

Krones Nordic ApS

Skovlytoften 33

Øverød, 2840 Holte

CVR no. 30 07 58 11

Annual report 2022

Approved at the Company's annual general meeting on 30 June 2023

Chairman:



Michal Biedrzycki

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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Krones Nordic ApS for the financial year 1 January – 31 December 2022.

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

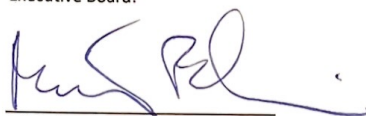
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of its operations for the financial year 1 January – 31 December 2022.

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

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

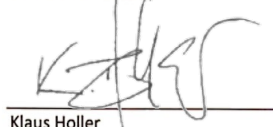
Holte, 30 June 2023

Executive Board:



Michal Biedrzycki
CEO

Board of Directors:



Klaus Holler



Michal Biedrzycki

Independent auditor's report

To the shareholder of Krones Nordic ApS

Conclusion

We have audited the financial statements of Krones Nordic ApS for the financial year 1 January – 31 December 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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 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.

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 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.

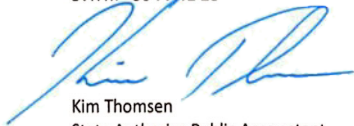
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 June 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised Public Accountant
mne26736

Management's review

Company details

Name	Krones Nordic ApS Skovlytoften 33 Øverød DK-2840 Holte
CVR no.	30 07 58 11
Established	22 April 1982
Registered office	Holte
Financial year	1 January - 31 December
Website	www.krones.com
E-mail	krones@krones.dk
Telephone	+45 88 32 33 00
Board of Directors	Klaus Holler Michal Biedrzycki
Board of Executives	Michal Biedrzycki
Accountant	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 Postbox 250 DK-2000 Frederiksberg

Financial highlights

DKK '000	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Key figures					
Gross profit/loss	46,208	40,818	38,163	43,677	42,458
Profit/loss before net financials	20,001	17,351	16,266	19,112	17,692
Net financials	-28	-29	-150	21	-6
Profit/loss for the year	19,973	13,489	12,558	14,907	14,103
Balance sheet total	60,562	50,849	104,636	77,604	86,549
Investment in fixed assets	0	0	0	0	148
Equity	41,268	38,708	51,219	38,661	63,755
Financial ratios					
Return on assets	35.3%	22.3%	17.9%	23.3%	21.3%
Solvency ratio	68.1%	76.1%	48.9%	49.8%	73.7%
Return on equity	49.9%	30.0%	27.9%	29.1%	23.5%
Average number of full time employees	30	31	31	34	35

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines. For terms and definitions, please see the 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.

Business review

The company's income statement for the year ended 31 December 2022 shows a profit of TDKK 15,561 and the balance sheet at 31 December 2022 shows equity of TDKK 41,268.

This development should be compared with the company's expectations as stated in the financial statement for 2021 of a net profit for 2022 of 11 MDKK. The improvement compared to expectation is due to faster than expected recovery after Covid19 and positive business and investment climate amongst our customers, with high demand for service and support.

Management considers the company's financial performance in the year satisfactory.

Outlook

Management expects gross profit of MDKK 47 for 2023 while profit for the year is expected to be MDKK 13.

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 sales 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.

Events after the balance sheet date

No material events occurred after the balance sheet date, that affecting the assessment of the financial statements for 2022.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2022	2021
	Gross profit/loss	46,208	40,818
3	Staff expenses	-26,176	-23,426
6	Depreciation, amortisation and impairment of property, plant and equipment	-31	-41
	Profit/loss before net financials	20,001	17,351
4	Financial income	10	19
	Financial expenses	-38	-48
	Profit/loss before tax	19,973	17,322
5	Tax for the year	-4,412	-3,833
	Profit/loss for the year	15,561	13,489

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	<u>2022</u>	<u>2021</u>
	ASSETS		
	Non-current assets		
6	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	12	23
	Leasehold improvements	7	27
		<u>19</u>	<u>50</u>
	Lease deposit	518	503
	Total non-current assets	<u>537</u>	<u>553</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	1,468	961
		<u>1,468</u>	<u>961</u>
	Receivables		
	Trade receivables	21,590	9,442
7	Receivables from group entities	21,424	29,678
8	Deferred tax asset	11	14
9	Prepayments	1,392	422
		<u>44,417</u>	<u>39,556</u>
	Cash	<u>16,140</u>	<u>9,776</u>
	Total current assets	<u>62,025</u>	<u>50,293</u>
	TOTAL ASSETS	<u>62,562</u>	<u>50,846</u>

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	315	315
	Reserves in accordance with the Articles of Association	1,600	1,600
	Retained earnings	24,353	23,792
	Proposed dividend	15,000	13,000
	Total equity	41,268	38,707
	Current liabilities		
	Prepayments received from customers	7,424	1,655
	Trade payables	4,806	3,011
	Payables to group entities	2,335	2,900
11	Corporation tax	1,453	443
	Other payables	5,276	4,130
	Total current liabilities	21,294	12,139
	Total liabilities	21,294	12,139
	TOTAL EQUITY AND LIABILITIES	62,562	50,846

- 2 Events after the balance sheet date
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties

Financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve in accordance with the Articles of Association	Retained earnings	Proposed dividend	Total
	Equity at 1 January 2022	315	1,600	23,792	13,000	38,707
	Distributed dividend				-13,000	-13,000
14	Transferred; see distribution of profit/loss	0	0	561	15,000	15,561
	Equity at 31 December 2022	315	1,600	24,353	15,000	41,268

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Kroner Nordic ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

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 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.

