

Ammeraal Beltech Modular A/S

Hjulmagervej 21
7000 Vejle

CVR no. 25 53 94 19

Annual report 2018

The annual report was presented and approved at
the Company's annual general meeting on

28 May 2019

Alex Peter Ludvigsen
chairman

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Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today discussed and approved the annual report of Ammeraal Beltech Modular A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Vejle, 28 May 2019
Executive Board:

Alex Peter Ludvigsen

Carsten Frees

Supervisory Board:

Miranda Diana Boon
Chairman

Cornelis Gerardus Maria
van der Drift

Mario Botto Micca

José Wattez-Krebs
Employee representative

Martin Stoustrup Petersen
Employee representative

Independent auditor's report

To the shareholder of Ammeraal Beltech Modular A/S

Opinion

We have audited the financial statements of Ammeraal Beltech Modular A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Kolding, 28 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Ammeraal Beltech Modular A/S
Annual report 2018
CVR no. 25 53 94 19

Management's review

Company details

Ammeraal Beltech Modular A/S
Hjulgagervej 21
7000 Vejle

CVR no.: 25 53 94 19
Registered office: Vejle
Financial year: 1 January – 31 December

Supervisory Board

Miranda Diana Boon, Chairman
Cornelis Gerardus Maria van der Drift
Mario Botto Micca
José Wattez-Krebs, Employee representative
Martin Stoustrup Petersen, Employee representative

Executive Board

Alex Peter Ludvigsen
Carsten Frees

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4, st.
6000 Kolding

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	378,006	359,211	353,892	302,578	277
Gross profit/loss	135,957	117,567	153,936	126,204	118
Operating profit	32,869	26,582	62,215	36,057	29,072
Profit for the year	35,922	17,215	46,735	25,938	9,535
Balance sheet					
Total assets	375,733	355,193	256,975	223,046	236,548
Equity	220,691	224,812	207,670	122,337	94,374
Investment in property, plant and equipment	40,908	18,192	7,844	12,295	21,787
Ratios					
Gross margin	36.0%	32.7%	43.5%	41.7%	42.6%
Operating margin	8.7%	7.4%	17.6%	11.9%	10.5%
Return on equity	8.1%	25.4%	25.6%	23.9%	10.6%
Employees					
Average number of full-time employees	190	175	190	182	177

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Management's review

Operating review

Principal activities

The Company's activity consists of development, production and sale of modular belts and chains made of plastic and steel for the use on internal conveyors. Primary market segments are the food processing, packaging and automotive industries.

Development in activities and financial position

Growth continued in 2018 for Ammeraal Beltech Modular A/S. Sale of our modular products grew globally with all major products series and on all major markets.

Revenue increased to DKK 378,006 thousand against DKK 359,211 thousand in 2017. The Company's income statement for 2018 shows a profit of DKK 35,922 thousand against DKK 17,215 thousand last year, and the balance sheet at 31. December 2018 shows equity of DKK 220,691 thousand.

From an overall perspective, performance in 2018 was in line with last year and expectations and is considered satisfactory.

Events after the balance sheet date

After the balance sheet date, the Company has sold the subsidiary Ammeraal Beltech Modular Inc. to another group entity.

The Company has decided to distribute extraordinary dividends of DKK 112 million.

Besides the above, no events have occurred after the balance sheet date.

Outlook

Results for 2019 are expected to be in line with 2018.

Particular risks

Special risks apart from generally occurring risks in the industry:

Operating risks

The key business risk of Ammeraal Beltech Modular A/S is related to the potential inability to be competitive in our main markets. Our continuous development and launch of new products reduce this risk.

Financial risks

The Company invoices in Danish kroner as well as a number of foreign currencies, primarily euro, US Dollars and Great British Pounds. Purchases are made primarily in Danish kroner and euro.

Management's review

Operating review

Policies on environment

Our CSR policies and procedures are reflected throughout our overall business model and strategy. We have conducted a risk evaluation within CSR-related areas and have not found any material risks. We have not found any breaches of our CSR policies during 2018.

Ammeraal Beltech Modular A/S strives to work within the rules of the international ISO 14001 environmental certification. The Company also complies with REACH, the European chemicals regulation.

Ammeraal Beltech Modular A/S is working continuously on new initiatives to minimize resource consumption, waste production and environmental impact. The production of modular products requires a lot of electricity. Our focus is therefore mainly on our electricity consumption.

We have not set specific goals for our electricity consumption, but in investment decisions, especially around manufacturing, environmental effects are taken into consideration.

