

Müller Martini Nordic A/S


Hørkær 18, 3.
2730 Herlev
Denmark

CVR no. 78 42 02 19

Annual report 2019

The annual report was presented and approved at
the Company's annual general meeting on

29 May 2020



chairman

FSR

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Müller Martini Nordic A/S for the financial year 1 January – 31 December 2019.

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

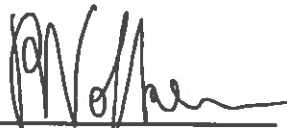
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Herlev, 29 May 2020

Executive Board:



Bernardo Volken
CEO

Board of Directors:



Felix Stimmann
Chairman



Volker Wolfgang Leonhardt



Bernardo Volken



Independent auditor's report

To the shareholders of Müller Martini Nordic A/S

Opinion

We have audited the financial statements of Müller Martini Nordic A/S for the financial year 1 January – 31 December 2019 comprising 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 Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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



Independent auditor's report

involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Copenhagen, 29 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98


Jesper Bo Pedersen
State Authorised
Public Accountant
mne42778

Müller Martini Nordic A/S
Annual report 2019
CVR no. 78 42 02 19

Management's review

Company details

Müller Martini Nordic A/S
Hørkær 18, 3.
2730 Herlev
Denmark

Telephone: +45 44 57 04 50
Website: www.mullermartini.com

CVR no.: 78 42 02 19
Registered office: Herlev
Financial year: 1 January – 31 December

Board of Directors

Felix Stimimann, Chairman
Volker Wolfgang Leonhardt
Bernardo Volken

Executive Board

Bernardo Volken, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

Müller Martini Nordic A/S is part of the graphic industry and delivers innovative solutions for book production - hardcover and paperback - newspaper distribution and offset printing.

Customers range from small bookbinders and printing firms 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 in sales, service and installation of machines in the agency.

Development in activities and financial position

The Company's income statement for 2019 shows a profit of DKK 735.5 thousand, which is in line with expectations.

Events after the balance sheet date

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by a currently decreased demand of products, more volatile asset prices and currency exchange rates.

For the Company's financial statements at 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future. It is, however, certain that the worldwide measures against the spread of the coronavirus will have direct effects on our local sales and indirectly on the value chains.

Outlook

We expect a positive result in 2020 in line with 2019.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2019	2018
Gross profit		9,285,357	9,029,603
Staff costs	2	-8,389,687	-9,988,993
Depreciation, amortisation and impairment losses		<u>-63,240</u>	<u>-63,265</u>
Operating profit/loss		832,430	-1,022,655
Financial income		790	0
Financial expenses		<u>-97,690</u>	<u>-379,606</u>
Profit/loss before tax		735,530	-1,402,261
Tax on profit/loss for the year	3	<u>0</u>	<u>0</u>
Profit/loss for the year		<u>735,530</u>	<u>-1,402,261</u>
Proposed profit appropriation/distribution of loss			
Retained earnings		<u>735,530</u>	<u>-1,402,261</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Intangible assets			
Software		<u>63,240</u>	<u>126,480</u>
Total fixed assets		<u>63,240</u>	<u>126,480</u>
Current assets			
Inventories			
Raw materials and consumables		6,169	9,231
Prepayments for goods		<u>0</u>	<u>781,294</u>
		<u>6,169</u>	<u>790,525</u>
Receivables			
Trade receivables		6,312,801	4,627,959
Receivables from group entities		247,432	0
Other receivables		349,539	348,530
Prepayments		<u>66,455</u>	<u>112,297</u>
		<u>6,976,227</u>	<u>5,088,786</u>
Cash at bank and in hand		<u>3,602,533</u>	<u>6,150,815</u>
Total current assets		<u>10,584,929</u>	<u>12,030,126</u>
TOTAL ASSETS		<u><u>10,648,169</u></u>	<u><u>12,156,606</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		2,000,000	2,000,000
Retained earnings		<u>3,363,768</u>	<u>2,628,238</u>
Total equity		<u>5,363,768</u>	<u>4,628,238</u>
Liabilities			
Non-current liabilities			
Other payables		<u>135,740</u>	<u>0</u>
Current liabilities			
Prepayments received from customers		66,862	2,418,764
Trade payables		202,162	344,961
Payables to group entities		543,120	668,155
Other payables		4,336,517	3,804,809
Deferred income		<u>0</u>	<u>291,679</u>
		<u>5,148,661</u>	<u>7,528,368</u>
Total liabilities		<u>5,284,401</u>	<u>7,528,368</u>
TOTAL EQUITY AND LIABILITIES		<u>10,648,169</u>	<u>12,156,606</u>
Contractual obligations, contingencies, etc.	4		
Mortgages and collateral	5		
Related party disclosures	6		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	2,000,000	2,628,238	4,628,238
Transferred over the profit appropriation	<u>0</u>	<u>735,530</u>	<u>735,530</u>
Equity at 31 December 2019	<u><u>2,000,000</u></u>	<u><u>3,363,768</u></u>	<u><u>5,363,768</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Müller Martini Nordic A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods, comprising the sale of manufactured goods, and goods for resale, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

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 costs

Other external costs comprise expenses relating to the Company'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 wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other financial income and expenses

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

Other financial expenses comprises 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

Intangible assets

Software

Software is 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:

Software	3-5 years
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Impairment of fixed assets

The carrying amount of software is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

Prepayments and deferred income

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

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

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

Cash at bank and in hand

Cash and cash equivalents comprise cash in hand and bank deposits.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Other financial liabilities

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

DKK	<u>2019</u>	<u>2018</u>
2 Staff costs		
Wages and salaries	6,992,477	8,466,462
Pensions	698,574	792,967
Other social security costs	<u>698,636</u>	<u>729,564</u>
	<u>8,389,687</u>	<u>9,988,993</u>
Average number of full-time employees	<u>14</u>	<u>15</u>

3 Tax on profit/loss for the year

The Company has a deferred tax asset, which has not been utilised in the financial statements due to uncertainty about when tax losses can be used.

4 Contractual obligations, contingencies, etc.

Operating lease obligations

Liabilities under rental or lease agreement until maturity in total	<u>1,017,418</u>	<u>942,184</u>
	<u>1,017,418</u>	<u>942,184</u>

The term to maturity for liabilities under rental or lease agreement is 2,5 year at 31 December 2019.

5 Mortgages and collateral

Balances with Danske Bank are pledged as security in a guarantee cover amount. The security amounts to DKK 325,000. Bank debt at 31 December 2019 is DKK 0.

Financial statements 1 January – 31 December

Notes

6 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Müller Martini Holding AG
Sonnenbergstrassen 13
Postfach 160
6052, Hergiswill
Schweiz

Consolidated financial statements

The Parent preparing consolidated financial statements for the smallest group:

Müller Martini Holding AG
Sonnenbergstrassen 13
Postfach 160
6052, Hergiswill
Switzerland

The ultimate Parent preparing consolidated financial statements for the largest group:

GRAPHA Holding AG
Sonnenbergstrasse 13
Postfach 160
6052, Hergiswill
Switzerland