

Amada Denmark A/S
Erhvervsbyvej 4
8700 Horsens
Business Registration No
14227547

**Annual report 01.04.2018
- 31.03.2019**

The Annual General Meeting adopted the annual report on 27.08.2019

Chairman of the General Meeting

Name: Alan Michael Parrott

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Entity details

Entity

Amada Denmark A/S
Erhvervsbyvej 4
8700 Horsens

Central Business Registration No (CVR): 14227547

Registered in: Horsens

Financial year: 01.04.2018 - 31.03.2019

Board of Directors

Eiichi Yagi
Alan Michael Parrott
Leo Joseph Feeney

Executive Board

Alan Michael Parrott

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Amada Denmark A/S for the financial year 01.04.2018 - 31.03.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.04.2018 - 31.03.2019.

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.

Horsens, 27.08.2019

Executive Board

Alan Michael Parrott

Board of Directors

Eiichi Yagi

Alan Michael Parrott

Leo Joseph Feeney

Independent auditor's extended review report

To the shareholders of Amada Denmark A/S

Conclusion

We have performed an extended review of the financial statements of Amada Denmark A/S for the financial year 01.04.2018 - 31.03.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.04.2018 - 31.03.2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 27.08.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Ole Søndergaard Larsen

State Authorised Public Accountant

Identification No (MNE) mne11676

Management commentary

Primary activities

The primary activities of the company are sale and service of machinery for processes without chip removal.

Development in activities and finances

The result for the period shows a profit of DKK 1.020k against a profit last year of DKK 1.485k. The result for the year is satisfactory.

Events after the balance sheet date

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

Income statement for 2018/2019

	<u>Notes</u>	<u>2018/2019</u> <u>DKK</u>	<u>2017/2018</u> <u>DKK</u>
Revenue		68.513.600	76.038.821
Other operating income		84.842	66.122
Cost of sales		(47.477.167)	(53.849.072)
Other external expenses		<u>(7.186.913)</u>	<u>(6.879.258)</u>
Gross profit/loss		13.934.362	15.376.613
Staff costs	1	(12.438.345)	(13.183.376)
Depreciation, amortisation and impairment losses		(147.446)	(201.406)
Other operating expenses		<u>0</u>	<u>(62.518)</u>
Operating profit/loss		1.348.571	1.929.313
Other financial income		130.850	94.332
Other financial expenses	2	<u>(167.768)</u>	<u>(115.524)</u>
Profit/loss before tax		1.311.653	1.908.121
Tax on profit/loss for the year		<u>(291.753)</u>	<u>(422.708)</u>
Profit/loss for the year		<u>1.019.900</u>	<u>1.485.413</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		509.950	742.706
Retained earnings		<u>509.950</u>	<u>742.707</u>
		<u>1.019.900</u>	<u>1.485.413</u>

Balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/2019</u> <u>DKK</u>	<u>2017/2018</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		458.245	568.738
Leasehold improvements		127.987	164.940
Property, plant and equipment		586.232	733.678
Other receivables		937.666	919.345
Fixed asset investments		937.666	919.345
Fixed assets		1.523.898	1.653.023
Work in progress		353.880	430.249
Manufactured goods and goods for resale		10.307.200	4.769.264
Inventories		10.661.080	5.199.513
Trade receivables		8.029.006	14.883.731
Receivables from group enterprises		64.595	463.014
Deferred tax		296.514	588.267
Other receivables		23.497	23.497
Income tax receivable		0	82.000
Prepayments		414.269	453.309
Receivables		8.827.881	16.493.818
Cash		13.643.288	20.768.806
Current assets		33.132.249	42.462.137
Assets		34.656.147	44.115.160

Balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/2019</u> <u>DKK</u>	<u>2017/2018</u> <u>DKK</u>
Contributed capital		1.875.000	1.875.000
Retained earnings		6.718.628	6.208.678
Proposed dividend		<u>509.950</u>	<u>742.706</u>
Equity		<u>9.103.578</u>	<u>8.826.384</u>
Other provisions		<u>640.101</u>	<u>693.195</u>
Provisions		<u>640.101</u>	<u>693.195</u>
Finance lease liabilities		<u>154.572</u>	<u>225.273</u>
Non-current liabilities other than provisions	3	<u>154.572</u>	<u>225.273</u>
Current portion of long-term liabilities other than provisions	3	70.701	68.374
Bank loans		98.412	178.002
Prepayments received from customers		2.100.161	4.957.876
Trade payables		1.180.045	1.918.840
Payables to group enterprises		17.710.843	21.517.037
Other payables		3.577.813	5.710.418
Deferred income		<u>19.921</u>	<u>19.761</u>
Current liabilities other than provisions		<u>24.757.896</u>	<u>34.370.308</u>
Liabilities other than provisions		<u>24.912.468</u>	<u>34.595.581</u>
Equity and liabilities		<u>34.656.147</u>	<u>44.115.160</u>
Unrecognised rental and lease commitments	4		
Contingent liabilities	5		
Assets charged and collateral	6		

Statement of changes in equity for 2018/2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1.875.000	6.208.678	742.706	8.826.384
Ordinary dividend paid	0	0	(742.706)	(742.706)
Profit/loss for the year	0	509.950	509.950	1.019.900
Equity end of year	1.875.000	6.718.628	509.950	9.103.578

Notes

	2018/2019	2017/2018
	DKK	DKK
1. Staff costs		
Wages and salaries	11.251.405	12.083.401
Pension costs	894.907	827.335
Other social security costs	223.662	208.003
Other staff costs	68.371	64.637
	12.438.345	13.183.376
Average number of employees	21	21

	2018/2019	2017/2018
	DKK	DKK
2. Other financial expenses		
Financial expenses from group enterprises	24.083	24.618
Other interest expenses	73.197	30.159
Exchange rate adjustments	48.928	37.768
Other financial expenses	21.560	22.979
	167.768	115.524

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2018/2019	2017/2018	2018/2019
	DKK	DKK	DKK
3. Liabilities other than provisions			
Finance lease liabilities	70.701	68.374	154.572
	70.701	68.374	154.572

	2018/2019	2017/2018
	DKK	DKK
4. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	1.684.919	2.325.571

5. Contingent liabilities

The Company has an irrevocable house lease for at least 54 months and with a 6 months' notice at a value of DKK 156k a month.

Notes

6. Assets charged and collateral

Other fixtures, etc have been financed by means of finance leases. The carrying amount of assets held under finance leases amounts to DKK 333k.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses 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, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of work in progress consists of costs of raw materials, consumables and direct labour costs.

Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases. Finance leases concern only contracts signed before 2012.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease. Operating leases concern only contracts signed in 2012 and later.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.