Income statement

Gross profit

The items revenue, other operating income, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

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 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 the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

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 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.

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:

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

Financial income and expenses

Financial income and expenses comprise interest income and expenses, 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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

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 when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Impairment of non-current assets

The carrying amount of intangible assets is tested annually for evidence of impairment other than the decrease in value reflected by amortisation and depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the 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.

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

Receivables

Receivables are measured at amortised cost.

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

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 of the individual receivable or portfolio is used as discount rate.

Prepayments

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

Cash

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities". Cash balances not part of the cash pool arrangement is recognised under "Cash".

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and 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 base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences arise at the acquisition date 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 assets, including the tax value of tax loss carry forwards, 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 and jurisdiction.

Liabilities other than provisions

The company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities are recognised at the date of borrowing at the 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.

Other liabilities are measured at net realizable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January – 31 December

Notes

2 Events after the balance sheet date

No material events occurred after the balance sheet date, that affecting the assessment of the financial statements for 2022.

DKK'000	2022	2021
3 Staff expenses		
Wages and salaries	23,576	21,311
Pensions	2,532	2,045
Other social security costs	68	70
	<u>26,176</u>	<u>23,426</u>
Average number of full-time employees	<u>30</u>	<u>31</u>

Total remuneration to Executive Board and Board of Directors: TDKK 1,573 (2021: TDKK 1,384).

DKK'000	2022	2021
4 Financial income		
Interest affiliates	10	0
	<u>10</u>	<u>0</u>

DKK'000	2022	2021
5 Tax for the year		
Current tax for the year	4,409	3,743
Deferred tax adjustment for the year	3	74
Prior year adjustment	0	16
	<u>4,412</u>	<u>3,833</u>

Financial statements 1 January – 31 December

Notes

6 Tangible assets

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	3,157	1,378	4,535
Additions	0	0	0
Transferred	0	0	0
Disposals	0	0	0
Cost at 31 December 2022	3,157	1,378	4,535
Depreciation and impairment losses at 1 January 2022	3,133	1,349	4,482
Impairment losses	0	0	0
Depreciation	12	22	34
Disposals	0	0	0
Depreciation and impairment losses at 31 December 2022	3,145	1,371	4,516
Carrying amount at 31 December 2022	12	7	19
Depreciated over	3-5 years	3-5 years	

7 Receivables from group entities

The Group has concluded an agreement regarding a cash pool scheme with Commerz Bank, according to which Kroner AG is the account holder and Kroner Nordic ApS is the sub-account holder together with the Group's other group entities. Under the terms agreed for the cash pool scheme, Commerz Bank is entitled to settle withdrawals and balances with each other whereby only the net balance of the total cash pool accounts makes up the Groups balance with Commerz Bank.

Kroner Nordic ApS's account in the cash pool scheme, which is recognised as a receivable from group entities, made up an account balance of TDKK 19,268 at 31st December 2022 (at 31st December 2021 an account balance of TDKK 27,653).

DKK'000	2022	2021
8 Deferred taxes		
Tangible assets	11	13
Impairment loss trade receivables	0	0
	11	13

Management expect deferred tax asset will be utilized in future income.

Financial statements 1 January – 31 December

Notes

DKK'000	2022	2021
9 Prepayments		
Prepaid insurance premiums	316	294
Other prepaid expenses	1,076	128
	<u>1,392</u>	<u>422</u>

10 Share capital

The share capital comprises 3,148 shares of a nominal value of DKK 100 each. All shares rank equally.

DKK'000	2022	2021
11 Corporation tax payable		
Corporation tax payable at 1 January	443	1,781
Current tax for the year	4,409	3,743
Corporation tax paid in the year	3,399	5,081
Corporation tax payable at 31 December	<u>1,453</u>	<u>443</u>

12 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company does not have contingent liabilities.

Operating lease commitments

Lease commitments (operating leases) that fall due within 5 years total TDKK 3,425 (2021: TDKK 5,722).

13 Related parties

Krones Nordic ApS' related parties comprise the following:

Significant influence

Krones AG, Böhmerwaldstr. 5, D-93073 Neutraubling
Krones AG holds the majority of the share capital in the Company.

Information about consolidated financial statements

Requisition of the consolidated financial statements:
Krones AG, Böhmerwaldstr. 5, D-93073 Neutraubling

Related party transactions

During the year the company had the following related party transactions:

Sale (including commission income) to group entities: TDKK 20,572
Purchase from group entities: TDKK 50,222
Financial income: TDKK 10.

Financial statements 1 January – 31 December

Notes

Receivables from group entities: TDKK 21,424

Payables to group entities: TDKK 2,335

DKK'000	<u>2022</u>	<u>2021</u>
14 Distribution of profit/loss		
Proposed distribution of profit/loss		
Proposed dividend	15,000	13,000
Transferred to equity reserves	561	489
	<u>15,561</u>	<u>13,489</u>