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# ***Nagel Liller A/S***

Handelsvej 28, DK-5260 Odense

## **Annual Report for 16 January - 31 December 2017**

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CVR No 38 33 88 62

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
23/5 2018

Tobias Nagel  
Chairman



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nagel Liller A/S for the financial year 16 January - 31 December 2017.

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 at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 23 May 2018

## Executive Board

Martin Ventker

Kim Hedegaard Sørensen  
CEO

## Board of Directors

Tobias Nagel  
Chairman

Ralf Heinz Sommer

Erik Christensen

# Independent Auditor's Report

To the Shareholders of Nagel Liller A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 16 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nagel Liller A/S for the financial year 16 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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.

## 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

# Independent Auditor's Report

## 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 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 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.
- 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

# Independent Auditor's Report

Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trekantområdet, 23 May 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen  
State Authorised Public Accountant  
mne30224

Henrik Forthoft Lind  
State Authorised Public Accountant  
mne34169

## **Company Information**

### **The Company**

Nagel Liller A/S  
Handelsvej 28  
DK-5260 Odense

CVR No: 38 33 88 62  
Financial period: 16 January - 31 December  
Municipality of reg. office: Odense

### **Board of Directors**

Tobias Nagel, Chairman  
Ralf Heinz Sommer  
Erik Christensen

### **Executive Board**

Martin Ventker  
Kim Hedegaard Sørensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

# Financial Highlights

Seen over a one-year period, the development of the Company is described by the following financial highlights:

	<u>2017</u> TDKK
<b>Key figures</b>	
<b>Profit/loss</b>	
Revenue	409.980
Operating profit/loss	-28.273
Profit/loss before financial income and expenses	-28.273
Net financials	-460
Net profit/loss for the year	-28.733
<b>Balance sheet</b>	
Balance sheet total	91.424
Equity	-28.233
Investment in property, plant and equipment	945
Number of employees	239
<b>Ratios</b>	
Gross margin	28,3%
Profit margin	-6,9%
Return on assets	-30,9%
Solvency ratio	-30,9%
Return on equity	203,5%

For definitions, see under accounting policies.



# Management's Review

## Key activities

The Company's main activity comprises national logistics services with focus on especially temperature-controlled transportation for the food processing industry.

We moreover offer chilled and frozen storage, dry goods storage, re-usable packaging systems, analyses and consultancy services, etc.

## Development in the year

Revenue for the company's first nine months of operation reached DKK 410 million. The results for the first period year amounted to a negative result of 29 million DKK.

Nagel Liller A/S went live on april 1st 2017 as planned. The first year of operations has had its primary focus on delivering services of good quality to its customers but the consolidation of the operations of the three joint venture partners came with higher challenges than expected leading to a significantly lower gross profit margin than anticipated.

The main issues experienced are inadequate transparency in IT landscape such as transport planning across multiple distribution centers and controlling functions which led to higher direct spending and synergies could not have been lifted as planned. Fixed costs are however in line with expectations.

The shareholders have taken immediate actions to recover result and performance during 2018.

The results on ordinary activities are considered unsatisfactory. However, the commenced reconstruction of the company and its activities has been successfully initiated.

As a consequence of the negative result for 2017 the company holds an unlimited tax loss carry-forward which could be used in the future.

The shareholders have issued a letter of comfort in order to sustain Nagel Liller's continued operations.

## Statement of corporate social responsibility

The Nagel Danmark A/S Group endeavours to operate in a safe manner and wants to comply with legislation governing the areas in which we carry out our activities.

The Group has not adopted any specific CSR policy covering human rights and reduction of the environmental impact.

# **Management's Review**

## **Statement on gender composition**

When appointing candidates for the Board of Directors it is important that the candidates show a specific professional background and qualifications. It is moreover important that appointments are made with no regard to ethnicity, religious belief, political conviction, age or gender.

Especially in respect of gender representation we are attentive to increasing the female representation on the Board of Directors within the period 2018 2023. In order to reach this target we must ensure that employees and external partners are informed of our gender representation policy in future recruitment procedures.

Target until 2023: one female member on the Board of Directors.

At the moment Nagel Liller has no female representation on the Board of Directors. The main reason for not meeting the objective is due to reelection of the board.

