Varimixer A/S

Kirkebjerg Søpark 6, 2605 Brøndby

CVR no. 73 31 44 10

Annual report 2019

Approved at the Company's annual general meeting on 12 March 2020

Chairman:

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The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

Building a better working world

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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 Varimixer A/S for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

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

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

Brøndby, 12 March 2020
Executive Board:

Jan Kristian Zimmermann

Board of Directors:

Rolf Peter Larsson Chairman	Timothy John Fitzgerald	Martin McKay Lindsay
Jan Kristian Zimmermann	Paw Søe	Jesper Holmegaard Olsen
Mickael Silberg Jensen		

Independent auditor's report

To the shareholders of Varimixer A/S

Opinion

We have audited the financial statements of Varimixer A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Aarhus, 12 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lone N. Eskildsen

Lone Nørgaard Eskildsen
State Authorised Public Accountant
mne32085

Management's review

Company details

Name	Varimixer A/S
Address, Postal code, City	Kirkebjerg Søpark 6, 2605 Brøndby
CVR no.	73 31 44 10
Established	26 August 1983
Registered office	Brøndby
Financial year	1 January - 31 December
Website	www.varimixer.com
Telephone	+45 43 44 22 58
Board of Directors	Rolf Peter Larsson, Chairman Timothy John Fitzgerald Martin McKay Lindsay Jan Kristian Zimmermann Paw Søe Jesper Holmegaard Olsen Mickael Silberg Jensen
Executive Board	Jan Kristian Zimmermann
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	Nordea Swedbank

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	128,529	127,793	129,535	124,212	131,940
Operating profit/loss	21,160	20,109	18,238	14,536	17,966
Net financials	-242	330	-1,559	-198	-658
Profit for the year	16,248	15,935	12,973	11,336	13,214
Total assets	74,246	81,902	70,843	74,231	76,324
Equity	46,754	60,506	44,571	42,597	31,261
Cash flows from operating activities	481	18,923	21,859	16,623	11,047
Investment in property, plant and equipment	-1,644	-586	-1,195	-1,166	-1,056
Cash flows from financing activities	-2,746	-16,436	-17,706	-12,463	-9,664
Total cash flows	-3,909	1,901	2,955	2,994	327
Financial ratios					
Return on assets	27.1%	26.3%	25.1%	19.3%	24.6%
Equity ratio	63.0%	73.9%	62.9%	57.4%	41.0%
Return on equity	30.3%	30.3%	29.8%	30.7%	45.3%
Average number of employees	57	56	58	58	57

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

The figures have not been restated for the effect of the implementation of IFRS 15 and IFRS 16 and are therefore not comparable.

Management's review

Business review

Varimixer A/S is a production company which develops, produces and brands a complete program of industrial mixers under the brand BEAR Varimixer and Teddy.

BEAR Varimixer mixers are used for kneading, whipping and stirring of a wide range of products within the catering sector and the bakery sector. The mixers are also used in supermarkets, butcher shops, industrial bakeries, industrial food companies as well as laboratories within chemical and mechanical industries.

Varimixer A/S markets its products world wide. Of total production, the majority is sold to export markets on all continents. The Company markets its products through local dealers.

Financial review

The income statement for 2019 shows a profit of DKK 16,248 thousand against a profit of DKK 15,935 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 46,754 thousand. In 2019, the Company implemented IFRS 15 and 16, which have had no impact on the profit for the year.

The Company's net profit has been at a satisfactory level.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

Outlook

The Company's revenue for 2020 is expected to increase by approx. 8 % due to the continued growth in the Company's markets in Northern America and Asia. On this basis, a profit in the range of DKK 16-18 million is expected for 2020. The expectations are based on the assumption that the exchange rates for the currencies to which the Company is exposed will remain unchanged.

Cash generated from operations in 2020 is expected to be positive as a result of the expected profit growth.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Revenue	128,529	127,793
11	Production costs	-89,037	-88,356
	Gross profit	39,492	39,437
11	Distribution costs	-9,085	-9,612
11	Administrative costs	-9,247	-9,716
	Operating profit	21,160	20,109
2	Financial income	192	625
3	Financial expenses	-434	-295
	Profit before tax	20,918	20,439
4	Tax for the year	-4,670	-4,504
	Profit for the year	16,248	15,935

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	5,526	5,542
	Plant and machinery	2,504	3,135
	Fixtures and fittings, other plant and equipment	2,292	1,986
	Right-of-use assets	936	0
		11,258	10,663
	Total fixed assets	11,258	10,663
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	25,601	19,911
	Work in progress	726	675
	Finished goods and goods for resale	2,225	2,739
		28,552	23,325
	Receivables		
	Trade receivables	25,039	16,776
	Receivables from group enterprises	251	15,896
	Other receivables	107	2,383
6	Prepayments	354	265
		25,751	35,320
	Cash	8,685	12,594
	Total non-fixed assets	62,988	71,239
	TOTAL ASSETS	74,246	81,902

