

# Kramp Danmark A/S

Kobbervej 6, DK-6900 Skjern

CVR no. 45 80 39 10

## Annual report 2018

Approved at the Company's annual general meeting on 29 May 2019

Chairman:

  
Herman Johan Schöken



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

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kramp Danmark A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Skjern, 29 May 2019  
Executive Board:



Birgitte Kloster

Allan Pedersen

Board of Directors:



Wessel Reinier Sløetjes  
Chairman



Birgitte Kloster

Allan Pedersen

Lars Emil Pedersen

Brian Dammark

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

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


In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Skjern, 29 May 2019  
Executive Board:


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Birgitte Kloster

  
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Allan Pedersen

Board of Directors:

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Wessel Reinier Sløetjes  
Chairman

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Birgitte Kloster

  
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Allan Pedersen

  
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Lars Emil Pedersen

  
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Brian Dammark

## Independent auditor's report

To the shareholder of Kramp Danmark A/S

### Opinion

We have audited the financial statements of Kramp Danmark A/S for the financial year 1 January - 31 December 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Herning, 29 May 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Niels J. Jørgensen  
State Authorised Public Accountant  
mne8217

## Management's review

### Company details

Name	Kramp Danmark A/S
Address, Postal code, City	Kobbervej 6, DK-6900 Skjern
CVR no.	45 80 39 10
Established	4 April 1945
Registered office	Ringkøbing-Skjern
Financial year	1 January - 31 December
Website	<a href="http://www.kramp.com">www.kramp.com</a>
Board of Directors	Wessel Reinier Sløetjes, Chairman Birgitte Kloster Allan Pedersen Lars Emil Pedersen Brian Dammark
Executive Board	Birgitte Kloster Allan Pedersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, 7400 Herning, Denmark

## Management's review

### Financial highlights

DKK'000	2018	2017	2016	2015	2014
<b>Key figures</b>					
Revenue	443,179	453,493	540,799	592,304	554,312
Gross margin	125,642	139,030	160,980	205,056	204,763
Profit before tax	20,769	22,166	33,826	44,957	80,524
<b>Profit/loss for the year</b>	<b>16,154</b>	<b>17,683</b>	<b>37,232</b>	<b>36,005</b>	<b>68,808</b>
<b>Balance sheet</b>					
Total assets	247,799	253,584	444,626	460,563	600,000
Investment in property, plant and equipment	8,768	2,013	3,017	7,419	26,617
Share capital	20,000	20,000	20,000	20,000	20,000
<b>Equity</b>	<b>112,613</b>	<b>95,525</b>	<b>264,280</b>	<b>326,825</b>	<b>438,677</b>
Non-current liabilities	45,904	49,566	56,050	48,134	51,391
Current liabilities	89,282	108,493	124,296	119,408	94,912
<b>Financial ratios</b>					
Operating margin	5.0%	5.4%	6.9%	7.6 %	8.3 %
Gross margin	28.4%	30.7%	29.8%	34.6%	36.9%
Current ratio	142.0%	120.3%	243.8%	243.6%	434.5%
Equity ratio	45.4%	37.7%	59.4%	71.0%	73.1%
Return on equity	15.5%	9.8%	12.6%	9.4%	22.3%
<b>Employees</b>					
Average number of employees	204	210	220	255	260

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.



## Management's review

### Business review

Kramp Danmark A/S' principal activity is sale of spare and wearing parts, technical articles and accessories for agriculture and industry. The activities are carried out from the distribution center in Skjern. Kramp Danmark A/S is a part of Kramp Group.

### Financial review

The Agricultural business was challenged by a long, cold winter, followed by a very dry and hot spring and summer. Developments in 2018 were positive in some of the adjacent market segments, and at the same time, also the electronic business developed positively.

The co-ordination of processes with the parent company Kramp Groep B.V. means that the company is constantly evolving and adapting so that it always appears strong and prepared to effectively capitalize on market opportunities.

Kramp Danmark A/S generated revenue in 2018 of DKK 443 million (2017: DKK 453 million), which is a decrease of 2.3% compared to 2017. Profit for the year amounted to DKK 16 million, which is considered satisfactory. At year-end, equity totaled DKK 113 million (2017: DKK 96 million).

