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# ***Nagel Danmark A/S***

Thorsvej 19, Frøslev, DK-6330 Padborg

## **Annual Report for 1 January - 31 December 2018**

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CVR No 81 74 55 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
21/5 2019

Tobias Nagel  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nagel Danmark A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Padborg, 21 May 2019

## Executive Board

Kim Hedegaard Sørensen

## Board of Directors

Tobias Nagel  
Chairman

Joachim Ehlers-Nuwenhof

Hans-Joachim Franz  
Brockmeyer

Erik Christensen

Bente Nielsen  
Staff Representative

Claus Christian Clausen  
Staff Representative

# Independent Auditor's Report

To the Shareholder of Nagel Danmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nagel Danmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, 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 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:

- 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.
- 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.

## Independent Auditor's Report

- 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.

Trekantområdet, 21 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen  
State Authorised Public Accountant  
mne30224

Henrik Forthoft Lind  
State Authorised Public Accountant  
mne34169

## Company Information

### **The Company**

Nagel Danmark A/S  
Thorsvej 19  
Frøslev  
DK-6330 Padborg

Telephone: + 45 74 30 74 30  
Facsimile: + 45 74 30 74 00  
E-mail: [dk.info@nagel-group.dk](mailto:dk.info@nagel-group.dk)  
Website: [www.nagel-group.dk](http://www.nagel-group.dk)

CVR No: 81 74 55 28  
Financial period: 1 January - 31 December  
Incorporated: 9 February 1977  
Financial year: 42nd financial year  
Municipality of reg. office: Aabenraa

### **Board of Directors**

Tobias Nagel, Chairman  
Joachim Ehlers-Nuwenhof  
Hans-Joachim Franz Brockmeyer  
Erik Christensen  
Bente Nielsen  
Claus Christian Clausen

### **Executive Board**

Kim Hedegaard Sørensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2018	2017	2016	2015	2014
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	522	569	902	992	1.024
Gross profit/loss	101	105	143	153	165
Profit/loss before financial income and expenses	7	6	6	7	18
Net financials	-2	3	1	-1	-6
Net profit/loss for the year	4	8	7	5	8
<b>Balance sheet</b>					
Balance sheet total	360	334	421	411	421
Equity	118	122	114	111	106
Investment in property, plant and equipment	1	3	2	4	3
Number of employees	137	149	199	210	220
<b>Ratios</b>					
Gross margin	19,3%	18,5%	15,9%	15,4%	16,1%
Profit margin	1,3%	1,1%	0,7%	0,7%	1,8%
Return on assets	1,9%	1,8%	1,4%	1,7%	4,3%
Solvency ratio	32,8%	36,5%	27,1%	27,0%	25,2%
Return on equity	3,3%	6,8%	6,2%	4,6%	6,1%

For definitions, see under accounting policies.



# Management's Review

## Key activities

The company's main activities comprise national and international logistics services with focus on especially temperature-controlled transportation for the food processing industry and trade in Europe.

The company moreover offers chilled and frozen storage, dry goods storage, re-usable packaging systems, analyses and consultancy services, etc.

## Development in the year

Revenue for the year reached DKK 522 million compared to last year's DKK 569 million. The results for the year amounted to DKK 4,0 million compared to a profit of DKK 8,1 million last year.

Also in 2018, the market was affected by fierce competition with the resulting pressure on prices and weak development in freight volume. We have moreover witnessed a growing trend of foodmanufacturers reallocating labor-intensive processing to low cost countries such as Germany and Poland thus resulting in declining volume of exports (processed food).

The results on ordinary activities are considered unsatisfactory. Further steps to improve the company and optimize its activities continue as planned.

## Development expectations

Also 2019 is expected to be challenging for both the transport industry and the Nagel Danmark group due to fierce competition, traffic bottlenecks, redistribution and outsourcing of food manufacturing as well as increasing waiting times in connection with offloading at the central warehouses in Europe.

We expect a profit for 2019.

## Statement of corporate social responsibility ref. Danish Financial Statements Act section 99a

Regarding the statement of corporate social responsibility, the management refers to the group annual report for Andreas Andresen Holding ApS.

## Statement on gender composition ref. Danish Financial Statements Act section 99b

### *Target for female representation on the Board of Directors*

When appointing candidates for the Board of Directors it is important that the candidates show a specific professional background and qualifications. It is moreover important that appointments are made with no regard to ethnicity, religious belief, political conviction, age or gender.

