Haas-Meincke A/S

Tonsbakken 10, DK-2740 Skovlunde

Annual Report for 1 January - 31 December 2019

CVR No 13 88 20 37

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/04 2020

Wolfgang Schnallinger
Chairman of the General Meeting

Contents

Management’s Statement

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

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Skovlunde, 30 April 2020

Executive Board

Ole Jensen
Executive Officer

Board of Directors

Germar Holger Wacker Chairman	Heinz Wolfgang Schnallinger Deputy Chairman	Christian Puhr
Erling Steen True Sandberg Staff Representative	Henrik Bo Hansen Staff Representative	

Independent Auditor's Report

To the Shareholder of Haas-Meincke A/S

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

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

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 30 April 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden
statsautoriseret revisor
mne32209

Gösta Gauffin
statsautoriseret revisor
mne45821

Company Information

The Company	Haas-Meincke A/S Tonsbakken 10 DK-2740 Skovlunde CVR No: 13 88 20 37 Financial period: 1 January - 31 December Municipality of reg. office: Ballerup
Board of Directors	Germar Holger Wacker, Chairman Heinz Wolfgang Schnallinger Christian Puhr Erling Steen True Sandberg Henrik Bo Hansen
Executive Board	Ole Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2019*	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	704,919	729,511	629,948	727,280	663,856
Gross profit/loss	188,473	152,580	58,593	120,882	118,952
Operating profit/loss	52,285	-3,692	-73,372	2,482	12,723
Profit/loss before financial income and expenses	52,328	-3,692	-73,372	0	12,723
Net financials	4,537	-7,432	7,466	-890	2,597
Net profit/loss for the year	44,706	-7,909	-53,054	1,120	12,908
Balance sheet					
Balance sheet total	446,547	433,980	409,592	302,691	245,982
Equity	111,545	65,655	73,564	50,714	51,968
Investment in property, plant and equipment	630	0	6,813	12,274	15,553
Number of employees	241	233	233	247	153
Ratios					
Gross margin	26.7%	20.9%	9.3%	16.6%	17.9%
Return on assets	11.7%	-0.9%	-17.9%	0.0%	5.2%
Solvency ratio	25.0%	15.1%	18.0%	16.8%	21.1%
Return on equity	50.5%	-11.4%	-85.4%	2.2%	28.7%

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

*The company has merged with Meincke Ejendomme A/S with retrospective effect from 1 January 2019. Furthermore, the company has changed its accounting policy for leases, and now applies IFRS 16 for lease transactions with effect from 1 January 2019.

Management's Review

Financial Statements of Haas-Meincke A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

With effect for the financial year 2019, Haas-Meincke A/S has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS 15, Revenue from contracts with customers, and IFRS 16, Leases, within the framework.

Haas-Meincke A/S' accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of Haas-Meincke A/S. Moreover, the change means that Haas-Meincke A/S now applies the same accounting policies as the rest of the Bühler Group, to which Haas-Meincke A/S belongs.

The change in accounting policy for leases has resulted in an increase in profit for the current year and equity of TDKK 441. It has also affected the Company's balance sheet total with TDKK 65,078.

The change in accounting policy for revenue has had no effects on net profit, total assets and equity.

Other changes have been made in regards to classification of comparative and current year figures. Changes to classification have no effect on the Company's profit or equity in previous or current financial year.

Key activities

The objective of the company is to carry on activities within the food industry as a producer and supplier of capital equipment, mainly for the bakery and chocolate industry.

Development in the year

The income statement of the Company for 2019 shows a profit of TDKK 44,706, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 111,545.

The scope of the Company's activities were lower than in 2018 which was expected and in line with budget, while the profit was better than expected.

The Company continues to have a very strong market position, and the main markets in the majority of the regions in the world showed a positive development in the year .

