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Müller Martini Nordic A/S
Hørkær 28, 2.
2730 Herlev
Business Registration No
78420219

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

____
Name: Dirk Leopold M. Deceuninck

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Entity details

Entity
Müller Martini Nordic A/S
Hørkær 28, 2.
2730 Herlev

Business Registration No (CVR): 78420219
Registered in: Herlev
Financial year: 01.01.2017 - 31.12.2017

Phone: +45 44 57 04 50
Website: https://www.mullermartini.com/

Board of Directors
Dirk Leopold M. Deceuninck, chairman
John Jansen
Felix Stirnimann

Executive Board
John Jansen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Müller Martini Nordic A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herlev, 31.05.2018

Executive Board

John Jansen
CEO

Board of Directors

Dirk Leopold M. Deceuninck chairman	John Jansen	Felix Stirnimann

Independent auditor's report

To the shareholder of Müller Martini Nordic A/S

Opinion

We have audited the financial statements of Müller Martini Nordic A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity’s financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor’s report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No (CVR) 33963556

Henrik Hjort Kjelgaard
State Authorised Public Accountant
Identification No (MNE) mne29484

Management commentary

Primary activities

Müller Martini Nordic A/S is a part of the graphic industry and delivers innovative solutions for book production - hardcover and paperback - newspaper distribution and offset printing. Customers range from smaller bookbinderies and printers to major media groups. Development and production take place through the Parent, while the Company is responsible for the sale, service and installation of the machines. In addition the Company works, as a service company for the Nordic region and is involved to a limited extent with sales, service and installation of machines in the agency.

Development in activities and finances

The Company's income statement for 2017 shows a loss of DKK 695 thousand, which is considered unsatisfactory. The above loss is a result of the merger process described below and low demand for graphical machines, as well as difficuties for the Company's costumers to raise funds for investments in new production facilities.

Unusual circumstances affecting the recognition and measurement

During 2017 Müller Martini Nordic A/S has acquired 100 per cent of the shares in Müller Martini Aktiebolag reg. number 556220-7190 from Müller Martini Holding AG reg. number CHE-116.309.277 MWST. The transaction is in accordance with, the Danish Corporation Tax Act, Section 31(D).

Müller Martini Nordic A/S has subsequently merged with Müller Martini Aktiebolag reg. number 556220-7190 on 8 December 2017 with accounting effect from 1 January 2017. The merger is a vertical cross-border merger, with Müller Martini Nordic A/S as the continuing Company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	Notes	2017 DKK	2016 DKK'000
Revenue		48.018.817	21.272
Cost of sales		(32.823.545)	(9.273)
Other external expenses		(5.581.749)	(3.814)
Gross profit/loss		**9.613.523**	**8.185**
Staff costs	1	(10.117.895)	(8.160)
Depreciation, amortisation and impairment losses		0	(1)
Operating profit/loss		**(504.372)**	**24**
Other financial income		48.956	646
Other financial expenses	2	(195.297)	(743)
Profit/loss before tax		**(650.713)**	**(73)**
Tax on profit/loss for the year	3	(43.836)	0
Profit/loss for the year		**(694.549)**	**(73)**
Proposed distribution of profit/loss			
Retained earnings		(694.549)	(73)
		(694.549)	**(73)**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK'000
Other fixtures and fittings, tools and equipment		189.744	0
Property, plant and equipment	4	**189.744**	**0**
Fixed assets		**189.744**	**0**
Raw materials and consumables		50.723	13
Prepayments for goods		350.353	0
Inventories		**401.076**	**13**
Trade receivables		5.128.041	1.541
Receivables from group enterprises		376.284	711
Other receivables		262.168	693
Prepayments		138.018	97
Receivables		**5.904.511**	**3.042**
Cash		**9.807.773**	**8.055**
Current assets		**16.113.360**	**11.110**
Assets		**16.303.104**	**11.110**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK'000
Contributed capital	5	2.000.000	2.000
Retained earnings		4.030.499	3.565
Equity		**6.030.499**	**5.565**
Prepayments received from customers		775.975	344
Trade payables		594.068	1.965
Payables to group enterprises		5.144.010	955
Income tax payable		43.836	0
Other payables		3.376.345	2.281
Deferred income		338.371	0
Current liabilities other than provisions		**10.272.605**	**5.545**
Liabilities other than provisions		**10.272.605**	**5.545**
Equity and liabilities		**16.303.104**	**11.110**
Unrecognised rental and lease commitments	6		
Contingent assets	7		
Assets charged and collateral	8		
Group relations	9		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.000.000	3.564.367	5.564.367
Effect of mergers and business combinations	0	1.160.681	1.160.681
Profit/loss for the year	0	(694.549)	(694.549)
Equity end of year	**2.000.000**	**4.030.499**	**6.030.499**

Notes

	2017	2016
	DKK	**DKK'000**
1. Staff costs		
Wages and salaries	8.554.103	7.053
Pension costs	877.573	721
Other social security costs	686.219	386
	10.117.895	**8.160**
Average number of employees	**16**	**13**

	2017	2016
	DKK	**DKK'000**
2. Other financial expenses		
Financial expenses from group enterprises	0	11
Other interest expenses	52.231	40
Exchange rate adjustments	124.431	677
Other financial expenses	18.635	15
	195.297	**743**

	2017	2016
	DKK	**DKK'000**
3. Tax on profit/loss for the year		
Current tax	43.836	0
	43.836	**0**

Notes

	Other fixtures and fittings, tools and equipment DKK
4. Property, plant and equipment	
Cost beginning of year	1.231.055
Additions	189.744
Disposals	(749.412)
Cost end of year	**671.387**
Depreciation and impairment losses beginning of year	(1.231.055)
Reversal regarding disposals	749.412
Depreciation and impairment losses end of year	**(481.643)**
Carrying amount end of year	**189.744**

	Number	Par value DKK	Nominal value DKK
5. Contributed capital			
Ordinary shares	2.000	1000	2.000.000
	2.000		**2.000.000**

	2017 DKK	2016 DKK'000
6. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1.237.751**	**1.732**

7. Contingent assets

Müller Martini Nordic A/S has not booked a deferred tax asset of DKK 6,470,000 (2016: DKK 6,499,000).

8. Assets charged and collateral

Balances with Danske Bank are pledged as security in a guarantee cover account. The security comprise of DKK 325,000. Bank debt at 31 December 2017 is DKK 0.

Notes

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Müller Martini Holding AG, CH-6052 Hergiswill, Schweiz

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Business combinations

The uniting-of-interests method is applied on mergers where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises, interest income, net capital or exchange gains on securities etc.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.