

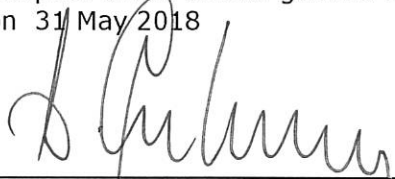
Krones Nordic ApS

Skovlytoften 33, Øverød, DK-2840 Holte

CVR no. 30 07 58 11

Annual report for 2017

Adopted at the annual general meeting
on 31 May 2018



Dirk-Christian Cichon
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Krones Nordic ApS for the financial year 1 January - 31 December 2017.

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


In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Holte, 31 May 2018

Executive board


Dirk-Christian Cichon

Independent auditor's report

To the shareholder of Krones Nordic ApS

Opinion

We have audited the financial statements of Krones Nordic ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 december 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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 management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that 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 management's review.

Copenhagen, 31 May 2018

KPMG
Statsautoriseret revisionspartnerselskab
CVR no. 25 57 81 98


Klaus Rytz
State Authorised Public Accountant
MNE no. mne33205

Company details

Krones Nordic ApS
Skovlytoften 33
Øverød
DK-2840 Holte

CVR-no. 30 07 58 11

Financial year: 1 January - 31 December 2017

Executive Board

Dirk-Christian Cichon

Auditors

KPMG
Statsautoriseret revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Consolidated financial statements

The company is included in the group annual report of Krones AG.

The group annual report of Krones AG may be obtained at the following address:

Krones AG
Böhmerwaldstrasse
593073 Neutraubling
Germany

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	33,729	40,380	39,219	36,570	37,200
Profit/loss before financial income and expenses	8,128	14,710	14,275	12,632	13,344
Net financials	314	493	676	1,038	991
Profit/loss for the year	6,572	11,840	11,421	10,305	10,719
Balance sheet total	78,897	165,572	183,081	181,800	160,968
Equity	56,152	149,580	147,740	146,319	146,015
Financial ratios					
Return on assets	6.6%	8.4%	7.8%	7.4%	8.4%
Solvency ratio	71.2%	90.3%	80.7%	80.5%	90.7%
Return on equity	6.4%	8.0%	7.8%	7.1%	7.4%
Average number of full/time employess	37	39	39	37	40

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The company's activities consist of sale and mounting of machines and plant mainly for the food and beverage industry. Production is located in the parent company.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The company's financial position at 31 December 2017 and the results of its operations for the financial year ended 31 December 2017 are not affected by any unusual matters.

Business review

The company's income statement for the year ended 31 December shows a profit of TDKK 6,572, and the balance sheet at 31 December 2017 shows equity of TDKK 56,152.

Management considers the company's financial performance in the year not satisfactory.

Financial review

Management expects gross profit of MDKK 39 for 2018 while profit for the year is expected to be 11 MDKK.

Special risks apart from generally occurring risks in industry

Financial risks

The company has no unusual risks. Large parts of the company's purchase and sale are performed in EUR.

Currency risks

The company's transactions are primarily settled in DKK and EUR where the foreign exchange risks are assessed to be low.

Research and development activities in and for reporting entity

The company has no significant research and development activities as research and development are performed by the parent company abroad.

Net profit (loss) relation to expected development assumed in previous report

This development should be compared with the company's expectations as stated in the financial statement for 2016 of a net profit for 2017 of MDKK 10-11.

Management's review

Statutory report on corporate social responsibility

Policies on environment

The Krones AG Group is environmentally conscious and is continuously working to reduce the environmental impact of the company's operations.

The Group has implemented an eco-management system in compliance with EMAS, which is the Community Eco-Management and Audit Scheme. In that connection, an environmental company policy was drafted to commit the Group to continuous environmental improvements.

In the financial year, the ongoing environmental effort produced results when two chemicals previously used in the company's plant, primarily for products for the food and beverage industry, were phased out and replaced by new-found alternatives. This has positive effects on both the working environment and the external environment.