On 14 February 2020, Meincke Ejendomme A/S, a wholly owned subsidiary was merged with Haas-Meincke A/S as the surviving entity with uniting-of-interests method. The legal merger will for statutory accounting purposes have retrospective effect from 1 January 2019 and result in the absorbing entity taking over the balance sheet and results of the dissolving entity as from 1 January 2019. The merger with Meincke Ejendomme A/S has resulted in an increase in profit for the current year of TDKK 420 and an increase in equity of TDKK 1,604.

Management's Review

The past year and follow-up on development expectations from last year

The Company's results for the year were better than the expectations, based on higher activities than expected as well as improved usage of the capacity resulting in a very positive development of the profit/loss for the year.

The improved usage was a result of the ongoing process of shorter delivery times obtained through the standardization and modularization process, but further enabled by pre-release of orders, controlled procurement of standard long lead items, and pre-fabrication of standard items.

Special risks - operating risks and financial risks

Operating risks

The Company's main operational risk consists of giving guarantees in connection with the commissioning of machines and plants. This is constantly being covered by means of tests of the plants in question and joint evaluations by the senior staff and management.

Moreover it is essential for the Company always to have a strong position on the markets where the products are sold and always to secure a competitive structure of costs. These risks are countered by investments in marketing and efficiency, as discussed above.

Market risks

The Company's use of aluminium and steel as substantial raw materials causes a special risk as there are significant fluctuations in the raw material prices which cannot be included in the prices for the finished products. This is to some extent met by entering into long-term delivery contracts.

Foreign exchange risks

Due to activities abroad, profit, cash flows and equity are affected by the development in exchange rates and interest rates in respect of a number of currencies, especially US dollar and Euro. All contracts for machines and plants in other currencies than DKK and Euro are hedged when contracting. As a principal rule spares and service work are not hedged.

The Company does not speculate in foreign currencies.

Interest rate risks

As the Company's does not have any net interest bearing debt, any changes will not have any direct impact on the Company's results.

Management's Review

Expectations for the year ahead

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 1.

Before the COVID-19 outbreak, Management expected significant revenue growth and a positive development for net profit for the year 2020 as compared to 2019. This was based on Management's assumption of economic growth in the markets where the Company is selling its products. However, the COVID-19 outbreak hit the global markets, and Management expects this to have a negative impact on both revenue and net profit for 2020. The scope of the impact is, however, unknown at this time as it is uncertain to what extent the Company will be able to recapture lost revenue later in the year.

Research and development

The development activities comprise three main areas, cookie lines, cracker lines, and cake lines, besides ovens for all above purposes. The Company has had a specifically high level in its development activities.

The Company finds it necessary to continue and increase the high level in the development activities in order to constantly be able to introduce solutions, which provide the customers with the opportunity to present new products/systems and to make production more efficient in terms of energy savings, waste reduction, and increased output.

External environment

The Company observes the present environmental requirements and attempts in general to minimise the adverse environmental effects and problems which may arise during the work processes at the workplaces or which arise from waste substances from the Company's production.

Management assesses the current risk that considerable changes or stricter requirements in the environmental area can affect the Company's operations and profitability. It is Management's opinion that the Company does not have a risk profile that differs materially from the risk profile of the industry taken as a whole.

There are no pending lawsuits or other significant, unresolved issues in the environmental area.

Management's Review

Intellectual capital resources

It is decisive for the Company's development to maintain and recruit a competent and dedicated staff. These employees must have a high level of education and substantial technical experience.

The critical business processes in connection with the Company's principal products are service, quality and the flexibility to produce customized solutions. To ensure that the customer gets the service agreed and is satisfied with the co operation, all supplies of machines and plants are followed up by a number of questions to the customer. The Company constantly receives a very fine judgement by the customers, and if there are any deviations these will be followed up both towards the customers and internally.

Statement of corporate social responsibility

With reference to section 99a(6) of the Danish Financial Statements Act and to the Annual Report of the Bühler Group, the Company has not disclosed this information in its own Management's Review.