## Income Statement 16 January - 31 December

	<u>Note</u>	<u>2017</u> TDKK
<b>Revenue</b>		<b>409.980</b>
Direct freight expenses		-272.920
Other external expenses		-20.954
<b>Gross profit/loss</b>		<b>116.106</b>
Staff expenses	3	-144.030
Depreciation, amortisation and impairment of property, plant and equipment		-349
<b>Profit/loss before financial income and expenses</b>		<b>-28.273</b>
Financial expenses	4	-460
<b>Profit/loss before tax</b>		<b>-28.733</b>
Tax on profit/loss for the year		0
<b>Net profit/loss for the year</b>		<b>-28.733</b>

# Balance Sheet 31 December

## Assets

	<u>Note</u>	<u>2017</u> TDKK
Other fixtures and fittings, tools and equipment		596
<b>Property, plant and equipment</b>	5	<b>596</b>
Other investments		23
Deposits		46
<b>Fixed asset investments</b>	6	<b>69</b>
<b>Fixed assets</b>		<b>665</b>
Raw materials and consumables		1.769
<b>Inventories</b>		<b>1.769</b>
Trade receivables		82.973
Receivables from associates		1.011
Other receivables		120
Prepayments		2.383
<b>Receivables</b>		<b>86.487</b>
<b>Cash at bank and in hand</b>		<b>2.503</b>
<b>Currents assets</b>		<b>90.759</b>
<b>Assets</b>		<b>91.424</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2017</u> TDKK
Share capital		500
Retained earnings		-28.733
<b>Equity</b>		<b>-28.233</b>
Credit institutions		5
Trade payables		57.986
Payables to group enterprises		23.887
Payables to associates		11.183
Other payables		26.596
<b>Short-term debt</b>		<b>119.657</b>
<b>Debt</b>		<b>119.657</b>
<b>Liabilities and equity</b>		<b>91.424</b>
Going concern	1	
Subsequent events	2	
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## Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 16 January	500	0	500
Net profit/loss for the year	0	-28.733	-28.733
<b>Equity at 31 December</b>	<b>500</b>	<b>-28.733</b>	<b>-28.233</b>

# Notes to the Financial Statements

## 1 Going concern

Management has initiated a number of measures with a view to strengthening and improving operations in 2018. Moreover, the Company's Parent Company has provided adequate financing for the Company to carry on its operations in the year ahead.

Consequently, the Annual Report has been prepared under the going concern assumption.

## 2 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## 3 Staff expenses

	<u>2017</u> TDKK
Wages and salaries	138.077
Pensions	3.651
Other social security expenses	1.083
Other staff expenses	1.219

144.030

**Including remuneration to the Executive Board and Board of Directors**

2.092

**Average number of employees**

239

## 4 Financial expenses

Interest paid to group enterprises	241
Interest paid to associates	43
Other financial expenses	176

460

## Notes to the Financial Statements

### 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Additions for the year	945
Cost at 31 December	<u>945</u>
Depreciation for the year	349
Impairment losses and depreciation at 31 December	<u>349</u>
<b>Carrying amount at 31 December</b>	<b><u>596</u></b>

### 6 Fixed asset investments

	Other investments <u>TDKK</u>	Deposits <u>TDKK</u>
Additions for the year	23	46
Cost at 31 December	<u>23</u>	<u>46</u>
<b>Carrying amount at 31 December</b>	<b><u>23</u></b>	<b><u>46</u></b>



# Notes to the Financial Statements

	2017 TDKK
<b>7 Distribution of profit</b>	
Retained earnings	-28.733
	<b>-28.733</b>

## 8 Contingent assets, liabilities and other financial obligations

### Contingent assets

Total unrecognised deferred tax assets amount to DKK 6.3 mio, hereof tax loss carry-forwards for which deferred tax assets have not been recognised in the income statement and balance sheet amount to DKK 6.3 mio.

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	22.667
Between 1 and 5 years	33.910
	<b>56.577</b>

### Other contingent liabilities

Payment guarantees totalling TDKK 5.800 have been provided through a credit institution.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Andreas Andresen Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 9 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Nagel Danmark A/S, Thorsvej 19, 6330 Padborg	Immediate Parent Company
<b>Other related parties</b>	
Nagel-Group SE & Co. KG, D-33775 Versmold	Ultimate Parent Company

### Consolidated Financial Statements

The company is included in the Consolidated Financial Statements of its parent company Andreas Andresen Holding ApS, CVR No 29 24 17 67.

Moreover, the company is included in the Consolidated Financial Statements of its ultimate parent company, Nagel-Group SE & Co. KG.

<u>Name</u>	<u>Place of registered office</u>
Nagel-Group SE & Co. KG	D-33775 Versmold, Germany

The Group Annual Report of Nagel-Group SE & Co. KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6  
D-33775 Versmold  
Germany

## 10 Fee to auditors appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the general meeting has been disclosed in the Consolidated Financial Statements of Andreas Andresen Holding ApS, Padborg, Denmark.

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of Nagel Liller A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Financial Statements for 2017 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Andreas Andresen Holding ApS, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Segment reporting

For competitive reasons, the exemption rule under section 96 of the Danish Financial Statements Act has been applied.

## Income Statement

### Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Direct freight expenses

Direct freight expenses comprise the transport costs etc. incurred to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of 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.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company Andreas Andresen Holding ApS and its subsidiaries. Andreas Andresen Holding ApS has been selected as the administrative company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 - 5	years
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Depreciation period and residual value are reassessed annually.

### **Impairment of fixed assets**

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### **Fixed asset investments**

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

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

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Financial Highlights

### Explanation of financial ratios

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