Income statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit		33,729	40,380
Staff expenses	1	-25,544	-25,571
Depreciation, amortisation and impairment of property, plant and equipment		-57	-99
Profit/loss before financial income and expenses		8,128	14,710
Financial income	2	328	504
Financial expenses		-14	-11
Profit/loss before tax		8,442	15,203
Tax on profit/loss for the year	3	-1,870	-3,363
Net profit/loss for the year		6,572	11,840
Distribution of profit	4		

Balance sheet 31 December

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
Assets			
Other fixtures and fittings, tools and equipment		157	105
Leasehold improvements		<u>0</u>	<u>0</u>
Tangible assets	5	<u>157</u>	<u>105</u>
Fixed assets total		<u>157</u>	<u>105</u>
Finished goods and goods for resale		<u>305</u>	<u>23</u>
Stocks		<u>305</u>	<u>23</u>
Trade receivables		33,203	12,031
Receivables from group entities		35,796	138,680
Other receivables		371	0
Deferred tax asset		19	24
Prepayments	6	<u>235</u>	<u>409</u>
Receivables		<u>69,624</u>	<u>151,144</u>
Cash at bank and in hand		<u>8,811</u>	<u>14,300</u>
Current assets total		<u>78,740</u>	<u>165,467</u>
Assets total		<u><u>78,897</u></u>	<u><u>165,572</u></u>

Balance sheet 31 December

	Note	2017	2016
		TDKK	TDKK
Liabilities and equity			
Share capital		315	315
Reserves in accordance with the Articles of Association		1,600	1,600
Retained earnings		47,737	47,665
Proposed dividend for the year		6,500	100,000
Equity		<u>56,152</u>	<u>149,580</u>
Prepayments received from customers		1,134	3,408
Trade payables		5,483	1,737
Payables to group entities		12,476	6,437
Corporation tax		234	69
Other payables		3,418	4,341
Short-term debt		<u>22,745</u>	<u>15,992</u>
Debt total		<u>22,745</u>	<u>15,992</u>
Liabilities and equity total		<u><u>78,897</u></u>	<u><u>165,572</u></u>
Subsequent events	7		
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		

Statement of changes in equity

	Share capital	Reserves in accordance with the Articles of Association	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2017	315	1,600	47,665	100,000	149,580
Ordinary dividend paid	0	0	0	-100,000	-100,000
Net profit/loss for the year	0	0	72	6,500	6,572
Equity at 31 December 2017	315	1,600	47,737	6,500	56,152

Notes

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	23,547	23,528
Pensions	1,912	1,955
Other social security expenses	85	88
	<u>25,544</u>	<u>25,571</u>
Average number of employees	<u>37</u>	<u>39</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
2 Financial income		
Interest received from group entities	328	503
Other financial income	0	1
	<u>328</u>	<u>504</u>
3 Tax on profit/loss for the year		
Current tax for the year	1,865	3,369
Deferred tax for the year	5	-6
	<u>1,870</u>	<u>3,363</u>
4 Distribution of profit		
Proposed dividend for the year	6,500	100,000
Retained earnings	72	-88,160
	<u>6,572</u>	<u>11,840</u>

Notes

5 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1 January 2017	3,001	1,277	4,278
Additions for the year	109	0	109
Cost at 31 December 2017	<u>3,110</u>	<u>1,277</u>	<u>4,387</u>
Impairment losses and depreciation at 1 January 2017	2,896	1,277	4,173
Depreciation for the year	57	0	57
Impairment losses and depreciation at 31 December 2017	<u>2,953</u>	<u>1,277</u>	<u>4,230</u>
Carrying amount at 31 December 2017	<u>157</u>	<u>0</u>	<u>157</u>

6 Prepayments

Prepayments comprise prepaid expenses regarding rent and cost of goods.

7 Subsequent events

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

8 Contingent assets, liabilities and other financial obligations

The company has entered into operating leases with residual lease payments totalling TDKK 2,364 (2016: TDKK 3,107).

Further, the company has an obligation of TDKK 2,704 in relation to rental contract (2016: TDKK 4,058).

Notes

9 Related parties and ownership

Krones Nordic ApS' related parties comprise the following:

Controlling interest

Krones Nordic ApS, Skovlytoften 33, DK-2840 Holte.

Krones AG, Böhmerwaldstrasse 5, D-93073 Neutraubling, holds the majority of the contributed capital in the company.

Krones Nordic ApS is part of the consolidated financial statements of Krones AG, Neutraubling, which is the largest group, in which the company is included as a subsidiary.

Transactions

Pursuant to section 98c(7) of the Danish Financial Statements Act, the company has not disclosed related party transactions as these have been carried out on an arm's length basis.

Consolidated financial statements

The company is included in the group annual report of Krones AG.

The group annual report of Krones AG may be obtained at the following address:

Krones AG
Böhmerwaldstrasse
593073 Neutraubling
Germany

Accounting policies

The annual report of Krones Nordic ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C as well as selected provisions as regards larger entities.

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

The annual report for 2017 is presented in TDKK.

In accordance with Section 86 of the Danish Financial Statements Act, no cash flow statement has been prepared as the parent company prepares a cash flow statement in which the cash flows of the Company are included.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Accounting policies

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

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

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

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 is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Accounting policies

Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$