The report is available on the Group's website:
https://www.buhlergroup.com/content/buhlergroup/global/en/media/annual-report-2019.html

Statement on gender composition

The Company is proud to have a diverse workforce in relation to nationality, gender age, education etc. We fully support gender equality at all levels of the organization and continuously strive to find the most competent individual for the job – regardless of gender. The Company currently employs app. 83% men and 17% women.

1. The Board of Directors and Excecutive Board - current compostion and target figure

In 2018, the Company defined a policy regarding gender diversity in management aimed at having 25 % female members on the Board of Directors in 2020, at the latest. However, the Company also aims at having the most qualified resources available. The Company is currently not in compliance with the policy, as all five members of the Board are male. The gender composition of the Board has not changed because it has proven difficult to find suitable female candidates with the required level of skills and industry-relevant experience. While the Company still believes it is ambitious and realistic to obtain 25 % female members on the Board of Directors, it has been necessary to postpone the timeframe to 2024.

2. Other management levels

The Company has implemented new statistics measuring gender on all management levels throughout the Group, in order to increase the overall focus on gender diversity. The industry is today dominated by male leaders. The Company's target of 10 % female managers at all levels is based on an evaluation of what is practically achievable within the specific industry and within other comparable companies. However, the Company is not in compliance yet. In order to meet the target, the Company will seek to achieve that at least one from each sex will be among the last three candidates for management positions, promotions etc. The share of female managers at the end of 2019 is all in all unchanged from

2018.

Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company's customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year. At this time, it is not possible to calculate the size of the negative COVID-19 impact.

Income Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Revenue	2	**704,919**	**729,511**
Production costs	3	-516,446	-576,931
Gross profit/loss		**188,473**	**152,580**
Distribution expenses	3	-61,660	-85,815
Administrative expenses	3	-74,528	-70,457
Operating profit/loss		**52,285**	**-3,692**
Other operating income		43	0
Profit/loss before financial income and expenses		**52,328**	**-3,692**
Income from investments in subsidiaries	4	3,789	0
Financial income	5	13,300	8,385
Financial expenses	6	-12,552	-15,817
Profit/loss before tax		**56,865**	**-11,124**
Tax on profit/loss for the year	7	-12,159	3,215
Net profit/loss for the year		**44,706**	**-7,909**

Balance Sheet 31 December

Assets

	Note	2019 TDKK	2018 TDKK
Completed development projects		0	152
Software		2,520	3,982
Goodwill		7,920	9,307
Intangible assets	8	**10,440**	**13,441**
Land and buildings		8,849	0
Plant and machinery		3,200	4,639
Other fixtures and fittings, tools and equipment		1,671	2,632
Right of use assets		65,078	0
Leasehold improvements		3,072	3,728
Property, plant and equipment	9	**81,870**	**10,999**
Investments in subsidiaries	10	664	3,560
Deposits	11	4,107	3,970
Fixed asset investments		**4,771**	**7,530**
Fixed assets		**97,081**	**31,970**
Raw materials and consumables		41,890	39,693
Work in progress		14,197	39,393
Finished goods and goods for resale		6,609	1,626
Prepayments for goods		235	7,201
Inventories		**62,931**	**87,913**
Trade receivables		131,809	176,397
Receivables from group enterprises		134,949	114,240
Other receivables		3,920	5,999
Deferred tax asset	12	3,457	16,029
Corporation tax		0	208
Prepayments	13	156	46
Receivables		**274,291**	**312,919**
Cash at bank and in hand		**12,244**	**1,178**
Currents assets		**349,466**	**402,010**
Assets		**446,547**	**433,980**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		TDKK	TDKK
Share capital		5,000	5,000
Retained earnings		106,545	60,655
Equity		**111,545**	**65,655**
Other provisions	15	31,985	56,094
Provisions		**31,985**	**56,094**
Lease obligations		59,052	0
Other payables		4,877	0
Long-term debt	16	**63,929**	**0**
Lease obligations	16	6,467	0
Prepayments received from customers		44,220	84,300
Trade payables		117,712	144,624
Payables to group enterprises		49,562	58,851
Corporation tax		1,074	0
Other payables	16	20,053	24,456
Short-term debt		**239,088**	**312,231**
Debt		**303,017**	**312,231**
Liabilities and equity		**446,547**	**433,980**
Subsequent events	1		
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	5,000	60,655	65,655
Net effect from merger wtih Meincke Ejendomme A/S	0	1,184	1,184
Adjusted equity at 1 January	5,000	61,839	66,839
Net profit/loss for the year	0	44,706	44,706
Equity at 31 December	**5,000**	**106,545**	**111,545**