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	10,000	10,000
	Retained earnings	26,754	20,506
	Dividend proposed	10,000	30,000
	Total equity	46,754	60,506
	Provisions		
	Provisions for pensions and similar liabilities	629	625
8	Deferred tax	1,437	1,476
10	Other provisions	500	1,000
	Total provisions	2,566	3,101
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Lease liabilities	530	0
	Other payables	1,189	0
		1,719	0
	Current liabilities other than provisions		
9	Short-term part of long-term liabilities other than provisions	435	0
	Trade payables	4,188	9,556
	Payables to group enterprises	13,426	1,347
	Corporation tax payable	242	220
	Other payables	4,798	6,775
	Deferred income	118	397
		23,207	18,295
	Total liabilities other than provisions	24,926	18,295
	TOTAL EQUITY AND LIABILITIES	74,246	81,902

1 Accounting policies
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Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2019	10,000	20,506	30,000	60,506
	Adjustment of equity through changes in accounting policies	0	0	0	0
	Adjusted equity at 1 January 2019	10,000	20,506	30,000	60,506
15	Transfer, see "Appropriation of profit"	0	6,248	10,000	16,248
	Dividend distributed	0	0	-30,000	-30,000
	Equity at 31 December 2019	10,000	26,754	10,000	46,754

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2019	2018
	Profit for the year	16,248	15,935
16	Adjustments	6,856	5,771
	Cash generated from operations (operating activities)	23,104	21,706
17	Changes in working capital	-17,738	3,044
	Cash generated from operations (operating activities)	5,366	24,750
	Interest received, etc.	192	625
	Interest paid, etc.	-390	-295
	Income taxes paid	-4,687	-6,157
	Cash flows from operating activities	481	18,923
	Additions of property, plant and equipment	-1,644	-586
	Cash flows to investing activities	-1,644	-586
	Dividends paid	-30,000	0
	Proceeds of debt, group entities	27,724	-16,436
	Other cash flows from financing activities	-470	0
	Cash flows from financing activities	-2,746	-16,436
	Net cash flow	-3,909	1,901
	Cash and cash equivalents at 1 January	12,594	10,693
18	Cash and cash equivalents at 31 December	8,685	12,594

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Varimixer A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in accounting policies

As from 1 January 2019, Varimixer A/S adopted the following new accounting standards:
- IFRS 16 Leases
- IFRS 15 Revenue from Contracts with Customers

IFRS 16 - Leases:

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Under the new accounting standard, the right of use of leased assets must be recognised as an asset in the balance sheet, while the corresponding lease liability must be recognised in interest-bearing debt. Lease payments are broken down in the income statement into a depreciation component and an interest component. As a result, operating profit before depreciation (EBITDA) will improve by the amount of the lease payment, while depreciation charges will increase by the amount of the estimated depreciation component and financial expenses will increase by the estimated interest component.

Varimixer A/S adopted IFRS 16 using the modified retrospective method, with the date of initial application of 1 January 2019. Therefore, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at the date of initial application. Varimixer A/S decided to use the transition practical expedient to not reassess whether existing contracts are, or contain, leases, as defined under IFRS 16 (IFRS 16.C3) at the date of initial application.

The practical expedient method is applied to all contracts ongoing at the date of initial application 1 January 2019. Instead, Varimixer A/S applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Varimixer A/S also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

For the year ended 31 December 2019, adoption of IFRS 16 had the following impact:
- Varimixer A/S has initially recognised right-of-use assets of DKK 1,362 thousand and lease liabilities of DKK 1,362 thousand as of 1 January 2019. The cumulative effect on retained earning is therefore DKK 0 as of 1 January 2019.
- Depreciation expense increased due to recognised ROA which resulted in an increase of DKK 426 thousand.
- Rent expense related to previous operating leases decreased by DKK 470 thousand.
- Finance costs increased by DKK 35 thousand relating to the interest expense on the lease liabilities.
- Cash outflow from operating activities decreased by DKK 470 thousand and cash outflows from financing activities increased by the same amount, relating to a decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

IFRS 15 - Revenue from Contracts with Customers:

IFRS 15 Revenue from Contracts with Customers established a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to a customer. Varimixer A/S adopted the new standard using the modified retrospective method of adoption with the date of initial application of 1 January 2019 under which the cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earning and the comparative figures are not restated.

For the year ended 31 December 2019, adoption of IFRS 15 has had no impact.

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.

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.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it controls the goods before transferring them to the customer.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

Land and buildings	25-40 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	3-10 years

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

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

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.

