

# Krones Nordic ApS

Skovlytoften 33

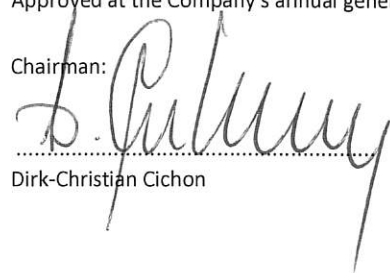
Øverød, 2840 Holte

CVR no. 30075811

## Annual report 2019

Approved at the Company's annual general meeting on 14 August 2020

Chairman:

A handwritten signature in black ink, appearing to read 'D. Cichon', written over a horizontal dotted line.

Dirk-Christian Cichon

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## Statement by Management

The Executive Board have today discussed and approved the annual report of Kroner Nordic ApS for the financial year 1 January – 31 December 2019.

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 2019 and of the results of its operations for the financial year 1 January – 31 December 2019.

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, 14 August 2020

Executive Board:



Dirk-Christian Cichon  
CEO

## **Independent auditor's report**

### **To the shareholders of Krones Nordic ApS**

#### **Opinion**

We have audited the financial statements of Krones Nordic ApS 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 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 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 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, 14 August 2020

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	22.04.1982
Registered office	Holte
Financial year	1 January - 31 December
Website	www.krones.com
E-mail	krones@krones.dk
Telephone	+45 88 32 33 00
Accountant	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 Postbox 250 DK-2000 Frederiksberg

### Financial highlights

DKK '000	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Key figures</b>					
Gross profit/loss	43,677	42,458	33,729	40,380	39,219
Profit/loss before net financials	19,112	17,692	8,128	14,710	14,275
Net financials	21	-6	314	493	676
Profit/loss for the year	14,907	14,103	6,572	11,840	11,421
Balance sheet total	77,604	86,549	79,454	166,113	183,606
Investment in fixed assets	0	148	109	0	0
Equity	38,661	63,755	56,152	149,580	147,740
<b>Financial ratios</b>					
Return on assets	23.3%	21.3%	6.6%	8.4%	7.8%
Solvency ratio	49.8%	73.7%	70.7%	90.0%	80.5%
Return on equity	29.1%	23.5%	6.4%	8.0%	7.8%
Average number of full-time employees	34	35	37	39	39

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 shows a profit of TDKK 14,906 and the balance sheet at 31 December 2019 shows equity of TDKK 38,661.

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

### **Financial review**

This development should be compared with the company's expectations as stated in the financial statement for 2018 of a net profit for 2019 of 13 MDKK. The net profit of the year is therefore seen as satisfying.

Management expects gross profit of MDKK 28 for 2020 while profit for the year is expected to be 5 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 sales are performed in EUR.

The below mentioned virus outbreak, does not have any impact on the financial statements for the year ended 31 December 2019.

#### *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**

2020 opens in the context of a challenging market following the fear linked to the Covid19 virus pandemic. The government of Denmark have been imposing travel bans, quarantines and other emergency public safety measures. These measures, although temporary in nature, may continue and increase depending on development of the virus outbreak. The severity of the Corona-virus pandemic is currently uncertain and therefore it is not possible to predict the impact it could have on our customers. In this scenario, Kroner Nordic ApS, is taking appropriate measures to effectively deal with the effects of the ongoing emergency.

Kroner Nordic ApS has taken all necessary measures to protect the health and safety of its employees while at the same time, to the extent possible, ensure the smooth continuation of its operations.

## Financial statements 1 January – 31 December

### Income statement

Note	DKK'000	2019	2018
	<b>Gross profit/loss</b>	<b>43,677</b>	<b>42,458</b>
2	Staff expenses	-24,484	-24,688
4	Depreciation, amortisation and impairment of property, plant and equipment	-82	-78
	<b>Profit/loss before net financials</b>	<b>19,111</b>	<b>17,692</b>
	Financial income	27	3
	Financial expenses	-6	-9
	<b>Profit/loss before tax</b>	<b>19,132</b>	<b>17,686</b>
3	Tax for the year	-4,226	-3,583
	<b>Profit/loss for the year</b>	<b>14,906</b>	<b>14,103</b>



## Financial statements 1 January – 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
4	<b>Property, plant and equipment</b>		
	Fixtures and fittings, tools and equipment	79	141
	Leasehold improvements	69	89
		<b>148</b>	<b>230</b>
	Lease deposit	474	573
	<b>Total non-current assets</b>	<b>622</b>	<b>803</b>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	13,840	262
		<b>13,840</b>	<b>262</b>
	<b>Receivables</b>		
5	Trade receivables	12,135	21,534
	Receivables from group entities	45,893	61,608
6	Deferred tax asset	418	15
7	Prepayments	256	406
		<b>58,702</b>	<b>83,563</b>
	<b>Cash</b>	<b>4,440</b>	<b>1,921</b>
	<b>Total current assets</b>	<b>76,982</b>	<b>85,746</b>
	<b>TOTAL ASSETS</b>	<b>77,604</b>	<b>86,549</b>