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company’s customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company’s revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year. At this time, it is not possible to calculate the size of the negative COVID-19 impact.

	2019	2018
	TDKK	TDKK

2 Revenue

Geographical segments

	2019 TDKK	2018 TDKK
Revenue, Denmark	17,826	30,873
Revenue, Europe	163,037	185,066
Revenue, countries outside Europe	524,056	513,572
	704,919	**729,511**

3 Staff

	2019 TDKK	2018 TDKK
Wages and Salaries	154,796	144,030
Pensions	11,192	10,448
Other social security expenses	1,972	2,043
	167,960	**156,521**
Average number of employees	**241**	**225**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	2019	2018
	TDKK	TDKK

4 Income from investments in subsidiaries

Gain from divestment of investment in subsidiary	1,550	0
Dividends received	2,239	0
	3,789	**0**

5 Financial income

Interest received from group enterprises	0	18
Other financial income	3,888	2,450
Exchange gains	9,412	5,917
	13,300	**8,385**

6 Financial expenses

Other financial expenses	1,516	7,656
Exchange loss	11,036	8,161
	12,552	**15,817**

7 Tax on profit/loss for the year

Current tax for the year	1,074	-207
Deferred tax for the year	11,010	-1,941
Adjustment of deferred tax concerning previous years	75	-1,067
	12,159	**-3,215**

8 Intangible assets

	Completed development projects	Software	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	5,969	9,339	34,035
Disposals for the year	-2,950	-2,499	0
Cost at 31 December	3,019	6,840	34,035

Notes to the Financial Statements

8 Intangible assets (continued)

	Completed development projects	Software	Goodwill
	TDKK	TDKK	TDKK
Impairment losses and amortisation at 1 January	5,817	5,357	24,728
Amortisation for the year	152	1,462	1,387
Reversal of amortisation of disposals for the year	-2,950	-2,499	0
Impairment losses and amortisation at 31 December	3,019	4,320	26,115
Carrying amount at 31 December	**0**	**2,520**	**7,920**

Development projects relate to the development of new versions of ovens, spraying programmes and energy-saving units.

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Right of use assets	Leasehold improvements
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	0	18,960	22,841	70,773	14,302
Net effect from merger and acquisition	15,941	0	0	0	0
Additions for the year	0	60	590	1,357	0
Disposals for the year	0	-2,321	-10,666	0	0
Cost at 31 December	15,941	16,699	12,765	72,130	14,302
Impairment losses and depreciation at 1 January	0	14,321	20,209	0	10,574
Net effect from merger and acquisition	6,520	0	0	0	0
Depreciation for the year	572	1,479	1,266	7,052	656
Reversal of impairment and depreciation of sold assets	0	-2,301	-10,381	0	0
Impairment losses and depreciation at 31 December	7,092	13,499	11,094	7,052	11,230
Carrying amount at 31 December	**8,849**	**3,200**	**1,671**	**65,078**	**3,072**

Notes to the Financial Statements

	2019	2018
	TDKK	TDKK
10 Investments in subsidiaries		
Cost at 1 January	3,560	3,560
Net effect from merger with Meincke Ejendomme A/S	-2,424	0
Disposals for the year	-472	0
Carrying amount at 31 December	**664**	**3,560**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Haas-Meincke Austria G.m.b.H.	Austria	100%	586	334
Haas-Meincke BV	Netherlands	100%	3,541	1,149

11 Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	3,907
Additions for the year	200
Cost at 31 December	4,107
Carrying amount at 31 December	**4,107**

12 Deferred tax asset

	2019	2018
Deferred tax asset at 1 January	16,029	13,021
Net effect of merger with Meincke Ejendomme A/S	-1,487	0
Amounts recognised in the income statement for the year	-11,085	3,008
Deferred tax asset at 31 December	**3,457**	**16,029**

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a postitive fair value.

