

# Kiesel Scandinavia A/S

Platinvej 22, 6000 Kolding

CVR no. 26 44 03 94

## Annual report 2019

Approved at the Company's annual general meeting on 30 April 2020

Chairman:





## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kiesel Scandinavia 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 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

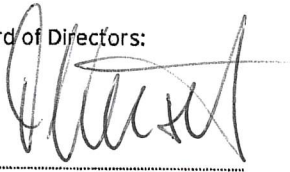
We recommend that the annual report be approved at the annual general meeting.

Kolding, 30 April 2020  
Executive Board:



Henrik Hansen

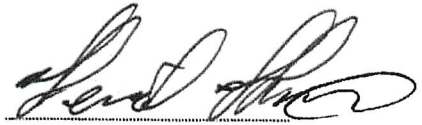
Board of Directors:



Toni Kiesel  
Chairman



Maik Spindler



Henrik Hansen

## Independent auditor's report

To the shareholder of Kiesel Scandinavia A/S

### Opinion

We have audited the financial statements of Kiesel Scandinavia 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 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 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.

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

### Independence

We are independent of the 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.

### 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 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

### Independent auditor's report

- ▶ 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Vejle, 30 April 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lars Tylvad Andersen  
State Authorised Public Accountant  
mne8854



## Management's review

### Company details

Name	Kiesel Scandinavia A/S
Address, Postal code, City	Platinvej 22, 6000 Kolding
CVR no.	26 44 03 94
Established	1 February 2002
Registered office	Kolding
Financial year	1 January - 31 December
Board of Directors	Toni Kiesel, Chairman Maik Spindler Henrik Hansen
Executive Board	Henrik Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark
Bankers	Sydbank A/S



## **Management's review**

### **Business review**

The business of the Company is sales and repairs of machines and spareparts etc.

### **Financial review**

The income statement for 2019 shows a profit of DKK 492,733 against a profit of DKK 2,388,693 last year, and the balance sheet at 31 December 2019 shows equity of DKK 8,758,858.

### **Events after the balance sheet date**

The current COVID-19 virus outbreak, which at the beginning of March 2020 implied a shutdown of major parts of Denmark may affect the Company's results of operation for 2020. The potential effect on the Company's results of operation and financial position in 2020 will depend on the duration and scope of the virus outbreak. At present, it is not possible to quantify future expectations more precisely.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	<b>Gross profit</b>	9,730,798	13,112,534
2	Staff costs	-7,785,073	-9,217,651
	Amortisation/depreciation and impairment of property, plant and equipment	-901,052	-786,151
	<b>Profit before net financials</b>	1,044,673	3,108,732
3	Financial income	95,207	475,019
4	Financial expenses	-430,799	-453,793
	<b>Profit before tax</b>	709,081	3,129,958
5	Tax for the year	-216,348	-741,265
	<b>Profit for the year</b>	492,733	2,388,693
	 <b>Recommended appropriation of profit</b>		
	Retained earnings	492,733	2,388,693
		492,733	2,388,693



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
6	<b>Property, plant and equipment</b>		
	Land and buildings	2,650,207	2,725,971
	Other fixtures and fittings, tools and equipment	2,408,862	2,515,425
	Leasehold improvements	4,088	8,192
		<u>5,063,157</u>	<u>5,249,588</u>
7	<b>Investments</b>		
	Leasing receivables	410,058	1,157,481
		<u>410,058</u>	<u>1,157,481</u>
	<b>Total fixed assets</b>	<u>5,473,215</u>	<u>6,407,069</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	14,955,445	8,437,209
		<u>14,955,445</u>	<u>8,437,209</u>
	<b>Receivables</b>		
	Trade receivables	4,261,979	5,284,967
	Receivables from group entities	111,911	0
	Leasing receivables	747,453	1,352,523
	Other receivables	61,313	20,066
	Prepayments	135,406	157,144
		<u>5,318,062</u>	<u>6,814,700</u>
	<b>Cash</b>	52,223	48,634
	<b>Total non-fixed assets</b>	<u>20,325,730</u>	<u>15,300,543</u>
	<b>TOTAL ASSETS</b>	<u><u>25,798,945</u></u>	<u><u>21,707,612</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
8	Share capital	500,000	500,000
	Retained earnings	8,258,858	7,766,125
	<b>Total equity</b>	<u>8,758,858</u>	<u>8,266,125</u>
	<b>Provisions</b>		
	Deferred tax	82,983	59,475
	Warranty provisions	200,000	200,000
	<b>Total provisions</b>	<u>282,983</u>	<u>259,475</u>
	<b>Liabilities other than provisions</b>		
9	<b>Non-current liabilities other than provisions</b>		
	Lease liabilities	940,895	1,876,852
	Subordinate loan capital	372,500	372,500
	Other payables	138,298	0
		<u>1,451,693</u>	<u>2,249,352</u>
	<b>Current liabilities other than provisions</b>		
9	Current portion of long-term liabilities	1,020,370	1,805,061
	Bank debt	10,244,212	3,165,724
	Trade payables	1,352,048	913,464
	Payables to group entities	0	2,238,844
	Income taxes payable	149,842	337,338
	Other payables	2,538,939	2,472,229
		<u>15,305,411</u>	<u>10,932,660</u>
	<b>Total liabilities other than provisions</b>	<u>16,757,104</u>	<u>13,182,012</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>25,798,945</u>	<u>21,707,612</u>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