### Knowledge resources

Being a commercial and service business, the company's most important resources are the knowledge and know-how of employees. It is therefore of the utmost importance to maintain and develop employee skills in terms of products and the market, but also to maintain and develop managerial skills.

Through the Kramp Academy, Kramp Danmark A/S provides a comprehensive internal and external training program covering all employee groups in the company. In addition hereto, individual training and development is being highly prioritized.

### Special risks

To the Management's discretion, no special risks apart from any generally occurring risks are incumbent on the company.

### Impact on the external environment

The company has no environmental heavy production, and therefore no special environmental measures have been implemented.

### Research and development activities

Since the company is predominantly selling commercial items, no actual research and development activities take place, but the company's range of products is being updated.

### Foreign branches

The company has no foreign branches.

## Management's review

### Statutory CSR report

#### Sustainability

Being a commercial and service company with more than 250 employees, Kramp Danmark A/S' main social and environmental impact is related to health, safety and development of the employees and to reduce the environmental and climate footprint from suppliers and distribution centers. Therefore, the majority of the company's sustainability related efforts are focused on these two areas.

#### Human Rights

##### *Policy*

Kramp Danmark A/S is committed to support and respect the internationally proclaimed human rights as specified in the international bill of human rights and the core labor conventions of the International Labour Organization (ILO).

The human rights work of the company focuses on supply chain management, as this area poses the highest risk of negatively affecting human rights.

##### *Risk, actions and results*

The main risk of potentially violating human rights is considered to be within the supply chain of Kramp Danmark A/S. To minimize risks related to human rights, environmental conditions and corruption of suppliers, Kramp has developed a Code of Conduct that all suppliers must comply with. The Code of Conduct is a part of the standard supplier agreement.

In 2018 Kramp Danmark A/S has continued the process of sending the Code of Conduct to new suppliers. All of Kramp Danmark A/S' suppliers have received Kramp's Code of Conduct and 4.2% have signed the Code of Conduct.

#### Social & Labor Conditions

##### *Policy*

The employees in the company are the most important asset. Therefore, Kramp Danmark A/S is committed to support a safe and healthy work environment with reduced risk of work-related accidents and injuries. Furthermore, the company is convinced, that a high degree of diversity in management, sales, production, and development functions will create commercial, professional and social value. Working to increase diversity related to gender, age and cultural backgrounds at all levels in the organization is therefore also a focus area.

##### *Risk, actions and results*

Kramp Danmark A/S' main risks related to social and labor conditions are assessed to be related to the distribution centers where there is a risk of work related accidents. To handle this risk and ensure systematic work to reduce the risk of occupational accidents, Kramp Danmark A/S has in 2018 established a working group focusing on nearby incidents. The company has a target of zero accidents and focuses on learning from nearby incidents to prevent future accidents. In 2018, Kramp Danmark A/S launched several new security initiatives, including focus on lifting techniques and courses to raise awareness of handling of chemicals and spillage. Emergency eyewash stations and information regarding handling of chemical spillages are now placed several places in the buildings.

#### Climate

##### *Policy and risk*

As a commercial and service company, Kramp Danmark A/S is aware of the natural footprint on the climate through its business activities. However, the company strives to minimize its climate impact by optimizing its energy efficiency and reducing CO<sub>2</sub> emissions from own operations.

##### *Actions and results*

## Management's review

Kramp Danmark A/S has an ongoing focus on improvement projects, which has helped to reduce the environmental impact of business activities. In 2018, electric forklifts have replaced all diesel forklifts. As a result, all forklifts at the distribution centers are now running on electricity. Furthermore, the new building and the new storage both have LED lights installed. Temperatures in the building are regulated according to the various stored products, making it possible to keep temperatures low. This has led to reduced energy consumption of the company.

### Environment

#### *Policy and risk*

Kramp Danmark A/S strives to minimize its environmental footprint through a continuous focus on resource optimization in the distribution centers and operations. The environmental work focuses on waste handling processes as this is believed to be the area with the largest risk of negatively impacting the environment.

#### *Actions and results*

The company continuously works on minimizing waste and optimizing waste handling processes. In 2018, new machines and initiatives made it possible to sort and recycle all paper at the distribution centers. This is also the case with metals, where all metals are sorted and recycled.