Especially in respect of gender representation we are attentive to increasing the female representation on the Board of Directors within the period 2017 to 2022. In order to reach this target we must ensure that employees and external partners are informed of our gender representation policy in future recruitment

## Management's Review

procedures.

Target until 2022: One female member on the Board of Directors.

At the moment Nagel Danmark has no female representation on the Board of Directors. The main reason for not meeting the objective is due to reelection of the board.

*Target for appointment of women at other management levels*

Our policy is to increase the underrepresented gender on other management levels.

We employ our staff on the basis of qualifications and personality and we offer all our employees equal opportunities with no regard to their background, religious belief, political conviction, age or gender. Nagel Danmark encourages every employee to pursue and realise his or her personal goals.

The company is working on promoting its female talents. This work has produced a result that is satisfactory for the industry. Through further training and education, we have succeeded in retaining female talents.

At management and administrative levels the representation of women is currently some 20% and hence women are slightly underrepresented.

## Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
<b>Revenue</b>		<b>522.120</b>	<b>569.030</b>
Other operating income		189	1.834
Direct freight expenses		-392.594	-438.999
Other external expenses		-28.332	-26.561
<b>Gross profit/loss</b>		<b>101.383</b>	<b>105.304</b>
Staff expenses	1	-87.460	-90.601
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-7.379	-8.060
Other operating expenses		0	-168
<b>Profit/loss before financial income and expenses</b>		<b>6.544</b>	<b>6.475</b>
Income from investments in subsidiaries	2	552	2.535
Income from investments in associates		25	100
Financial income	3	2.684	7.188
Financial expenses	4	-4.784	-6.678
<b>Profit/loss before tax</b>		<b>5.021</b>	<b>9.620</b>
Tax on profit/loss for the year	5	-992	-1.543
<b>Net profit/loss for the year</b>		<b>4.029</b>	<b>8.077</b>

# Balance Sheet 31 December

## Assets

	Note	2018 TDKK	2017 TDKK
Software		14.640	317
Development projects in progress		0	7.393
<b>Intangible assets</b>	6	<b>14.640</b>	<b>7.710</b>
Land and buildings		103.210	107.469
Other fixtures and fittings, tools and equipment		5.973	6.923
<b>Property, plant and equipment</b>	7	<b>109.183</b>	<b>114.392</b>
Investments in subsidiaries	8	28.247	41.370
Investments in associates	9	150	125
Other investments	10	1.418	1.294
Other receivables	10	510	2.953
<b>Fixed asset investments</b>		<b>30.325</b>	<b>45.742</b>
<b>Fixed assets</b>		<b>154.148</b>	<b>167.844</b>
Raw materials and consumables		8.065	12.581
<b>Inventories</b>		<b>8.065</b>	<b>12.581</b>
Trade receivables		37.360	32.860
Receivables from group enterprises		157.077	100.192
Receivables from associates		0	588
Other receivables		389	187
Corporation tax		0	76
Prepayments		1.399	255
<b>Receivables</b>		<b>196.225</b>	<b>134.158</b>
<b>Cash at bank and in hand</b>		<b>2.018</b>	<b>19.022</b>
<b>Currents assets</b>		<b>206.308</b>	<b>165.761</b>
<b>Assets</b>		<b>360.456</b>	<b>333.605</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		92.000	92.000
Reserve for net revaluation under the equity method		2.844	2.290
Reserve for development costs		11.171	5.751
Retained earnings		12.431	21.849
<b>Equity</b>		<b>118.446</b>	<b>121.890</b>
Provision for deferred tax	12	11.666	11.005
<b>Provisions</b>		<b>11.666</b>	<b>11.005</b>
Mortgage loans		41.207	46.931
<b>Long-term debt</b>	13	<b>41.207</b>	<b>46.931</b>
Mortgage loans	13	5.725	5.593
Prepayments received from customers		1.446	2.238
Trade payables		71.390	62.288
Payables to group enterprises		97.947	70.171
Corporation tax		346	0
Other payables		12.283	13.489
<b>Short-term debt</b>		<b>189.137</b>	<b>153.779</b>
<b>Debt</b>		<b>230.344</b>	<b>200.710</b>
<b>Liabilities and equity</b>		<b>360.456</b>	<b>333.605</b>
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
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## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	92.000	2.290	5.751	21.849	121.890
Exchange adjustments relating to foreign entities	0	0	0	27	27
Other equity movements	0	0	0	-7.500	-7.500
Development costs for the year	0	0	6.243	-5.420	823
Depreciation, amortisation and impairment for the year	0	0	-823	0	-823
Net profit/loss for the year	0	554	0	3.475	4.029
<b>Equity at 31 December</b>	<b>92.000</b>	<b>2.844</b>	<b>11.171</b>	<b>12.431</b>	<b>118.446</b>

