and countries outside Europe as export markets.

The business structure of the RMIG Group is organised into three business areas: RMIG Solutions, RMIG Automotive and MEVACO. Common for the three business areas is that they sell perforated products of high quality to their key customer segments. The three business areas have different business models each with focus on offering the best value for their customers.

RMIG Solutions is focusing on supplying tailor-made solutions for selected customer segments in specific industries and to OEMs. In most deliveries, the products are based on perforated metal with additional services including secondary operations, logistic and project management. The customers are typically larger companies that demand technical advice.

RMIG Automotive is focusing on supplying interior and exterior grills to the automotive industry. In most cases, the grills are based on perforated metal or expanded metal, formed, surface treated and mounted on a plastic carrier. The customers are typically Tier 1 or Tier 2 suppliers to the automotive OEMs.

MEVACO focusses on selling standard sheets or simple tailor-made products in an efficient and digitalised setup within an automated production flow with delivery times between 24 hours and max. 4 days. The customers are typically smaller metalworkers or resellers/distributors.

All together the RMIG Group is servicing the overall market for perforation.

Development within the financial year

2021 was a very good year for the RMIG Group with a strong activity throughout the year. The continuation of covid-19 affected the supply situation of raw materials and spare parts, which led to extended delivery times and, not least, higher raw material prices. Our good relations with suppliers meant that, in the majority of the cases, we were able to help our customers within a reasonable delivery time. The steel prices rose sharply in the first half of the year and maintained a high level throughout the second half. The steel supply was gradually normalised during the second half of the year.

RMIG achieved revenue of € 177.8 million, an increase of € 34.5 million compared to 2020, corresponding to an increase of 24%. The increase can mainly be attributed to the rising steel prices.

EBITDA increased by € 12.4 million to € 24.1 million. A major part of the increase relates to the effect of rising steel prices but also from the business areas' focus on creating high customer satisfaction. In addition, there has been continued focus on optimising business processes including reducing waste and being cost conscious.

EBITDA ratio increased to 13.6% from 8.2% last year. Hereby the Group achieved RMIG's strategic goal of increasing business earnings towards an EBITDA ratio of 10% in 2022.

Profit for the year increased to € 13.1 million from € 2.7 million in 2020. RMIG management finds the result very satisfactory.

Cash flow statement

Cash flow was positively influenced by higher earnings. Cash flow from operating activities was € 18.3 million versus € 11.7 million in 2020. Changes in working capital amounted to -3.9 MEUR impacted by the increasing raw material prices.

The cash spending on investments in assets amounted to € 4.4 million.

Cash flow from financing amounted € -18.8 million. The Group reduced its Net Interest Bearing Debt (NIBD) by € 18.8 million as a bank loan of € 13.9 million was repaid. Furthermore, the Group repaid subordinated convertible loan to the Rich. Müller-Foundation of € 3.3 million and mortgage loan of € 1.6 million.

Due to cash flow from financing the net cash position decreased by € 4.7 million to a net cash position at year end of € 11.7 million. Equity ratio increased to 47.4% from 32.0% in 2020.

Ownership

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

Dividend

Due to the very good net result in 2021, the board of directors will propose a dividend of 6.0 MEUR to be paid to the Rich. Müller-Foundation in March 2022. The dividend corresponds to a payout ratio of 45%. In 2020, the Group did not pay dividend to its shareholders.

Outlook

RMIG expects turnover in 2022 of about € 180 million and earnings for the year in the interval of € 8-9 million. We expect to see an increasing competition as the supply situation slowly normalises.

The Group increases its investment programme for 2022 to about € 8 million. The investment programme includes investment in new machinery and equipment as well as in a new digital platform to support the company's strategic development within e-commerce.

Statutory statement about Corporate Social Responsibility cf. § 99a, § 99b and § 99d

1. Business model

The RMIG Group (RMIG) is a world leading group in the field of perforation technologies and associated services. RMIG delivers standard and simple tailor-made products with fast delivery through the most user-friendly, automated and advanced e-shop, and has the widest and, in selected areas, deepest product range being supplied worldwide. RMIG wants to continue to expand its position. RMIG's business mission is to be an innovative and sustainable supplier of perforated products.

RMIG wishes to succeed by fair competition as well as by ethically correct behaviour and lawful conduct. A solid business collaboration to the benefit of all can only exist on the basis of fair competition and the strict compliance with legal systems. At RMIG, all interaction and cooperation between colleagues as well as towards our external partners are characterised by trust, reliability and honesty. In order to keep winning the trust and confidence of RMIG's customers, employees and the public, it is essential to respect justice and law.