At the end of 2018, the Company has no outstanding enforcement orders in relation to its environmental permits.

Policies on social conditions and labor practices

Health and safety are an important part of the overall business operations. Taking care of (our) people are part of our Company's fundamental principles. The health & safety manager is responsible for monitoring compliance with local law and to support and stimulate the awareness in the Company. Each and every incident is evaluated, communicated in the broader group, and the implementation of related corrective measures are being pursued. The management team participates in bi-weekly Gemba safety walks, with the purpose of identifying potential risks and stimulating safety awareness throughout the entire organisation.

Policies on anti-corruption and bribery

Ammeraal Beltech Modular A/S has an implemented global Code of Conduct, to which all employees must adhere. The Code of Conduct strictly prohibits any kind of corruption and bribery.

Management's review

Operating review

Goals and policies for the underrepresented gender

Ammeraal Beltech Modular A/S is of the opinion that a diverse and accommodating organisation makes the Company stronger, fosters a fruitful and innovative working environment and gives the Company additional competitive strength.

We intend to develop and make use of the full potential of our employees and ensure work-life balance for our employees in this respect. Gender equality among the management members and focus on diversity is an integrated part of Ammeraal Beltech Modular A/S informal staff policy.

Ammeraal Beltech Modular A/S has a female chairman of the Supervisory Board accounting for a ratio of 33% of the Board. Employee representatives are not elected by the Board and as such does not count as Supervisory Board in relation to genderrepresentative. Gender is not decisive to election for the Board of Directors of Ammeraal Beltech Modular A/S. By contrast, board members are elected due to their insight into the lines of business in which Ammeraal Beltech Modular A/S operates. The Board of Director's goal for gender diversity is to ensure representation by both genders, which also is the goal going forward.

In addition, Ammeraal Beltech Modular A/S's informal staff policy sets out to ensure that both genders are to be represented on other management levels. To increase the number of females on other management levels and to follow the example of the Board of Directors before 2020, Ammeraal Beltech Modular A/S will, e.g. for the purpose of recruitment processes, require candidates from both genders and in any subsequent planning take into account the underrepresented sex.

Other management level consists of 7 people whereof one is female and was hired in 2013 as management for human relation.

Through its staff, Ammeraal Beltech Modular A/S wishes to reflect modern society and convey diversity.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Revenue	2	378,006	359,211
Cost of goods sold		-164,543	-163,994
Other operating income		320	204
Other external costs		<u>-77,826</u>	<u>-77,854</u>
Gross profit		135,957	117,567
Staff costs	3	-91,206	-80,651
Depreciation, amortisation and impairment losses		<u>-11,882</u>	<u>-10,334</u>
Operating profit		32,869	26,582
Income from equity investments in group entities		10,191	0
Financial income	4	5,366	3,058
Financial expenses	5	<u>-4,342</u>	<u>-6,606</u>
Profit before tax		44,084	23,034
Tax on profit for the year	6	<u>-8,162</u>	<u>-5,819</u>
Profit for the year	7	<u><u>35,922</u></u>	<u><u>17,215</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Intangible assets	8		
Software		<u>5,174</u>	<u>4,072</u>
Property, plant and equipment	9		
Land and buildings		7,331	7,848
Property, plant and equipment in progress		962	240
Plant and machinery		80,895	51,200
Fixtures and fittings, tools and equipment		<u>753</u>	<u>755</u>
		<u>89,941</u>	<u>60,043</u>
Investments	10		
Equity investments in group entities		27,904	16,875
Deposits		<u>4,634</u>	<u>4,521</u>
		<u>32,538</u>	<u>21,396</u>
Total fixed assets		<u>127,653</u>	<u>85,511</u>
Current assets			
Inventories			
Raw materials and consumables		9,114	10,298
Finished goods and goods for resale		<u>38,014</u>	<u>36,566</u>
		<u>47,128</u>	<u>46,864</u>
Receivables	11		
Trade receivables		10,715	7,208
Receivables from group entities		178,403	201,512
Other receivables		4,249	0
Prepayments	12	<u>1,002</u>	<u>1,645</u>
		<u>194,369</u>	<u>210,365</u>
Cash at bank and in hand		<u>6,583</u>	<u>12,453</u>
Total current assets		<u>248,080</u>	<u>269,682</u>
TOTAL ASSETS		<u><u>375,733</u></u>	<u><u>355,193</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	13	3,000	3,000
Retained earnings		217,691	181,812
Proposed dividends for the financial year		0	40,000
Total equity		<u>220,691</u>	<u>224,812</u>
Provisions			
Provisions for deferred tax	14	8,136	8,311
Other provisions	15	3,270	3,536
Total provisions		<u>11,406</u>	<u>11,847</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	16	5,902	4,386
Current liabilities other than provisions			
Current portion of non-current liabilities	16	1,590	1,032
Other credit institutions, current liabilities		103	0
Prepayments received from customers		0	78
Trade payables		17,337	24,370
Payables to group entities		84,470	58,226
Corporation tax		7,543	2,976
Other payables		26,691	27,466
		<u>137,734</u>	<u>114,148</u>
Total liabilities other than provisions		<u>143,636</u>	<u>118,534</u>
TOTAL EQUITY AND LIABILITIES		<u>375,733</u>	<u>355,193</u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018	3,000	181,811	40,000	224,811
Ordinary dividends paid	0	0	-40,000	-40,000
Transferred over the profit appropriation	<u>0</u>	<u>35,922</u>	<u>0</u>	<u>35,922</u>
Equity at 31 December 2018	<u><u>3,000</u></u>	<u><u>217,691</u></u>	<u><u>0</u></u>	<u><u>220,691</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ammeraal Beltech Modular A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report for 2018 is presented in TDKK.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Alpha AB Bidco B.V., Comeniusstraat 8, 1817 MS Alkmaar, P.O. Box 38, 1700 AA Heerhugowaard, The Netherlands.