# Notes to the Financial Statements

	2018 <u>TDKK</u>	2017 <u>TDKK</u>
<b>1 Staff expenses</b>		
Wages and salaries	80.156	83.669
Pensions	5.099	5.268
Other social security expenses	519	544
Other staff expenses	1.686	1.120
	<u><b>87.460</b></u>	<u><b>90.601</b></u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	3.658	4.323
Supervisory Board	69	88
	<u><b>3.727</b></u>	<u><b>4.411</b></u>
<b>Average number of employees</b>	<u><b>137</b></u>	<u><b>149</b></u>
<b>2 Income from investments in subsidiaries</b>		
Share of profits/losses including gain/loss of investments of subsidiaries	552	2.535
	<u><b>552</b></u>	<u><b>2.535</b></u>
<b>3 Financial income</b>		
Income from fixed asset investments	556	1.115
Interest received from group enterprises	1.790	6.064
Other financial income	338	9
	<u><b>2.684</b></u>	<u><b>7.188</b></u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	2.098	4.151
Other financial expenses	2.686	2.527
	<u><b>4.784</b></u>	<u><b>6.678</b></u>

## Notes to the Financial Statements

	2018 <u>TDKK</u>	2017 <u>TDKK</u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	346	0
Deferred tax for the year	660	1.543
Adjustment of tax concerning previous years	-14	0
	<u><b>992</b></u>	<u><b>1.543</b></u>
<b>6 Intangible assets</b>		
	<u>Software</u> TDKK	<u>Development projects in progress</u> TDKK
Cost at 1 January	7.143	7.393
Additions for the year	7.985	0
Transfers for the year	7.393	-7.393
Cost at 31 December	<u>22.521</u>	<u>0</u>
Impairment losses and amortisation at 1 January	6.826	0
Amortisation for the year	1.055	0
Impairment losses and amortisation at 31 December	<u>7.881</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<u><b>14.640</b></u>	<u><b>0</b></u>
Amortised over	<u>3 years</u>	



# Notes to the Financial Statements

## 7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	191.986	34.578
Additions for the year	45	1.070
Disposals for the year	-1	-712
Cost at 31 December	<u>192.030</u>	<u>34.936</u>
Impairment losses and depreciation at 1 January	84.517	27.655
Depreciation for the year	4.304	2.020
Reversal of impairment and depreciation of sold assets	-1	-712
Impairment losses and depreciation at 31 December	<u>88.820</u>	<u>28.963</u>
<b>Carrying amount at 31 December</b>	<b><u>103.210</u></b>	<b><u>5.973</u></b>
Depreciated over	<u>10-40 years</u>	<u>3-20 years</u>

## Notes to the Financial Statements

	2018 TDKK	2017 TDKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	39.180	38.867
Additions for the year	7.500	313
Disposals for the year	-2.270	0
Cost at 31 December	<u>44.410</u>	<u>39.180</u>
Value adjustments at 1 January	2.190	-343
Disposals for the year	-11.407	0
Net profit/loss for the year	554	2.533
Other adjustments	-7.500	0
Value adjustments at 31 December	<u>-16.163</u>	<u>2.190</u>
<b>Carrying amount at 31 December</b>	<b><u>28.247</u></b>	<b><u>41.370</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Nagel Transport & Logistik ApS	Denmark	TDKK 2.200	100%
Translog GmbH (Sold 21. November 2018)	Germany	TEUR 304	100%
Nagel Liller A/S	Denmark	TDKK 500	100%

All subsidiaries are recognised and measured as separate entities.

## Notes to the Financial Statements

	2018 TDKK	2017 TDKK
<b>9 Investments in associates</b>		
Cost at 1 January	25	0
Additions for the year	0	25
Cost at 31 December	25	25
Value adjustments at 1 January	100	0
Net profit/loss for the year	25	100
Value adjustments at 31 December	125	100
<b>Carrying amount at 31 December</b>	<b>150</b>	<b>125</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Nagel Andresen Fleet Management ApS	Denmark	TDKK 50	50%

### 10 Other fixed asset investments

	Other investments TDKK	Other receiv- ables TDKK
Cost at 1 January	1.294	2.953
Additions for the year	124	0
Disposals for the year	0	-2.443
Cost at 31 December	1.418	510
<b>Carrying amount at 31 December</b>	<b>1.418</b>	<b>510</b>