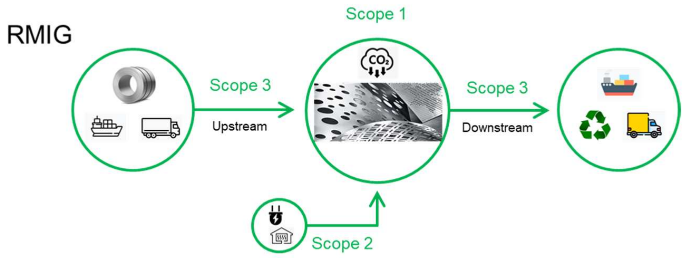
RMIG is aware of its responsibilities towards its customers, employees, suppliers and other stakeholders, and RMIG defines ethical, social and legal guidelines and principles for a successful business collaboration all gathered in the RMIG Code of Conduct www.RMIG.com . The RMIG Code of Conduct defines the general principles and requirements for RMIG employees and suppliers.
Social and ecological aspects such as human rights, working conditions, prevention of corruption and environmental protection are particularly important to RMIG.
The focus of RMIG is on the overall ESG (Environment, Social and Governance) footprint by improving its performance on selected areas within each of the 3 ESG areas. As part of the focus on environment and as an area with special attention for the Group, in 2021, RMIG has started measuring its CO_2 emission and is implementing measures to reduce it.
For CO_2 emission calculation, RMIG is following the Climate Compass calculation method defined in the Greenhouse Gas (GHG) Protocol. The GHG protocol divides all emissions into three scopes:

1. Scope 1 is direct emissions associated with activities from energy and transport purposes internal in the company. For RMIG reduction of electricity consumption is the most important.

2. Scope 2 is indirect emissions associated with energy consumption (electricity and district heating). Again for RMIG a reduction of electricity consumption is the most important.

3. Scope 3 is indirect emissions associated with the purchase of products, materials, transport, services and waste. For RMIG, the most important is the raw material and transportation. RMIG will in the coming years gradually improve information on emissions from raw material and transport. This information will create background for decision to reduce CO_2 emission by RMIG and customers.

The total discharge will be the sum of scope 1, 2 and 3. RMIG will in the next 1 to 2 years improve data for CO_2 emission related to the different scopes. In the following drawing GHG Protocol related to RMIG is shown.



A preliminary analysis of the total CO_2 emission related to RMIG activities shows that more than 95% of the CO_2 emission relate to Scope 3. Targets for RMIG are to continue reducing CO_2 emission related to Scope 1+2, improving documentation for CO_2 emission related to Scope 3 and striving for offering customers a solution with less CO_2 emission.
RMIG has in 2021 continued the journey towards protecting the environment and awareness on how to use its resources for the benefit of the climate and RMIG's stakeholders. RMIG cares about human rights and ensures a diverse organisation with equal opportunities and promote safe and secure working environment. RMIG aims for having a responsible production, which includes reduction of waste and less use of electricity and oil for heating, by increasing the share of renewable energy.

2. Policy for Corporate Social Responsibility

2.1 Policy for respecting human rights

RMIG respects the personal dignity, privacy and personal rights of all individuals. In accordance with its corporate values, RMIG is committed to showing respect, honesty and trust towards its employees and external partners. Interacting with one another, RMIG values a fair, friendly and constructive behaviour. The Group's awareness is materialised in the RMIG Code of Conduct which includes actions of equality and non-discriminating behaviour. Consequently, RMIG applies its policy on human rights to gender equality, diversity and inclusion primarily.

2.1.1 Results for the year and targets for next year

This section serve as our statement in accordance with section 99b of the Danish Financial Statements Act.
The board of RMIG has decided to follow a policy for the under-represented gender in management positions. Targets for the under-represented gender in the board: When new candidates for the RMIG board are to be selected, emphasis is placed on competences, international experience and diversity. Regarding the under-represented gender, it is the objectives of RMIG to increase the number of board members of the under-represented gender and to achieve a share of the under-represented gender of at least 25% before the end of 2022. At the general assembly in March 2020, a female candidate was elected as new board member for the RMIG Board and thereby the target was achieved. The target of RMIG is to maintain a share of the under-represented gender of at least 25%.

Targets for the under-represented gender on other management levels: Other management levels at RMIG consist of Executive Management and Business Area Directors. For Executive Management the gender distribution is 50/50. For the Business Area Directors the under-represented gender is 33%. So at management level, the share of the under-represented gender is 40% at the end of 2021, which is the target for next year. Going forward RMIG intends to continue its work on diversity and inclusion with the same high ambitions as for 2021 when bringing the human rights policy to life.