### Anti-corruption

#### *Policy and risk*

Kramp Danmark A/S is committed to uphold a high degree of business ethics in all markets in which the company operates. This includes working against corruption in all its forms. Expectations regarding anti-corruption are specified in the Code of Conduct for employees, which all employees are expected to be familiar with and comply with. Employees do not receive payment, gifts or other forms of reimbursement from third parties that may affect or raise doubts about impartiality in connection with business decisions.

#### *Actions and results*

In Kramp Danmark A/S, the primary risks of corruption and unethical business conduct are considered to be within procurement, sales and logistics functions. This is mainly due to the on-going business activities of these functions, which require close contact with suppliers, customers, etc. To ensure that employees work out of Kramp Danmark A/S' principles, the company has an anti-corruption policy in the Code of Conduct as well as a reporting setup where employees can report behavior that does not comply with the Code of Conduct. The Code of Conduct is handed out to new employees during the onboarding process.

In 2018, a new initiative has been launched to actively communicate the content of the Code of Conduct to all employees. This is done using information screens and newsletters and is expected to continue in 2019.

No breaches with the Code of Conduct has been identified in 2018.

## Management's review

### Account of the gender composition of Management

The company has fixed a gender composition target to maintain at least one of each gender among the members of the board of directors elected by the general meeting.

Today, there are three members of the board of directors elected by the general meeting. One is female, and the target is thereby met. The same applies to the company's management team, to which a female logistics director was appointed in 2015. The management team is composed by two people. In 2018, the proportion of female members was 50%, which is above the company's target of 33%. The 33% share will be maintained through both internal management development programs and by focusing on this in connection with external recruitments.

### Events after the balance sheet date

The financial year 2019 has until now developed according to plan, and the management is not aware of events occurring after the balance sheet date, which are expected to have material impact on the company's financial position or outlook.

### Outlook

2019 will be a year of moderate growth in all segments for the company. Growth and profitability will be maintained and developed by continuous improvement focus, and by optimizing the company's warehouse facilities and exploiting synergies within the group.

For 2019, we expect an increase in sales and profit.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2018	2017
2	<b>Revenue</b>	443,179	453,493
	Cost of sales	-273,711	-269,365
3	Other operating income	1,240	257
	Other external expenses	-45,066	-45,355
	<b>Gross margin</b>	125,642	139,030
4	Staff costs	-91,897	-93,454
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-11,756	-21,312
	<b>Profit before net financials</b>	21,989	24,264
5	Financial income	2,217	618
6	Financial expenses	-3,437	-2,716
	<b>Profit before tax</b>	20,769	22,166
7	Tax for the year	-4,615	-4,483
	<b>Profit for the year</b>	16,154	17,683

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
8	<b>Intangible assets</b>		
	Acquired intangible assets	1,476	1,516
		<u>1,476</u>	<u>1,516</u>
9	<b>Property, plant and equipment</b>		
	Land and buildings	86,117	82,672
	Plant and machinery	30,064	36,347
	Fixtures and fittings, other plant and equipment	3,342	2,524
		<u>119,523</u>	<u>121,543</u>
	<b>Total non-current assets</b>	<u>120,999</u>	<u>123,059</u>
	<b>Current assets</b>		
11	<b>Receivables</b>		
	Trade receivables	60,892	73,769
	Receivables from group enterprises	58,971	51,478
	Corporation tax receivable	1,790	0
	Other receivables	376	1,007
10	<b>Prepayments</b>	1,643	1,135
		<u>123,672</u>	<u>127,389</u>
	<b>Cash</b>	3,128	3,136
	<b>Total current assets</b>	<u>126,800</u>	<u>130,525</u>
	<b>TOTAL ASSETS</b>	<u><u>247,799</u></u>	<u><u>253,584</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	20,000	20,000
	Other reserves	-4,889	-5,823
	Retained earnings	57,502	81,348
	Dividend proposed	40,000	0
	<b>Total equity</b>	<b>112,613</b>	<b>95,525</b>
13	<b>Non-current liabilities</b>		
14	Deferred tax	11,613	10,662
	Mortgage debt	34,291	38,904
	<b>Total non-current liabilities</b>	<b>45,904</b>	<b>49,566</b>
	<b>Current liabilities</b>		
	Mortgage debt	4,666	4,695
	Bank debt	21,607	13,142
	Trade payables	31,715	30,579
	Payables to group enterprises	7,037	28,188
	Joint taxation contribution payable	0	570
	Other payables	24,257	31,319
	<b>Total current liabilities</b>	<b>89,282</b>	<b>108,493</b>
	<b>Total liabilities</b>	<b>135,186</b>	<b>158,059</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>247,799</b>	<b>253,584</b>