## Notes to the Financial Statements

	2018 <u>TDKK</u>	2017 <u>TDKK</u>
<b>11 Distribution of profit</b>		
Reserve for net revaluation under the equity method	554	2.290
Retained earnings	<u>3.475</u>	<u>5.787</u>
	<u><b>4.029</b></u>	<u><b>8.077</b></u>
<b>12 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	11.005	9.462
Amounts recognised in the income statement for the year	<u>661</u>	<u>1.543</u>
<b>Provision for deferred tax at 31 December</b>	<u><b>11.666</b></u>	<u><b>11.005</b></u>
<b>13 Long-term debt</b>		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
<b>Mortgage loans</b>		
After 5 years	18.284	24.000
Between 1 and 5 years	<u>22.923</u>	<u>22.931</u>
Long-term part	41.207	46.931
Within 1 year	<u>5.725</u>	<u>5.593</u>
	<u><b>46.932</b></u>	<u><b>52.524</b></u>

## Notes to the Financial Statements

	2018 TDKK	2017 TDKK
<b>14 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with mortgage credit institutes:		
Buildings with a carrying amount of	103.210	106.846
The following assets have been placed as security with bankers:		
Mortgages registered to the mortgagors and all monies mortgages totalling TDKK 53.100 on buildings with a total carrying amount of	103.210	106.846
Payment guarantees totalling TDKK 6.196 (2017: TDKK 6.196) have been provided through a credit institution.		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	19.846	21.566
Between 1 and 5 years	27.117	48.246
	<b>46.963</b>	<b>69.812</b>
Rental obligations, period of interminability up to 24 months	4.866	12.155

### Other contingent liabilities

A guarantee has been issued in respect of lease obligations of group enterprises. The total guarantee commitment at 31 December 2018 amounts to TDKK 7.213 (2017: TDKK 13.770).

The Danish group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Andreas Andresen Holding ApS, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

Nagel Danmark A/S has issued a guarantee in respect of 100% of Nagel Liller A/S's debt to credit institutions. The debt amounts to DKK 2k at 31 December 2018.

Nagel Danmark A/S has provided Nagel Liller A/S with a longterm credit of DKK 90 mio.

# Notes to the Financial Statements

## 15 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Andreas Andresen Holding ApS, Thorsvej 19, 6330 Padborg	Immediate Parent Company
<b>Other related parties</b>	
Nagel-Group SE & Co. KG, D-33775 Versmold	Ultimate Parent Company

### Consolidated Financial Statements

The company is included in the Consolidated Financial Statements of its immediate parent company Andreas Andresen Holding ApS, CVR No 29 24 17 67.

Moreover, the company is included in the Consolidated Financial Statements of its ultimate parent company, Nagel-Group SE & Co. KG.

<u>Name</u>	<u>Place of registered office</u>
Nagel-Group SE & Co. KG	D-33775 Versmold, Germany
Andreas Andresen Holding ApS	6330 Padborg, Denmark

The Group Annual Report of Nagel-Group SE & Co. KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6  
D-33775 Versmold  
Germany

The Consolidated Annual Report of Andreas Andresen Holding ApS, CVR No 29 24 17 67, may be obtained at the following address:

Thorsvej 19  
Frøslev  
6330 Padborg  
Denmark

# Notes to the Financial Statements

## **16 Fee to auditors appointed at the general meeting**

Pursuant to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the general meeting has been disclosed in the Consolidated Financial Statements of Andreas Andresen Holding ApS, Padborg, Denmark.

## **17 Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 18 Accounting Policies

The Annual Report of Nagel Danmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Andreas Andresen Holding ApS, the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Andreas Andresen Holding ApS, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the



# Notes to the Financial Statements

## 18 Accounting Policies (continued)

balance sheet date.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Segment reporting

For competitive reasons, the exemption rule under section 96 of the Danish Financial Statements Act has been applied.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### Direct freight expenses

Direct freight expenses comprise the transport costs etc. incurred to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise indirect freight expenses and expenses for premises, sales and distribution as well as office expenses, etc.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Nagel Transport & Logistik ApS, Nagel Liller A/S and Andreas Andresen Holding ApS. Andreas Andresen Holding ApS is the management company under the joint taxation. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance Sheet

### Intangible assets

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 3 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	10-40 years
Other fixtures and fittings, tools and equipment	3-20 years

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Other fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Inventories

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

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning insurance premiums etc.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$