Notes to the Financial Statements

		2019	2018
		TDKK	TDKK
14	**Distribution of profit**		
	Retained earnings	44,706	-7,909
		44,706	**-7,909**

15 Other provisions

The Company provides warranties of ordinary 1 year's warranty on the Company's products and 1 to 5 years' warranty and liabilities for major plants, and is therefore obliged to repair or replace goods, which are not satisfactory.

Based on previous experience in respect to the level of repairs, returns and other project costs for major plants, other provisions of TDKK 31,985 (2018: TDKK 56,094) have been recognised for expected warranty claims and expected project costs.

Warranty provisions	16,147	19,209
Project provisions	15,838	36,885
	31,985	**56,094**

16 Long-term debt

Lease obligations

After 5 years	35,684	0
Between 1 and 5 years	23,368	0
Long-term part	59,052	0
Within 1 year	6,467	0
	65,519	**0**

Other payables

Between 1 and 5 years	4,877	0
Long-term part	4,877	0
Other short-term payables	20,053	24,456
	24,930	**24,456**

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations

	2019	2018
	TDKK	TDKK

Rental and lease obligations

	2019	2018
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	0	7,138,382
Between 1 and 5 years	0	25,344,919
	0	**32,483,301**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

18 Related parties

	Basis
Controlling interest	
Bühler Food Equipment GmbH Franz Haas-Straße 1 Leobendorf, Niederosterreich 2100 Austria	Controlling shareholder
Bühler Holding AG Gupfenstrasse 5 zwil, St. Gallen 9240 Switzerland	Ultimate parent company

Notes to the Financial Statements

18 Related parties (continued)

Other related parties

Ole Jensen	Executive Board
Germar Holger Wacher	Board of Directors
Heinz Wolfgang Schnallinger	Board of Directors
Christian Puhr	Board of Directors
Erling Steen True Sandberg	Board of Directors
Henrik Bo Hansen	Board of Directors

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with related parties in the year that have not been made on normal market conditions.

Consolidated Financial Statements

The company is included in the ultimate parent company Annual Report of Bühler Holding AG

Name	Place of registered office
Bühler Holding AG	Switzerland

The Group Annual Report of Bühler Holding AG may be obtained at the following address:

Gupfenstrasse 5
Uzwil, St. Gallen 9240
Switzerland

Notes to the Financial Statements

19 Fee to auditors appointed at the general meeting

	2019	2018
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	650,000	675,000
Other assurance engagements	75,000	0
Tax advisory services	1,157,481	95,000
Other services	428,565	331,055
	2,311,046	**1,101,055**

Notes to the Financial Statements

20 Accounting Policies

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

The Financial Statements for 2019 are presented in TDKK.

Changes in accounting policies

With effect for the financial year 2019, Haas-Meincke A/S has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS 15, Revenue from contracts with customers, and IFRS 16, Leases, within the framework. Thus, Haas-Meincke A/S has changed its accounting policies, cf. below. Haas-Meincke A/S' accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of Haas-Meincke A/S. Moreover, the change means that Haas-Meincke A/S now applies the same accounting policies as the rest of the Bühler Group, to which Haas-Meincke A/S belongs.

Other changes have been made in regards to classification of comparative and current year figures. Changes to classification have no effet on the Company's profit or equity in previous or current year.