2.2 Policy for labour rights

RMIG's policy for labour rights is to secure an attractive working environment so that RMIG can attract, develop and maintain a qualified and engaged workforce. Through safety committees, RMIG focusses on ensuring a safe and ergonomic working environment and RMIG takes preventive measures concerning occupational health and safety.
Systematic follow-up on health and safety incidents are taking place to reduce the numbers and severity of the incidents.

2.2.1 Results for the year and targets for next year

There has been made big efforts and awareness to avoid injuries in the productions sites during 2021. RMIG has focused on preventive actions by adding different support and safety equipment and by securing safety training and awareness.

In 2021, RMIG registered a total incidents of 24 compared to last year's 17. The number have increased compared to last year.

The target for 2022 is to improve the safety behaviour to change the trend in a positive direction.

2.3 Policy for environment and climate impact

RMIG complies with any current environmental laws and regulations, and develops measures in order to minimise environmental pollution, continuously to improve environmental protection and implements initiatives in order to reduce the environmental impact. RMIG expects to experience increased interest from the Company's stakeholders in regards to climate changes and we want to do our best to answer eventual questions arising related to climate changes.

2.3.1 Result for the year and targets for next year

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

During 2021, RMIG has worked on various projects to reduce its climate impact. In the manufacturing facilities in Denmark and Germany, the Group has changed to more energy effective windows and has made various insulation solutions of the buildings. The Group is gradually starting to offer more environmental friendly produced raw materials to its customers and expects to see this trend developing in the coming years.

In 2021, RMIG continued to do systematic measurement of electricity, heating etc. in the major manufacturing facilities working towards a full reporting on the planned KPIs as from 2022. Silmultanously, RMIG strives to increase the number of manufacturing facilities achieving the ISO 14001 standard, a work the Group put on hold in 2021 due to covid-19.

RMIG works with responsible use of raw materials and is collecting all cut-off from the perforation process and recirculating it to metal dealers.

When it comes to business trips and the use of flights, 2021 was another year with covid-19 with reduced travelling and more meetings via Teams. Going forward, RMIG foresees a mix of meeting our customers and stakeholders in person and via virtual meeting.

2.4 Policy for bribery and corruption

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

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

2.4.1 Result for the year and targets for next year

RMIG is not aware that any bribery or corruption cases have been dealt with during 2021.

2.5 Policy for data ethics

This section serve as our statement in accordance with section 99d of the Danish Financial Statements Act. GivenRMIG's business model and activities, data is acquired from external sources in support of our market strategy and trading activities. All data is considered business critical and will as such never be shared with or in any way made available to third parties. The Executive Management of the Group sees no immediate need for adopting a policy on data ethics. RMIG will continue to monitor the topic closely for the purpose of potentially adopting such a policy in the future.

Risk management

In order for RMIG to become a sustainable business, management of risk is key in order to create and protect value on a short, medium or long term.

It is part of RMIG's business to take risks. The Group operates with different risks, of which some derive from external events and others are related to the business RMIG operates in. Common for risks is that some are more likely to be foreseen and hereby assessed while others can arise without any notice or warning. The latter is mainly risks related to some kind of catastrophe or disaster which can be related to environmental, political or religious reasons. These risks are often unpredictable and therefore in general very difficult to mitigate.

An external risk of high severity is **disruption to IT systems**, such as cyberattacks or infrastructure failure resulting in business disruption or breach of data confidentiality. In 2021, the Group went through a cyber security assessment identifying the main risk areas. The continuity plan has been updated and actions for further mitigation are defined and will be implemented in 2022.

Another and increasing risk area is the **lack of technical knowledge** which is increasing as skilled operators retire. It is extremely important for RMIG to be able to maintain technical knowledge at a high level, therefore RMIG's goal is to ensure that RMIG is an attractive company to work for. Additionally mitigation is done i.a. through working with education, training and technical documentation.

As an international Group RMIG bears some risks related to fluctuations in **currency** and **raw material prices**. RMIG is an international group with activities in a number of countries and consequently, RMIG has a number of ordinary currency related positions in DKK, SEK, NOK, GBP etc. It is the Group's policy continuously to evaluate if these net positions are to be hedged. The Group's net position consists of investments in subsidiaries, receivables and liabilities other than provisions. The Group are working with clear rules for hedging: solely commercial transactions and maximum 12 months future cash flow. Historically, the currency risk has been considered low. With regard to the price risk on raw material, it is the group practice to secure raw material purchases back to back in relation to concluded sales agreements and to procure the common and frequently sold raw materials on contracts. Close monitoring of price developments ensures a high level of awareness when making decisions to secure raw material procurement.

The risks related to **tax and VAT** have increased over the past couple of years and political parties are focusing more on a fair competitive environment in regard to taxes. RMIG wants to act in compliances with local and international tax and VAT laws and are following OECD guidelines.
Scenario and risk-thinking exercises will be enlarged as part of our future strategic planning process.