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Currency and interest rate risks
- 18 Related parties
- 19 Fee to the auditors appointed by the Company in general meeting



## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Other reserves	Retained earnings	Dividend proposed	Total
		20,000	-7,185	251,464	0	264,279
		0	0	-47,799	0	-47,799
20		0	0	17,683	0	17,683
		0	1,362	0	0	1,362
		0	0	-140,000	0	-140,000
		20,000	-5,823	81,348	0	95,525
20		0	0	-23,846	40,000	16,154
		0	934	0	0	934
		20,000	-4,889	57,502	40,000	112,613

Proposed extraordinary dividend recognised under equity

Equity at 1 January 2018

Transfer, see "Appropriation of profit"

Other value adjustments of equity

Equity at 31 December 2018



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kramp Danmark A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large 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 has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company KRAMP Groep B.V.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

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

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

##### Income statement

##### Revenue

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

Income from the sale of goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

##### Other operating income

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

##### 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.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Acquired intangible assets	3-5 years
Buildings	25-50 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	3-7 years
Installations	7-10 years

Land is not depreciated.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

The company is covered by the Danish rules on mandatory joint taxation of the Danish subsidiaries in the Kramp group. Consolidated entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

Kramp Danmark acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

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

##### Balance sheet

##### Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

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

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of non-current assets

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

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

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

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

##### Receivables

Receivables are measured at amortised cost.

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

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

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

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

##### Cash

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *Proposed dividends*

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

##### Income taxes

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

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

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

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

##### Liabilities

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

Other liabilities are measured at net realisable value.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

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

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2018	2017
<b>2 Segment information</b>		
<b>Breakdown of revenue by business segment:</b>		
Sale of goods and service, agro	301,785	310,174
Sale of goods and services, industry	141,394	143,319
	443,179	453,493
<b>Breakdown of revenue by geographical segment:</b>		
Sale of goods and services, Denmark	438,577	448,881
Sale of goods and service, abroad	4,602	4,612
	443,179	453,493
<b>3 Other operating income</b>		
Other operating income includes gains on the sale of fixed assets , rental income and re-invoicing of IT costs and administration fees to group entities.		
In addition, the item includes income from the lease of the Company's property to external lessees.		
DKK'000	2018	2017
<b>4 Staff costs</b>		
Wages/salaries	82,835	84,759
Pensions	6,918	6,707
Other social security costs	2,144	1,988
	91,897	93,454
Average number of full-time employees	204	210
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
DKK'000	2018	2017
<b>5 Financial income</b>		
Interest receivable, group entities	1,947	320
Other financial income	270	298
	2,217	618
<b>6 Financial expenses</b>		
Interest expenses, group entities	654	0
Other financial expenses	2,783	2,716
	3,437	2,716

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000		2018	2017		
<b>7</b>	<b>Tax for the year</b>				
	Estimated tax charge for the year	3,664	6,324		
	Deferred tax adjustments in the year	951	-1,841		
		<u>4,615</u>	<u>4,483</u>		
<b>8</b>	<b>Intangible assets</b>				
DKK'000			Acquired intangible assets		
	Cost at 1 January 2018		45,999		
	Additions		928		
	Cost at 31 December 2018		<u>46,927</u>		
	Impairment losses and amortisation at 1 January 2018		44,483		
	Amortisation for the year		968		
	Impairment losses and amortisation at 31 December 2018		<u>45,451</u>		
	<b>Carrying amount at 31 December 2018</b>		<u>1,476</u>		
<b>9</b>	<b>Property, plant and equipment</b>				
DKK'000					
		Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
	Cost at 1 January 2018	125,660	132,526	24,201	282,387
	Additions	6,568	471	1,729	8,768
	Disposals	0	-51	0	-51
	Cost at 31 December 2018	<u>132,228</u>	<u>132,946</u>	<u>25,930</u>	<u>291,104</u>
	Impairment losses and depreciation at 1 January 2018	42,988	96,179	21,677	160,844
	Depreciation	3,123	6,754	911	10,788
	Reversal of accumulated depreciation and impairment of assets disposed	0	-51	0	-51
	Impairment losses and depreciation at 31 December 2018	<u>46,111</u>	<u>102,882</u>	<u>22,588</u>	<u>171,581</u>
	<b>Carrying amount at 31 December 2018</b>	<u>86,117</u>	<u>30,064</u>	<u>3,342</u>	<u>119,523</u>