Omission of audit fee

Pursuant to section 96(3) of the Danish Financial Statements Act, the company has not disclosed fee to auditors appointed at the general meeting. The Company's fee to auditors appointed at the general meeting is included in the consolidated financial statements of Alpha AB Bidco B.V.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

Revenue from the sale of goods where installation is a condition for significant risks being considered to have been transferred to the buyer is recognised as revenue when installation has been completed.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the fair value method. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

For products with a high degree of customisation, revenue is recognised as production takes place, and accordingly, revenue corresponds to the selling price of the work performed for the year (the percentage of completion method). When total income and costs attributable to the contract or the stage of completion at the balance sheet date cannot be estimated reliably, revenue is recognised only at costs incurred and only to the extent that the recovery thereof is likely.

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from investments in subsidiaries are recognised in the income statement in the financial year in which dividend is declared. To the extent that the distributed dividend exceeds accumulated earnings at the acquisition date, the dividend is recognised as write-down of the cost of the equity investment.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Income from equity investments in group entities

Dividend from investments is recognised in the reporting year in which the dividend is declared.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 7 years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10 - 33 years
Plant and machinery	5 - 10 years
Fixtures and fittings, tools and equipment	5 - 10 years
Leasehold improvements	10 - 14 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

On initial recognition, leases for non-current assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other non-current assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Investments in group entities

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

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1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including a guaranteed residual value, if any, based on the interest rate implicit in the lease.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

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2 Segment information

Segment information is provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

For competitive reasons, segment information about net sales is omitted, see section 96(1) of the Danish Financial Statements Act.

DKK'000	2018	2017
Revenue, Europe	275,895	275,256
Revenue, USA	52,053	40,122
Revenue, Latin Amerika	5,538	2,988
Revenue, Asia	29,148	35,281
Revenue, Other	15,372	5,564
	<u>378,006</u>	<u>359,211</u>

3 Staff costs

Wages and salaries	82,447	73,167
Pensions	6,802	6,040
Other social security costs	1,957	1,444
	<u>91,206</u>	<u>80,651</u>
Average number of full-time employees	<u>190</u>	<u>175</u>

Staff costs include remuneration of the Executive Board and Board of Directors of DKK 2,856 thousand (2017: DKK 2,022 thousand).

4 Financial income

Other financial income	756	926
Exchange gains	4,610	2,132
	<u>5,366</u>	<u>3,058</u>

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DKK'000	<u>2018</u>	<u>2017</u>
5 Financial expenses		
Other financial expenses	309	266
Exchange losses	<u>4,033</u>	<u>6,340</u>
	<u>4,342</u>	<u>6,606</u>
6 Tax on profit/loss for the year		
Tax on profit/loss for the year		
Current tax for the year	6,421	2,976
Deferred tax for the year	1,055	2,156
Adjustment for prior years	<u>686</u>	<u>687</u>
	<u>8,162</u>	<u>5,819</u>
7 Proposed profit appropriation		
Proposed dividends for the year	0	40,000
Retained earnings	<u>35,922</u>	<u>-22,785</u>
	<u>35,922</u>	<u>17,215</u>
8 Intangible assets		
DKK'000		<u>Software</u>
Cost at 1 January 2018		26,490
Additions for the year		<u>1,977</u>
Cost at 31 December 2018		<u>28,467</u>
Amortisation and impairment losses at 1 January 2018		-22,418
Amortisation for the year		<u>-875</u>
Amortisation and impairment losses at 31 December 2018		<u>-23,293</u>
Carrying amount at 31 December 2018		<u>5,174</u>