Events after the balance sheet date

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

Income statement

Parent 2020 €'000	Parent 2021 €'000		Note	Group 2021 €'000	Group 2020 €'000
45,226	69,501	Turnover	1	177,804	143,346
(36,096)	(45,009)	Production costs	2, 6	(129,367)	(110,872)
9,130	**24,492**	**Gross profit**		**48,437**	**32,474**
(2,780)	(3,564)	Sales and distribution costs	2, 6	(17,219)	(15,882)
(6,669)	(7,994)	Administrative costs	2, 3, 6	(13,559)	(11,766)
1,731	1,426	Other operating income	4	570	1,186
(37)	(0)	Other operating expenses	5	(49)	(224)
1,375	**14,360**	**Earnings before interest and tax (EBIT)**		**18,181**	**5,786**
2,672	2,579	Income from investments in group enterprises		-	-
113	217	Financial income		289	129
(1,368)	(1,135)	Financial expenses		(1,644)	(1,888)
2,793	**16,020**	**Earnings before tax**		**16,826**	**4,027**
(58)	(2,968)	Tax on profit for the year	7	(3,773)	(1,292)
2,735	**13,053**	**Earnings for the year**	8	**13,053**	**2,735**

Balance sheet

Parent 2020 €'000	Parent 2021 €'000		Note	Group 2021 €'000	Group 2020 €'000
7,026	6,229	Software licenses and trademarks		6,241	7,051
1,645	902	Goodwill and other intangible assets		5,042	6,111
8,671	**7,131**	**Intangible assets**	9	**11,283**	**13,161**
1,378	1,220	Land and buildings		14,105	14,729
3,716	5,153	Plant and machinery		17,220	16,831
319	349	Fixtures and fittings, tools and equipment		1,541	1,658
331	326	Tangible assets in progress and prepayments		2,158	1,362
5,744	**7,048**	**Tangible assets**	10	**35,024**	**34,579**
47,703	48,180	Investments in subsidiaires	11	-	-
-	-	Other securities	11	37	30
867	764	Deferred tax asset	12	2,795	2,465
48,570	**48,944**	**Fixed asset investments**		**2,832**	**2,496**
62,985	**63,123**	**Fixed assets**		**49,139**	**50,237**
3,289	**3,890**	**Inventories**	13	**20,063**	**14,443**
1,868	2,263	Trade receivables		10,600	11,493
5,966	7,091	Receivables from group enterprises		-	-
1	1	Corporation tax receivables		54	135
412	58	Other receivables		1,266	1,125
121	141	Prepayments	14	754	754
8,368	**9,553**	**Receivables**		**12,674**	**13,507**
14,187	**7,483**	**Cash**		**12,490**	**19,011**
25,844	**20,926**	**Current assets**		**45,228**	**46,961**
88,829	**84,049**	**Assets**		**94,367**	**97,197**

Balance sheet

Parent 2020 €'000	Parent 2021 €'000		Note	Group 2021 €'000	Group 2020 €'000
16,985	16,985	Share capital		16,985	16,985
14,153	21,715	Retained earnings		21,715	14,153
-	6,000	Proposed dividend	8	6,000	-
31,138	**44,700**	**Shareholders equity**		**44,700**	**31,138**
-	-	Provision for deferred tax	12	1,912	1,622
-	-	Pensions and similar liabilities	15	750	791
252	60	Other provisions	16	1,584	1,115
252	**60**	**Provisions**		**4,246**	**3,528**
3,361	-	Subordinated convertible loan capital	17	-	3,361
8,762	7,282	Mortgage debt	18	19,401	20,914
13,887	-	Long-term loans	17	-	13,887
1,026	-	Other long-term debt	17	2,963	4,543
27,035	**7,282**	**Long-term liabilities other than provisions**	17	**22,364**	**42,705**
3,204	1,563	Bank debt		1,384	3,204
1,920	2,028	Trade payables		7,792	6,757
1,291	1,243	Short term Mortage debt		1,243	1,291
21,514	21,364	Payables to group enterprises		-	-
-	3,090	Corporation tax payables		3,275	147
2,475	2,718	Other payables		9,362	8,427
30,404	**32,006**	**Short-term liabilities other than provisions**		**23,056**	**19,826**
57,439	**39,289**	**Liabilities other than provisions**		**45,420**	**62,531**
88,829	**84,049**	**Equity and liabilities**		**94,367**	**97,197**
		Working capital changes	19		
		Assets charged, contingent liabilities, operatinal lease obligations, related parties	20 - 23		