Note 16 provides more details on security for loans, etc. as regards property, plant and equipment.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Prepayments

Prepayments include accrual of marketing (547 t.kr.), insurances (143 t.kr.) and other expenses relating to subsequent financial years.

#### 11 Receivables

Out of the Company's total receivables, trade receivables totalling DKK 0,- and other receivables totalling m.DKK 0,- fall due for payment after more than one year after the balance sheet date.

#### 12 Share capital

All shares are ranked equally.

The Company's share capital has remained DKK 20,000 thousand over the past 5 years.

#### 13 Non-current liabilities

DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	11,613	0	11,613	0
Mortgage debt	38,957	4,666	34,291	16,187
	<u>50,570</u>	<u>4,666</u>	<u>45,904</u>	<u>16,187</u>

DKK'000	2018	2017
<b>14 Deferred tax</b>		
Deferred tax at 1 January	10,662	12,502
Adjustment for the year of deferred tax	951	-1,840
<b>Deferred tax at 31 December</b>	<u>11,613</u>	<u>10,662</u>
Deferred tax relates to:		
Intangible assets	325	333
Property, plant and equipment	11,311	10,354
Liabilities	-23	-25
	<u>11,613</u>	<u>10,662</u>

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

##### Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 62 thousand in interminable rent agreements with remaining contract terms of 3 months. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 4,554 thousand, with remaining contract terms of 1-5 years. DKK 2,213 thousand is due within a year from the balance date.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 16 Collateral

As security for the Company's debt to mortgage, Land and buildings at a carrying amount of DKK 86.1 million at 31 December 2018 have been put up as security for debt to mortgage credit institutions, totalling DKK 39.0 million.

The company has provided a guarantee of payment for Kramp Groep B.V.'s bank engagement limited to EUR 40 million.

#### 17 Currency and interest rate risks

##### Interest rate risks

The Group hedges interest rate risks through interest rate swaps whereby floating interest payments are rescheduled into fixed interest payments.

The fair value of the interest swap is DKK 6,268 thousand at balance date, the tax effect hereof is DKK 1,379 thousand, the principal amount is DKK 33,002 thousand. The value adjustment recognised in equity is DKK 4,889 thousand.

#### 18 Related parties

Kramp Danmark A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Kramp Groep B.V.	Breukelaarweg 33, NL-7050 AA Varsseveld, Netherlands	Ultimate parent company

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kramp Groep B.V.	Breukelaarweg 33, NL-7050 AA Varsseveld, Netherlands	For the consolidated financial statement contact KRAMP Danmark A/S

##### Related party transactions

Kramp Danmark A/S was engaged in the below related party transactions:

DKK'000	2018	2017
Purchase of goods from group enterprises	-249,660	-270,073
Fees paid to group enterprises	-27,928	-55
Fees sold to group enterprises	1,104	723
Financial expenses paid to group enterprises	-1,947	0
Financial expenses received from group enterprises	654	503
Payables to group enterprises	-7,037	-28,757
Receivables from group enterprises	58,971	51,478

**Financial statements 1 January - 31 December****Notes to the financial statements****19 Fee to the auditors appointed by the Company in general meeting**

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act.  
The fee is specified in the consolidated financial statements for KRAMP Group B.V.

DKK'000	<u>2018</u>	<u>2017</u>
<b>20 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Proposed dividend recognised under equity	40,000	0
Extraordinary dividend distributed in the year	0	140,000
Retained earnings/accumulated loss	-23,846	-122,317
	<u>16,154</u>	<u>17,683</u>