Adoption of IFRS 15

The Company has changed its accounting policy for the recognition of revenue from contracts with customers. This means that the Company applies IFRS 15 for recognition and measurement of revenue.

The change of accounting policy is based on the transitional rules of IFRS 15:
•comparative figures have not been restated;
•contracts completed before 1 January 2019 according to the previous accounting policy are not reassessed.

IFRS 15 are applied to transactions carried out on or after 1 January 2019 or transactions that were in progress at the beginning of the financial year. Comparative figures have not been restated under the new accounting policy.

The change of accounting policy for revenue has had no effect on revenue, net profit, total assets and equity.

Notes to the Financial Statements

20 Accounting Policies (continued)

Adoption of IFRS 16

The Company has also changed its accounting policy for leases, and now applies IFRS 16 for lease transactions. Thus, leased assets are recognised with a calculated value and are depreciated over their expected useful lives, whereas the lease liability is recognised in the balance sheet.

The change of accounting policy is based on the transitional rules of IFRS 16.

• contracts not previously classified as leases have not been reassessed
• the modified retrospective method is applied, hence the comparative figures have not been restated
• in respect of leases previously classified as operating leases, a lease liability is recognised and measured corresponding to the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2019 - lease assets are recognised at the same amount adjusted for prepaid or accrued lease payments
•leases for which the term ends within 12 months from 1 January 2019 and low-value assets are not included in the balance sheet
• in respect of leases previously classified as finance leases, the amounts at 1 January 2019 have been maintained.

The change in accounting policy for leases has resulted in an increase in profit for the current year and equity of TDKK 441. It has also affected the Company's balance sheet total with TDKK 65.078

For 2019, the capitalisation of leases implies that lease payments are classified as depreciation and interest, respectively, in the income statement and not as operating expenses. In the cash flow statement, the payments are classified as cash flows from financing activities and not as cash flows from operating activities.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Bühler Holding AG, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Bühler Holding AG, the Company has not prepared a cash flow statement.

Notes to the Financial Statements

20 Accounting Policies (continued)

Recognition and measurement

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

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

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

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

Business combinations

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Notes to the Financial Statements

20 Accounting Policies (continued)

Leases

A lease asset and a corresponding lease liability are recognised in the balance sheet when a lease has been concluded and the lease asset has been made available.

The lease asset is initially measured at cost equivalent to the value of the lease liability added prepaid lease payments. The lease liability is initially measured at the net present value of future lease payments discounted at the interest rate implicit in the lease or the Company's incremental borrowing rate if the interest rate implicit in the lease is not available.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The lease asset is depreciated over the lease term. Depreciation is recognised on a straight-line basis in the income statement.

Leases with terms of less than 12 months are not recognised in the balance sheet. This also applies to leases of low-value assets. Lease payments are instead recognised in the income statement on a straight-line basis over the lease term. No leases subject to variable payments have been concluded.

When assessing the expected lease term, the non-cancellable lease term is identified. If the lease includes an extension option which Management is reasonably certain to exercise, this is added to the non-cancellable lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement.

Notes to the Financial Statements

20 Accounting Policies (continued)

Revenue

Information on geographical segments based on the Companys risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from contracts with customers is recognised on the basis of transfer of control, which according to IFRS 15 takes place at the time when control of the product or service delivered passes to the customer.

Control is considered passed to the customer when:
• a binding sales agreement has been made
• delivery has been made before year end
• the sales price has been determined; and
• payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Production costs

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

Production costs also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognised.

Distribution expenses

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

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill and software is also included to the extent that it relates to administrative activities.

Notes to the Financial Statements

20 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including rental income.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Bühler Denmark, Danish branch of Bühler AG. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the industry and product insight. The amortisation period is 20 years for strategically acquired enterprises.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Amortisation is based on cost reduced by any residual value and calculated on a straight-line basis over the expected useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

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

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

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

Plant and machinery	5-10 years
Other fixtures, fittings and tools	5 years
Leasehold improvements	5-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

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

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

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

Provisions

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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