Statement of changes in equity

	Group						
	Share capital €'000	Retained earnings €'000	Fair value reserve €'000	Proposed Dividend €'000	Sharehold. equity €'000	Subordinated loan capital €'000	Total Equity €'000
Balance at 1 January 2020	16,985	11,419	-	-	28,404	3,347	31,751
Profit for the year	-	2,735	-	-	2,735	-	2,735
Exchange rate adjustments relating to subsidiaries, hedging etc.	-	-	(252)	-	(252)	14	(238)
Net value adjustments, derivates	-	-	252	-	252	-	252
Balance at 31 December 2020	**16,985**	**14,154**	**-**	**-**	**31,138**	**3,361**	**34,499**
Profit for the year	-	13,053	-	-	13,053	-	13,053
Exchange rate adjustments relating to subsidiaries, hedging, etc	-	-	154	-	154	-	154
Net value adjustments, derivates	-	-	353	-	353	-	353
Proposed dividend	-	(6,000)	-	6,000	-	-	-
Repayment of subordinated loan	-	-	-	-	-	(3,361)	(3,361)
Balance at 31 December 2021	**16,985**	**21,206**	**507**	**6,000**	**44,700**	**-**	**44,700**

The share capital is registered in DKK and amounts to DKK 126.6 million equal to € 16,985 thousand. Changes in the share capital relating to exchange rate adjustments are recognised under other reserves. The share capital consists of 126,600 shares of DKK 1,000 each. The shares are not classified. The Group has in 2021 repaid the subordinated loan to the Rich. Müller-Fonden.

	Parent						
	Share capital €'000	Retained earnings €'000	Fair value reserve €'000	Proposed Dividend €'000	Sharehold. equity €'000	Subordinated loan capital €'000	Total Equity €'000
Balance at 1 January 2020	16,985	11,419	-	-	28,404	3,347	31,751
Profit for the year	-	2,735	-	-	2,735	-	2,735
Exchange rate adjustments relating to subsidiaries, hedging etc.	-	-	(252)	-	-	14	14
Net value adjustments, derivates	-	-	252	-	-	-	-
Balance at 31 December 2020	**16,985**	**14,154**	**-**	**-**	**31,138**	**3,361**	**34,499**
Profit for the year	-	13,053	-	-	13,053	-	13,053
Exchange rate adjustments relating to subsidiaries, hedging, etc	-	-	154	-	154	-	154
Net value adjustments, derivates	-	-	353	-	353	-	353
Proposed dividend	-	(6,000)	-	6,000	-	-	-
Repayment of subordinated loan	-	-	-	-	-	(3,361)	(3,361)
Balance at 31 December 2021	**16,985**	**21,206**	**507**	**6,000**	**44,700**	**-**	**44,700**

Cash flow statement

	Note	Group 2021 €'000	Group 2020 €'000
Earnings before interest and tax (EBIT)		18,181	5,786
Depreciation and amortisation	6	5,947	5,923
Adjustment of profits and losses from the sale of companies, property, plant and equipment		(33)	9
Adjusted earnings before interest and tax		**24,096**	**11,717**
Change in provisions		440	332
Working capital changes	19	(3,881)	2,771
Cash flows from operating activities before net financials and tax		**20,655**	**14,820**
Net financial items		(1,791)	(1,759)
Income taxes and withholding taxes paid		(612)	(1,369)
Cash flows from operating activities		**18,251**	**11,692**
Acquisition of tangible assets and property, plant and equipment		(4,678)	(2,776)
Acquisition of intangible assets		9	(24)
Sale of property, plant and equipment		260	299
Acquisition and sale of other securities, investments, etc		(7)	-
Cash flows from investing activities		**(4,416)**	**(2,501)**
Cash flows from operating and investing activities		**13,836**	**9,191**
Changes in equity and subordinated loan capital		132	175
Change in interest-bearing debt excl. subordinated loan capital		(18,937)	(4,310)
Cash flow change in exchange rates		0	1
Cash flows from financing activities		**(18,805)**	**(4,134)**
(Decrease)/Increase in cash and cash equivalents		**(4,700)**	**5,057**
Cash and cash equivalents at 1 January		15,807	10,750
Cash and cash equivalents at 31 December		**11,107**	**15,807**