## Financial statements 1 January – 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
8	Share capital	315	315
	Reserves in accordance with the Articles of Association	1,600	1,600
	Retained earnings	36,746	21,840
	Proposed dividend	0	40,000
	<b>Total equity</b>	<b>38,661</b>	<b>63,755</b>
	<b>Current liabilities</b>		
	Prepayments received from customers	18,328	8,682
	Trade payables	8,264	6,762
	Payables to group entities	6,586	1,553
9	Corporation tax	691	1,402
	Other payables	5,074	4,395
	<b>Total current liabilities</b>	<b>38,943</b>	<b>22,794</b>
	<b>Total liabilities</b>	<b>38,943</b>	<b>22,794</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,604</b>	<b>86,549</b>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 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
	<b>Equity at 1 January 2019</b>	315	1,600	21,840	40,000	63,755
	Distributed dividend	0	0	0	-40,000	-40,000
12	Transferred; see distribution of profit/loss	0	0	14,906	0	14,906
	<b>Equity at 31 December 2019</b>	315	1,600	36,746	0	38,661

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Kroner Nordic ApS for 2019 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

##### Revenue

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.

##### Gross profit

The items revenue, 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.

##### 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.

## Financial statements 1 January – 31 December

### Notes

#### 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:

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.

## 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**

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

DKK'000	2019	2018
<b>2 Staff expenses</b>		
Wages and salaries	22,367	22,714
Pensions	2,041	1,895
Other social security costs	76	79
	<u>24,484</u>	<u>24,688</u>
Average number of full-time employees	<u>34</u>	<u>35</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

<b>3 Tax for the year</b>		
Current tax for the year	4,622	3,901
Deferred tax adjustment for the year	-403	4
Prior year adjustment	7	-322
	<u>4,226</u>	<u>3,583</u>

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
<b>4 Tangible assets</b>			
Cost at 1 January 2019	3,157	1,378	4,535
Additions	0	0	0
Transferred	0	0	0
Disposals	0	0	0
Cost at 31 December 2019	<u>3,157</u>	<u>1,378</u>	<u>4,535</u>
Depreciation and impairment losses at 1 January 2019	3,016	1,289	4,305
Impairment losses	0	0	0
Depreciation	62	20	82
Disposals	0	0	0
Depreciation and impairment losses at 31 December 2019	<u>3,078</u>	<u>1,309</u>	<u>4,387</u>
<b>Carrying amount at 31 December 2019</b>	<u>79</u>	<u>69</u>	<u>148</u>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>	



## Financial statements 1 January – 31 December

### Notes

#### 5 Receivables

The company has recognised an impairment loss of TDKK 1,825 related to trade receivables

DKK'000	<u>2019</u>	<u>2018</u>
<b>6 Deferred taxes</b>		
Tangible assets	17	15
Impairment loss trade receivables	<u>401</u>	<u>0</u>
	<u>418</u>	<u>15</u>

The deferred tax asset at 31 December 2019 primarily relates to impairment loss on trade receivables. Management expect that the deferred tax asset will be utilized within the coming 3 years.

#### 7 Prepayments

Prepaid insurance premiums	88	235
Other prepaid expenses	<u>168</u>	<u>171</u>
	<u>256</u>	<u>406</u>

#### 8 Share capital

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

DKK'000	<u>2019</u>	<u>2018</u>
<b>9 Corporation tax payable</b>		
Corporation tax payable at 1 January	1,402	234
Current tax for the year	4,622	3,901
Corporation tax paid in the year	<u>5,333</u>	<u>2,733</u>
<b>Corporation tax payable at 31 December</b>	<u>691</u>	<u>1,402</u>

## Financial statements 1 January – 31 December

### Notes

#### 10 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 8,494 (2018: TDKK 4,154).

#### 11 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 22,320

Purchase from group entities: TDKK 69,510

Receivables from group entities: TDKK 45,887

Payables to group entities: TDKK 6,586

DKK'000	2019	2018
<b>12 Distribution of profit/loss</b>		
<b>Proposed distribution of profit/loss</b>		
Proposed dividend	0	40,000
Transferred to equity reserves	14,906	-25,897
	<u>14,906</u>	<u>14,103</u>