## Financial statements 1 January - 31 December

## Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2019	500,000	7,766,125	8,266,125
Transfer through appropriation of profit	0	492,733	492,733
Equity at 31 December 2019	500,000	8,258,858	8,758,858

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kiesel Scandinavia A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies applied by the Company are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, comprising sale of new and used machines, spareparts and service is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Where finance leases are entered into regarding assets, a sale and a receivable are recognised corresponding to the present value of cash flows from the lease plus the estimated, unguaranteed residual value of the asset at the end of the lease term. The present value is calculated based on the interest implicit in the lease agreement. Lease payments received are recognised partly as instalments on the lease receivable and partly as financial income.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	10-20 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Land is not depreciated.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, financial income and expenses relating to finance leases, realised and unrealised exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

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.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In 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 accounted for in the same way as the Company's other assets.

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Equity

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yields.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	<u>2019</u>	<u>2018</u>
<b>2 Staff costs</b>		
Wages/salaries	6,873,613	8,373,831
Pensions	480,301	471,635
Other social security costs	98,592	82,830
Other staff costs	<u>332,567</u>	<u>289,355</u>
	<u>7,785,073</u>	<u>9,217,651</u>
Average number of full-time employees	<u>13</u>	<u>15</u>
<b>3 Financial income</b>		
Interest leasing receivable	84,046	270,123
Other financial income	<u>11,161</u>	<u>204,896</u>
	<u>95,207</u>	<u>475,019</u>
<b>4 Financial expenses</b>		
Interest expenses financial lease	77,172	220,226
Exchange losses	110,771	60,476
Bank	115,318	106,792
Other financial expenses	<u>127,538</u>	<u>66,299</u>
	<u>430,799</u>	<u>453,793</u>
<b>5 Tax for the year</b>		
Estimated tax charge for the year	149,842	380,338
Deferred tax adjustments in the year	23,508	336,431
Tax adjustments, prior years	<u>42,998</u>	<u>24,496</u>
	<u>216,348</u>	<u>741,265</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	3,034,947	4,469,873	139,686	7,644,506
Additions in the year	40,000	946,620	0	986,620
Disposals in the year	0	-1,367,395	0	-1,367,395
Cost at 31 December 2019	3,074,947	4,049,098	139,686	7,263,731
Impairment losses and depreciation at 1 January 2019	308,976	1,954,448	131,494	2,394,918
Amortisation/depreciation in the year	115,764	781,184	4,104	901,052
Reversal of amortisation/depreciation and impairment of disposals	0	-1,095,396	0	-1,095,396
Impairment losses and depreciation at 31 December 2019	424,740	1,640,236	135,598	2,200,574
<b>Carrying amount at 31 December 2019</b>	<b>2,650,207</b>	<b>2,408,862</b>	<b>4,088</b>	<b>5,063,157</b>
Property, plant and equipment include finance leases with a carrying amount totalling	0	851,041	0	851,041

#### 7 Investments

DKK	Leasing receivables
Cost at 1 January 2019	1,157,481
Cost at 31 December 2019	1,157,481
Short-term portion of long-term receivables	-747,423
Value adjustments at 31 December 2019	-747,423
<b>Carrying amount at 31 December 2019</b>	<b>410,058</b>

#### 8 Share capital

The Company's share capital has remained DKK 500,000 over the past 5 years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,961,265	1,020,370	940,895	0
Subordinate loan capital	372,500	0	372,500	0
Other payables	138,298	0	138,298	0
	<u>2,472,063</u>	<u>1,020,370</u>	<u>1,451,693</u>	<u>0</u>

#### 10 Contractual obligations and contingencies, etc.

##### Other financial obligations

Rent and lease liabilities include a rent obligation regarding a rent agreement with remaining contract terms of a least 6 months. Furthermore, the Company has liabilities under operating leases for IT equipment, totalling approximately DKK 200 thousand.

#### 11 Collateral

As security for bankdebt of DKK 10,244 thousand, the Company has provided a company charge of DKK 10,000 thousand comprising intellectual property rights, trade receivables, inventories, other plant, fixtures and fittings, tools and equipment and an owner's mortgage of DKK 1,800 thousand in property.

As security for lease liability of DKK 843 thousand, the Company has provided security in equipment with a book value of DKK 851 thousand.

As security for lease liability on machines of DKK 1,121 thousand, the Company has provided security in leasing receivables with a book value of DKK 1,125 thousand.

#### 12 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kiesel GmbH	Baindter Str. 29, 88255, Baienfurt, Germany	Company