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9 Property, plant and equipment

DKK'000	Land and buildings	Property, plant and equipment in progress	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	24,549	240	276,111	15,252	316,152
Additions for the year	0	722	39,737	449	40,908
Disposals for the year	0	0	-1,298	0	-1,298
Cost at 31 December 2018	24,549	962	314,550	15,701	355,762
Depreciation and impairment losses at 1 January 2018	-16,701	0	-224,914	-14,497	-256,112
Depreciation for the year	-517	0	-8,741	-451	-9,709
Depreciation and impairment losses at 31 December 2018	-17,218	0	-233,655	-14,948	-265,821
Carrying amount at 31 December 2018	7,331	962	80,895	753	89,941

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10 Investments

DKK'000	<u>2018</u>
Cost at 1 January 2018	27,066
Additions for the year	<u>838</u>
Cost at 31 December 2018	<u>27,904</u>
Revaluations at 1 January 2018	-10,191
Revaluations for the year, net	<u>10,191</u>
Revaluations at 31 December 2018	<u>0</u>
Carrying amount at 31 December 2018	<u><u>27,904</u></u>
DKK'000	<u>Deposits</u>
Cost at 1 January 2018	4,521
Additions for the year	<u>113</u>
Cost at 31 December 2018	<u>4,634</u>
Carrying amount at 31 December 2018	<u><u>4,634</u></u>

Name	<u>Profit/loss (DKK'000)</u>	<u>Equity (DKK'000)</u>
Ammeraal Beltech Modular Inc., Reading, US. Ownership 100%	4,468	24,036
Ultimade ApS, Vejle, Denmark. Ownership 100%	4,733	-1,276

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11 Receivables

Receivables from group entities comprise DKK 90,363 thousand regarding cash pool (2017: DKK 68,335 thousand).

12 Prepayments

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

13 Equity

The contributed capital consists of 3 shares of a nominal value of DKK 1,000,000.00 each.

All shares rank equally.

There have been no changes in the contributed capital during the last 5 years.

DKK'000	<u>31/12 2018</u>	<u>31/12 2018</u>
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14 Provision for deferred tax

Deferred tax at 1 January	8,311	6,128
Provision in the year	1,055	2,183
Adjustment to deferred tax prior year	<u>-1,230</u>	<u>0</u>
	<u>8,136</u>	<u>8,311</u>

15 Other provisions

Balance beginning of the year at 1 January 2018	3,536	3,523
Provision for year	<u>-266</u>	<u>13</u>
Other provisions at 31 December	<u>3,270</u>	<u>3,536</u>

16 Non-current liabilities other than provisions

DKK'000	<u>31/12 2018</u>	<u>31/12 2017</u>	<u>0-1 years</u>	<u>1-5 years</u>	<u>>5 years</u>
	7,492	4,386	1,590	5,266	636
	<u>7,492</u>	<u>4,386</u>	<u>1,590</u>	<u>5,266</u>	<u>636</u>

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17 Subsequent events

After the balance sheet date, the Company has sold the subsidiary Ammeraal Beltech Modular Inc. to another group entity.

The Company has decided to distribute extraordinary dividends of DKK 112 million.

Besides the above, no subsequent events have occurred.

18 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with its Parent Company, Ammeraal Beltech Danmark A/S (management company) and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes from the income year 2013 and onwards and withholding taxes on dividends, interest and royalties falling due for payment on or after 1 July 2012.

19 Related party disclosures

Ammeraal Beltech Modular A/S' related parties comprise the following:

Control

Ammeraal Beltech Danmark A/S, Hjulmagervej 21, 7100 Vejle

Ammeraal Beltech Danmark A/S holds the majority of the contributed capital in the Company.

Ammeraal Beltech Modular A/S is part of the consolidated financial statements of Alpha AB Bidco B.V., Comeniusstraat 8, 1817 MS Alkmaar, P.O. Box 38, 1700 AA Heerhugowaard, The Netherlands, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Alpha AB Bidco B.V. can be obtained through the Dutch Chamber of Commerce.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Ammeraal Beltech Danmark A/S
Hjulmagervej 21
DK-7100 Vejle