

# Kramp Danmark A/S

Kobbervej 6, DK-6900 Skjern

CVR no. 45 80 39 10

## Annual report 2017

Approved at the Company's annual general meeting on 31 May 2018

Chairman:

  
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Christian Grewy Kattenhøj





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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 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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

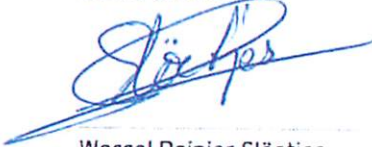
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Skjern, 13 April 2018  
Executive Board:

Carsten Thygesen

Board of Directors:



Wessel Reinier Sløetjes  
Chairman



Carsten Thygesen



Allan Pedersen



Birgitte Kloster



Brian Dammark



Lars Emil Pedersen

## 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 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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.
- ▶ 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.

## Independent auditor's report

- ▶ 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, 13 April 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Niels J. Jørgensen  
State Authorised Public Accountant  
MNE no.: 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 Carsten Thygesen Allan Pedersen Birgitte Kloster Brian Dammark Lars Emil Pedersen
Executive Board	Carsten Thygesen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, 7400 Herning, Denmark

## Management's review

### Financial highlights

DKK'000	2017	2016	2015	2014	2013
<b>Key figures</b>					
Revenue	453,493	540,799	592,304	554,312	538,498
Gross margin	139,030	160,980	205,056	204,763	181,312
Profit from continuing operations before tax	22,166	33,826	44,957	80,524	40,691
Profit/loss for the year	17,683	37,232	36,005	68,808	32,327
<b>Balance sheet</b>					
Total assets	253,561	444,626	460,563	600,000	390,510
Share capital	20,000	20,000	20,000	20,000	20,000
Equity	95,526	264,280	326,825	438,677	177,440
Non-current liabilities	49,566	56,050	48,134	51,391	53,376
Current liabilities	108,469	124,296	119,408	94,912	149,228
<b>Financial ratios</b>					
Operating margin	5.4%	6.9%	7.6%	8.3 %	8.3 %
Gross margin	30.7%	29.8%	34.6%	36.9%	33.7%
Current ratio	120.3%	243.8%	243.6%	434.5%	155.3%
Solvency ratio	37.7%	59.4%	71.0%	73.1%	45.4%
Return on equity	9.8%	12.6%	9.4%	22.3%	18.2%
<b>Average number of employees</b>					
Average number of employees	210	220	255	260	265

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.

### Significant changes in the company's activities and financial position

At 1st January 2017 the inventory was sold to the parent company at book value. Furthermore, the risk on trade receivables was also transferred to the parent company.

At 1st January 2017 the activity "supply of customized solutions for the wind turbine industry" was demerged from the company, and transferred merged into the sister company Grene Wind Industry Supplies A/S.

### Financial review

Despite of continued difficult market conditions especially in the Agri market, developments in 2017 were positive in the main market segments Agri and Industry, and the company generated a moderate growth.

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 2017 of DKK 453 million (2016: DKK 451 million excluding intercompany revenue), which is an increase of 0.5 % compared to 2016. Profit for the year amounted to DKK 18 million, which is considered satisfactory. At year-end, equity totaled DKK 96 million (2016: DKK 264 million).

In connection with the sale of inventory and transferal of risks to the parent company, a new group agreement regarding the company's EBIT was concluded. The effect of this agreement is the main reason for the development in profit compared to previous years.

### 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. Effective from 1st January 2017, inventories and the risk of bad debts were transferred to the parent 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

In regard to statutory compliance for social responsibility i.e. §99a, KRAMP DANMARK A/S has no policies on corporate social responsibility, including climate, environment and human rights.

### 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 is one female member of the board of directors of KRAMP DANMARK A/S, 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 three people. In 2017, the proportion of female members was 33%, which is also the company's target. 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 2018 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

2018 will be a year of moderate growth for the company with Danish agriculture on its way out of the crisis. Growth and profitability will be maintained and developed by continuing to optimize the company's warehouse facilities and exploiting synergies within the group.