Notes

Parent 2020 €'000	Parent 2021 €'000		Group 2021 €'000	Group 2020 €'000
		1. Segment information		
		Turnover by geographical market:		
41,217	65,838	Europe	172,568	137,155
4,009	3,663	Rest of the world	5,236	6,191
45,226	**69,501**		**177,804**	**143,346**
		2. Staff costs		
10,958	10,396	Wages and salaries	34,482	33,005
894	912	Pension contributions and other social security costs	6,332	5,843
11,852	**11,308**		**40,813**	**38,848**
		Remuneration for the Parent's and Group's Management is included by € 1.103 thousand (2020: 943 thousand) and Board of Directors is included by € 176 thousand (2020: € 177 thousand). Staff costs are included under other production costs, sales and marketing costs and administrative costs.		
137	133	Average number of employees	612	628
		3. Audit fee		
		Fee to auditor appointed at the Annual General Meeting:		
		PwC in 2021/Deloitte in 2020:		
63	71	Legal audit, annual accounts	192	169
-	19	Tax counselling	48	7
60	-	Non-audit services	4	60
123	**90**		**244**	**236**
		4. Other operating Income		
228	39	Received salary compensation COVID-19	62	486
164	-	Reversal of accrued Transaction costs from acquisitions	-	164
1,339	1,387	Other operating income	509	536
1,731	**1,426**		**570**	**1,186**

Notes

Parent 2020 €'000	Parent 2021 €'000		Group 2021 €'000	Group 2020 €'000
		5. Other operating Expenses		
(37)	(0)	Other operating expenses	(48)	(222)
(37)	**(0)**		**(48)**	**(222)**
		6. Depreciations, amortisations and impairment losses on tangible assets		
1,557	1,543	Amortisations	1,872	1,923
936	994	Depreciations	4,075	4,000
2,493	**2,537**		**5,947**	**5,923**
		7. Tax on profit for the year		
50	2,963	Current tax	4,336	825
8	5	Change in deferred tax	(618)	406
-	-	Adjustment in deferred tax due to changes in tax rates	(4)	19
-	-	Adjustment concerning previous years	59	42
58	**2,968**		**3,773**	**1,292**
		8. Proposed distribution of profit		
-	6,000	Proposed dividend	6,000	-
2,735	7,053	Retained earnings	7,053	2,735
2,735	**13,053**		**13,053**	**2,735**

Notes

9. Intangible assets

	Group	
	Software licenses, patents and trademarks €'000	Goodwill, oth. intang. assets €'000
Cost at 1 January 2021	11,294	9,351
Exchange rate adjustment	17	(28)
Additions	13	-
Disposals	(62)	-
Reclassifications	(3)	(33)
Cost at 31 December 2021	**11,259**	**9,290**
Amortisation at 1 January 2021	(4,243)	(3,240)
Exchange rate adjustment	(15)	29
Impairment	-	(22)
Amortisation for the year	(825)	(1,048)
Disposals	62	-
Reclassifications	3	33
Balance at 31 December 2021	**(5,018)**	**(4,248)**
Carrying amount at 31 December 2021	**6,241**	**5,041**
Leased assets included above:	197	-

	Parent	
	Software licenses, patents and trademarks €'000	Goodwill, oth. intang. assets €'000
Cost at 1 January 2021	9,235	3,798
Exchange rate adjustment	3	1
Cost at 31 December 2021	**9,239**	**3,799**
Amortisation at 1 January 2021	(2,209)	(2,153)
Exchange rate adjustment	(1)	(1)
Amortisation for the year	(800)	(743)
Balance at 31 December 2021	**(3,010)**	**(2,897)**
Carrying amount at 31 December 2021	**6,229**	**902**

Notes

10. Tangible assets

	Group			
	Land and buildings €'000	Plant and machinery €'000	Fixtures fittings, tools and equipment €'000	Tangible assets in progress €'000
Cost at 1 January 2021	29,396	57,069	6,433	1,362
Exchange rate adjustment	122	204	24	(0)
Additions	-	2,883	295	1,503
Disposals from assets sold	(31)	(2,816)	(435)	-
Reclassification	(8)	420	123	(707)
Cost at 31 December 2021	**29,479**	**57,759**	**6,440**	**2,158**
Depreciation at 1 January 2021	(14,667)	(40,239)	(4,775)	-
Exchange rate adjustment	(69)	(160)	(25)	-
Depreciation for the year	(692)	(2,984)	(399)	-
Impairment for the year	10	-	(80)	-
Depreciations regarding sold assets	27	2,706	337	-
Reclassification	16	138	44	-
Balance at 31 December 2021	**(15,374)**	**(40,540)**	**(4,899)**	**-**
Carrying amount at 31 December 2021	**14,105**	**17,220**	**1,541**	**2,158**
Leased assets included above:	-	1,403	136	-