Leases

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases from 1 January 2019.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets:
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Fixtures and fittings, other plant and equipment 3-10 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities:
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets:
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases before 1 January 2019Leases are accounted for as finance and operating lease obligations. The lease agreement is classified as a finance lease when the main risks and benefits of owning the leased asset are transferred to the lessee. Other lease agreements are classified as operating leases.

For assets held under finance lease, the cost price is measured at the lowest value of the fair value of assets or the present value of future minimum lease payments. For the calculation of the present value, the intra-rate rate of the lease agreement or the group's alternative loan rate shall be used as a discount factor.

Lease services relating to operating leases are recognised on a straight line basis in the income statement over the lease period.

Impairment of fixed 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.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 2 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

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

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax and interests.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

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 profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000		2019	2018
2	Financial income		
	Interest receivable, group entities	0	29
	Other financial income	192	596
		192	625
3	Financial expenses		
	Interest expenses, group entities	119	0
	Other financial expenses	315	295
		434	295
4	Tax for the year		
	Estimated tax charge for the year	4,633	4,593
	Deferred tax adjustments in the year	39	-89
	Tax adjustments, prior years	-2	0
		4,670	4,504

5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Right-of-use assets	Total
Cost at 1 January 2019	23,481	29,189	22,945	0	75,615
Adoption of IFRS 16	0	0	0	1,362	1,362
Additions	571	0	1,073	0	1,644
Cost at 31 December 2019	24,052	29,189	24,018	1,362	78,621
Impairment losses and depreciation at 1 January 2019	17,939	26,054	20,959	0	64,952
Depreciation	587	631	767	426	2,411
Impairment losses and depreciation at 31 December 2019	18,526	26,685	21,726	426	67,363
Carrying amount at 31 December 2019	5,526	2,504	2,292	936	11,258

Note 13 provides more details on security for loans, etc. as regards property, plant and equipment.

6 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

7 Share capital

Analysis of the share capital:

	2019	2018
10,000 A shares of DKK 1,000.00 nominal value each	10,000	10,000
	10,000	10,000

The Company's share capital has remained DKK 10,000 thousand in the past year.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2019	2018
8 Deferred tax		
Deferred tax at 1 January	1,476	1,565
Deferred tax adjustment for the year	-39	-89
Deferred tax at 31 December	1,437	1,476

9 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	965	435	530	0
Other payables	1,189	0	1,189	0
	2,154	435	1,719	0

10 Other provisions

	2019	2018
Opening balance at 1 January	1,000	1,300
Warranty adjustment for the year	-500	-300
Other provisions at 31 December	500	1,000

Warranty provision includes expected costs for repair of sold products within the warranty period. The warranty period is 2 years.

11 Staff costs

	2019	2018
Wages/salaries	30,172	30,399
Pensions	2,470	1,058
Other social security costs	599	1,367
Other staff costs	20	437
	33,261	33,261

Staff costs are recognised as follows in the financial statements:

	2019	2018
Production	22,555	21,736
Distribution	6,073	5,544
Administration	4,633	5,981
	33,261	33,261
Average number of full-time employees	57	56

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

12 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	2019	2018
Rent and lease liabilities	0	1,102

Financial statements 1 January - 31 December

Notes to the financial statements

13 Collateral

The Company has issued an owner's mortgage secured on the Company's building (Kirkebjerg Søpark 6, 2605 Brøndby) as collateral for the Company's total banking facilities.

14 Related parties

Varimixer A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Middleby corporation	Ultimate owner	Participating interest
Sveba Dahlen Group AB	Parent company	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Middelby Corporation	Ultimate owner	Middleby Corporation 1400 Toastmaster Drive Elgin, IL 60120 USA
Sveba-Dahlén Group AB	Parent company	Sveba-Dahlén Group AB Industrivägen 8 513-82 Fristad Sweden

Related party transactions

During the year, there have not been any transactions with the Board of Directors, the Executive Board, senior employees, significant shareholders, acquired companies or other related parties, which have not been on market terms.

	DKK'000	2019	2018
15	Appropriation of profit		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	10,000	30,000
	Retained earnings/accumulated loss	6,248	-14,065
		16,248	15,935
16	Adjustments		
	Amortisation/depreciation and impairment losses	2,411	1,960
	Financial income	-192	-625
	Financial expenses	434	295
	Tax for the year	4,670	4,504
	Other adjustments	-467	-363
		6,856	5,771

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2019	2018
17	Changes in working capital		
	Change in inventories	-5,227	212
	Change in receivables	-6,076	4,501
	Change in trade and other payables	-6,435	-1,669
		-17,738	3,044
18	Cash and cash equivalents at year-end		
	Cash according to the balance sheet	8,685	12,594
		8,685	12,594