For 2018, we expect an increase in sales and a profit in line with 2017.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2017	2016
2	Revenue	453,493	540,799
	Cost of sales	-269,365	-343,504
3	Other operating income	257	11,612
	Other external expenses	-45,355	-47,927
	<b>Gross margin</b>	<b>139,030</b>	<b>160,980</b>
4	Staff costs	-93,454	-97,014
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-21,312	-26,816
	<b>Profit before net financials</b>	<b>24,264</b>	<b>37,150</b>
	Income from investments in group enterprises	0	711
5	Financial income	618	202
6	Financial expenses	-2,716	-4,237
	<b>Profit from continuing operations before tax</b>	<b>22,166</b>	<b>33,826</b>
7	Tax for the year	-4,483	-7,231
	<b>Profit for the year from continuing operations</b>	<b>17,683</b>	<b>26,595</b>
7.8	Profit/loss after tax from discontinued operations	0	10,637
	<b>Profit for the year</b>	<b>17,683</b>	<b>37,232</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2017	2016
	<b>ASSETS</b>		
	Non-current assets		
9	Intangible assets		
	Acquired intangible assets	1,516	10,116
		<u>1,516</u>	<u>10,116</u>
10	Property, plant and equipment		
	Land and buildings	82,672	84,970
	Plant and machinery	36,347	43,596
	Fixtures and fittings, other plant and equipment	2,524	2,968
		<u>121,543</u>	<u>131,534</u>
	<b>Total non-current assets</b>	<u>123,059</u>	<u>141,650</u>
	<b>Current assets</b>		
	Inventories		
	Finished goods and goods for resale	0	153,224
		<u>0</u>	<u>153,224</u>
	Receivables		
	Trade receivables	74,578	68,994
	Receivables from group enterprises	51,478	17,864
	Other receivables	854	3,734
11	Prepayments	456	150
		<u>127,366</u>	<u>90,742</u>
	<b>Cash</b>	<u>3,136</u>	<u>3,151</u>
8	Assets relating to discontinued operations	0	55,859
	<b>Total current assets</b>	<u>130,502</u>	<u>302,976</u>
	<b>TOTAL ASSETS</b>	<u>253,561</u>	<u>444,626</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2017	2016
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	20,000	20,000
	Other reserves	-5,823	-7,185
	Retained earnings	81,349	251,465
	Dividend proposed	0	0
	<b>Total equity</b>	<b>95,526</b>	<b>264,280</b>
13	<b>Non-current liabilities</b>		
14	Deferred tax	10,662	12,502
	Mortgage debt	38,904	43,548
	<b>Total non-current liabilities</b>	<b>49,566</b>	<b>56,050</b>
	<b>Current liabilities</b>		
	Mortgage debt	4,695	4,625
	Bank debt	13,142	27,876
	Trade payables	30,579	21,815
	Payables to group enterprises	28,188	23,126
	Joint taxation contribution payable	570	8,158
	Other payables	30,739	29,142
	Deferred income	556	1,494
8	Liabilities relating to discontinued operations	0	8,060
	<b>Total current liabilities</b>	<b>108,469</b>	<b>124,296</b>
	<b>Total liabilities</b>	<b>158,035</b>	<b>180,346</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>253,561</b>	<b>444,626</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
	Equity at 1 January 2016	20,000	0	214,233	0	234,233
20	Transfer, see "Appropriation of profit"	0	0	37,232	249,000	286,232
	Other value adjustments of equity	0	-7,185	0	0	-7,185
	Dividend distributed	0	0	0	-249,000	-249,000
	<b>Equity at 1 January 2017</b>	<b>20,000</b>	<b>-7,185</b>	<b>251,465</b>	<b>0</b>	<b>264,280</b>
	Disposals on demerger/corporate sale	0	0	-47,799	0	-47,799
20	Transfer, see "Appropriation of profit"	0	0	17,683	0	17,683
	Other value adjustments of equity	0	1,362	0	0	1,362
	Proposed extraordinary dividend recognised under equity	0	0	-140,000	0	-140,000
	<b>Equity at 31 December 2017</b>	<b>20,000</b>	<b>-5,823</b>	<b>81,349</b>	<b>0</b>	<b>95,526</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kramp Danmark A/S for 2017 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

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

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 or losses 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.

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.

##### Discontinued operations

Assets relating to discontinued operations comprise non-current assets expected to be sold in connection with the discontinued operations and disposal groups, which are defined as a group of assets which are to be disposed of together as a group in a single transaction. Liabilities associated with assets relating to discontinued operations are liabilities directly associated with these assets and which are to be transferred in the transaction. Assets are classified as assets relating to discontinued operations where Management has drawn up a formal plan to sell, close down or abandon the operations concerned and the relevant assets and liabilities can be separated from the continuing operations.

Where the residual amount of assets classified as discontinued operations exceeds the carrying amount, no further amortisation/depreciation charges are recognised.