Notes

10. Tangible assets (continued)

	Parent			
	Land and buildings €'000	Plant and machinery €'000	Fixtures fittings, tools and equipment €'000	Tangible assets in progress €'000
Cost at 1 January 2021	5,948	18,373	1,039	331
Exchange rate adjustment	2	7	0	0
Additions	-	2,188	113	(5)
Disposals	-	(274)	-	-
Cost at 31 December 2021	**5,951**	**20,293**	**1,153**	**326**
Depreciation at 1 January 2021	(4,570)	(14,656)	(721)	-
Exchange rate adjustment	(2)	(6)	(0)	-
Depreciation for the year	(159)	(753)	(83)	-
Depreciations regarding year's disposals	-	274	-	-
Balance at 31 December 2021	**(4,731)**	**(15,140)**	**(804)**	**-**
Carrying amount at 31 December 2021	**1,220**	**5,153**	**349**	**326**

Notes

11. Financial assets

	Group
	Other securities €'000
Cost at 1 January 2021	30
Additions in the year	7
Cost at 31 December 2021	**37**
Adjustments at 1 January 2021	-
Balance at 31 December 2021	**-**
Carrying amount at 31 December 2021	**37**

	Parent
	Investments in subsidiaries €'000
Cost at 1 January 2021	69,363
Cost at 31 December 2021	**69,363**
Adjustments at 1 January 2021	(21,660)
Exchange rate adjustment	122
Share of profit/(loss) for the year in subsidiaries	2,579
Dividends from subsidiaries	(2,224)
Balance at 31 December 2021	**(21,183)**
Carrying amount at 31 December 2021	**48,180**

Shares in subsidiaries

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

Notes

12. Deferred tax

Parent 2020 €'000	Parent 2021 €'000		Group 2021 €'000	Group 2020 €'000
943	867	Tax asset/liabilities at 1 January	843	762
4	-	Exchange rate adjustment	(8)	5
(71)	(99)	Changes during the year, recognised on equity	(99)	(71)
(8)	(5)	Changes during the year, recognised in profit and loss account	146	146
867	**764**		**882**	**843**
		Deferred taxes relate to the following items:		
133	173	Intangible assets	173	133
792	530	Tangible assets	97	(387)
(103)	32	Current assets	25	(415)
55	13	Provisions	95	96
(11)	16	Liabilities other than provisions	228	237
-	-	Tax losses carry forward, gross	1,796	2,812
-	0	Impairment of tax asset	(1,531)	(1,634)
867	**764**	**Total deferred tax**	**882**	**843**
		Consisting of:		
867	**764**	**Deferred tax asset**	**2,795**	**2,465**
-	**-**	**Provision for deferred tax liabilities**	**1,912**	**1,622**

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

Notes

13. Inventories

Parent 2020 €'000	Parent 2021 €'000		Group 2021 €'000	Group 2020 €'000
1,313	1,389	Raw materials and consumables	6,822	4,970
293	308	Work in progress	2,243	1,436
1,637	2,122	Manufactured goods and goods for resale	10,876	7,752
46	71	Advanced payments	123	285
3,289	**3,890**		**20,063**	**14,443**

14. Prepayments

Prepayments include accrued income, such as insurance premium or subscriptions.

15. Pension and similar liabilities

Parent 2020 €'000	Parent 2021 €'000		Group 2021 €'000	Group 2020 €'000
-	-	Liability at 1 January	791	796
-	-	Spent during the year	(30)	(35)
		Interest income	6	9
-	-	Change in assumptions	(18)	21
-	**-**		**750**	**791**

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

Notes

Parent 2020 €'000	Parent 2021 €'000	16. Other provisions	Group 2021 €'000	Group 2020 €'000
136	252	Other provisions at 1 January	1,115	765
(115)	(237)	Spent during the year	(692)	(435)
-	-	Reversed during the year	(74)	(128)
231	46	Provisions made during the year	1,236	913
252	**60**		**1,584**	**1,115**

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

Parent 2020 €'000	Parent 2021 €'000	17. Long-term liabilities other than provisions Part of long-term liabilities due after more than 5 years from the balance sheet date amounts to:	Group 2021 €'000	Group 2020 €'000
3,361	-	Subordinated convertible loan capital	-	3,361
3,202	2,128	Mortgage debt	14,320	15,430
420	170	Derivates	170	420
1,026	-	Other long-term debt	2,046	2,801
-	-	Finance lease	918	1,742
8,009	**2,298**		**17,453**	**23,754**
13,887	-	Long-term loans over 1 year less than 5 years	-	13,887
4,300	4,305	Mortgage debt over 1 year less than 5 years	4,232	4,224
840	679	Derivates over 1 year less than 5 years	679	840
27,036	**7,282**		**22,364**	**42,705**

The subordinated convertible loan capital has been repaid in 2021.

Other long-term debt are provision Time value account in MEVACO GmbH and Finance lease debt in MEVACO GmbH.