## 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

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

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

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
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	2017	2016
<b>2 Segment information</b>		
Sale of goods and service, agro	310,174	311,003
Sale of goods and services, industry	143,319	140,229
Sale of goods and services, intercompany	0	89,567
	<u>453,493</u>	<u>540,799</u>

#### Breakdown of revenue by geographical segment:

Sale of goods and services, Denmark	448,881	451,095
Sale of goods and service, abroad	4,612	89,704
	<u>453,493</u>	<u>540,799</u>

### 3 Other operating income

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.

The item includes compensation from consequential loss insurance due to fire damage.

DKK'000	2017	2016
<b>4 Staff costs</b>		
Wages/salaries	84,759	87,762
Pensions	6,707	7,119
Other social security costs	1,988	2,133
	<u>93,454</u>	<u>97,014</u>
Average number of full-time employees	<u>210</u>	<u>220</u>

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

DKK'000	2017	2016
<b>5 Financial income</b>		
Interest receivable, group entities	320	0
Other financial income	298	202
	<u>618</u>	<u>202</u>
<b>6 Financial expenses</b>		
Interest expenses, group entities	0	999
Other financial expenses	2,716	3,238
	<u>2,716</u>	<u>4,237</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2017	2016
<b>7 Tax for the year</b>		
Estimated tax charge for the year	6,324	12,059
Deferred tax adjustments in the year	-1,841	-1,828
	<u>4,483</u>	<u>10,231</u>

Specified as follows:

Tax on continuing operations	4,483	7,231
Tax on discontinued operations, see note 8	0	3,000
	<u>4,483</u>	<u>10,231</u>

### 8 Profit from discontinued operations

The Company have executed a demerger of the activity "wind" effective at 1 January 2017. The net assets transferred were recognised on the balance sheet at 31 December 2016 as discontinuing operation.

Profit from the discontinued operations after tax was recognised as a separate line item in the income statement for 2016.

Profit from discontinued operations is broken down on main items below:

DKK'000	2017	2016
Revenue	0	80,477
Expenses	0	-68,446
Financial income and expenses	0	1,606
Profit before tax	0	13,637
Tax on profit/loss	0	-3,000
<b>Profit after tax from discontinued operations</b>	<u>0</u>	<u>10,637</u>

### 9 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2017	45,181
Additions	818
Cost at 31 December 2017	<u>45,999</u>
Impairment losses and amortisation at 1 January 2017	35,065
Amortisation for the year	9,418
Impairment losses and amortisation at 31 December 2017	<u>44,483</u>
<b>Carrying amount at 31 December 2017</b>	<u>1,516</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2017	124,938	131,967	23,856	280,761
Additions	722	669	622	2,013
Disposals on demerger and sale of other enterprise	0	-110	-277	-387
Cost at 31 December 2017	125,660	132,526	24,201	282,387
Impairment losses and depreciation at 1 January 2017	39,968	88,371	20,888	149,227
Depreciation	3,020	7,808	1,066	11,894
Depreciation and impairment of disposals	0	0	-277	-277
Impairment losses and depreciation at 31 December 2017	42,988	96,179	21,677	160,844
Carrying amount at 31 December 2017	82,672	36,347	2,524	121,543

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

#### 11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

#### 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 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	10,662	0	10,662	0
Mortgage debt	43,599	4,695	38,904	20,767
	54,261	4,695	49,566	20,767

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2017	2016
<b>14 Deferred tax</b>		
Deferred tax at 1 January	12,502	14,330
Adjustment for the year of deferred tax	-1,840	-1,828
<b>Deferred tax at 31 December</b>	10,662	12,502
Deferred tax relates to:		
Intangible assets	333	2,226
Property, plant and equipment	10,354	10,183
Receivables	0	-15
Inventories	0	136
Liabilities	-25	-28
	10,662	12,502

### 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 6,584 thousand, with remaining contract terms of 1-5 years. DKK 2,566 thousand is due within a year from the balance date.

### 16 Collateral

As security for the Company's debt to mortgage, Land and buildings at a carrying amount of DKK 82.7 million at 31 December 2017 have been put up as security for debt to mortgage credit institutions, totalling DKK 44.1 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 7,465 thousand at balance date, the tax effect hereof is DKK 1,642 thousand, the principal amount is DKK 36,492 thousand. The value adjustment recognised in equity is DKK 5,823 thousand.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 18 Related parties

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

##### Parties exercising control

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

##### Information about consolidated financial statements

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

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

#### 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>2017</u>	<u>2016</u>
20 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	140,000	0
Retained earnings/accumulated loss	-122,317	37,232
	<u>17,683</u>	<u>37,232</u>