Notes

Parent 2020 €'000	Parent 2021 €'000		Group 2021 €'000	Group 2020 €'000
		18. Mortgage debt etc.		
		Part of mortage debt due after more than 5 years from the balance sheet date amounts to:		
3,202	2,128	Mortgage debt	14,320	15,430
420	170	Derivates	170	420
		Part of mortage debt due over 1 year less than 5 years from the balance sheet date amounts to:		
4,300	4,305	Mortgage debt over 1 year less than 5 years	4,232	4,224
840	679	Derivates over 1 year less than 5 years	679	840
		Part of mortage debt due less than 1 year from the balance sheet date amounts to:		
1,081	1,073	Short term Mortage debt	1,073	1,081
210	170	Short term Deviates	170	210
10,053	**8,525**		**20,644**	**22,205**

Derivates of DKK 7.6 million equals to € 1.019 million is founded to secure a fixed interest rate on the variable mortgage loan. The derivates of notional principal amount DKK 56.2 million equals to € 7.507 million, are securing a fixed interest rate of 4.02% and will expire in 2028. Mortgage loan and derivates are with the same counterpart.

	Group 2021 €'000	Group 2020 €'000
19. Working capital changes		
Change in inventories	(5,550)	3,263
Change in receivables	1,498	784
Change in trade payables, etc	551	(189)
Change in other NWC items	(380)	(1,087)
	(3,881)	**2,771**

Notes

20. Assets charged

Group

	Net book value of assets charged 2021 €'000	Charge 2021 €'000	Net book value of assets charged 2020 €'000	Charge 2020 €'000
Shares	9,457	20,000	7,752	20,000
Land, buildings and machineries	26,956	28,470	25,261	28,466
	36,413	**48,470**	**33,013**	**48,466**

Parent

	Net book value of assets charged 2021 €'000	Charge 2021 €'000	Net book value of assets charged 2020 €'000	Charge 2020 €'000
Shares	9,457	20,000	7,752	20,000
Land, buildings and machineries	7,048	12,536	5,094	12,532
	16,505	**32,536**	**12,846**	**32,532**

Debt related to shares of € 1,384 thousand and concerns a committed overdraft facility of € 15 million with expiry in September 2025.

Debt related to land, buildings and machinery is € 12,118 thousand end of 2021. Hereof is € 2,046 thousand related to Time Value account in MEVACO GmbH.

Notes

21. Related parties and group relations

Related party comprise the shareholder, the Board of Directors and Management as well as enterprises of the RM Rich. Müller A/S Group, see group chart on page 5 and company details on page 1 in the annual report. Please also refer to the accounting policies.

Related parties with a controlling interest:

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

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

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

22. Contingent liabilities

Parent

The parent company has signed suretyships regarding all current and future obligations of a number of subsidiaries towards Nordea Group. At 31 December 2021 the balance between these subsidiaries and Nordea amounted to zero.

Parent			Group	
2020 €'000	2021 €'000		2021 €'000	2020 €'000
		23. Operational lease obligations		
		Operational lease obligations		
101	98	Due within 1 year	1,390	1,459
74	182	Due within 1 to 5 years	1,411	1,609
		Other obligations		
284	285	Due within 1 year	688	671
58	57	Due within 1 to 5 years	1,100	1,091
-	-	Due above 5 years	508	737
516	**622**		**5,096**	**5,567**

Accounting policies

Basis of accounting

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

Reporting currency

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

DKK/€	2021	2020
Income statement items	743.65	744.15
Balance sheet items	743.65	743.93

Recognition and measurement

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

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

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

Certain financial assets and liabilities are measured at amortised cost which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount.

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

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

Consolidation

The consolidated financial statements include RM Rich. Müller A/S (Parent) and the group enterprises (subsidiaries) in which the Group holds more than 50% of the voting rights or in any other way exercises controlling influence.

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

Accounting policies

Foreign currency translation

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

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

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

Derivatives

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

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

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

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

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

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

Pension obligations

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

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

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

Accounting policies

Government grants

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

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

Income statement

Turnover

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

Costs of sales

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

Sales and marketing costs

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

Administrative expenses

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

Other operating income and expenses

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

Income from investments in group enterprises

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

Financial income and expenses

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

Accounting policies

Financial income and expenses (continued)

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

Income taxes

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

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

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

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

Balance sheet

Fixed assets

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

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

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

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

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

Accounting policies

Fixed assets (continued)

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

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

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

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

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

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

Fixed asset investments

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

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

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

Accounting policies

Inventories

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

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

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

Receivables

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

Cash

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

Equity

The net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost. The dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Other provisions

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

Financial liabilities

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

Cash flow statement

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

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

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

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

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

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

Accounting policies

Cash flow statement (continued)

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

Segment information

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