
Bucher Municipal A/S

Lillehøjvej 15, DK-8600 Silkeborg

Annual Report for 1 January - 31 December 2021

CVR No 20 01 00 88

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
3 /5 2022

Per Stougaard Lovring
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bucher Municipal A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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.

Silkeborg, 3 May 2022

Executive Board

Per Stougaard Lovring
Executive Officer

Per Rahbech Pedersen
Executive Officer

Board of Directors

Aurelio Lemos Villanueva
Chairman

Jörg Hüchting

Thomas Walter Brustio

Independent Auditor's Report

To the Shareholder of Bucher Municipal 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bucher Municipal A/S for the financial year 1 January - 31 December 2021, 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' International 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 and the IESBA Code. 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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

- 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.

Aarhus, 3 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Michael Nielsson
statsautoriseret revisor
mne15151

Rasmus Møllergaard Stenskrøge
statsautoriseret revisor
mne34161

Company Information

The Company

Bucher Municipal A/S
Lillehøjvej 15
DK-8600 Silkeborg

CVR No: 20 01 00 88

Financial period: 1 January - 31 December

Financial year: 25th financial year

Municipality of reg. office: Silkeborg

Board of Directors

Aurelio Lemos Villanueva, Chairman
Jörg Hüchting
Thomas Walter Brustio

Executive Board

Per Stougaard Lovring
Per Rahbech Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	619.323	597.693	537.932	490.295	349.071
Gross profit/loss	197.461	207.533	150.437	130.752	99.532
Operating profit/loss	37.607	30.714	11.723	13.350	4.897
Profit/loss before financial income and expenses	37.535	33.709	11.792	9.047	142
Net financials	-1.782	23.265	-3.441	54	-2.320
Net profit/loss for the year	28.142	50.158	6.539	7.319	-1.850
Balance sheet					
Balance sheet total	326.609	327.198	267.572	229.961	179.804
Equity	152.068	136.067	60.010	53.727	46.457
Investment in property, plant and equipment	2.400	2.016	7.489	12.200	1.296
Number of employees	281	305	248	224	183
Ratios					
Gross margin	31,9%	34,7%	28,0%	26,7%	28,5%
Profit margin	6,1%	5,6%	2,2%	1,8%	0,0%
Return on assets	11,5%	10,3%	4,4%	3,9%	0,1%
Solvency ratio	46,6%	41,6%	22,4%	23,4%	25,8%
Return on equity	19,5%	51,2%	11,5%	14,6%	-3,3%

Management's Review

Key activities

Bucher Municipal A/S manufactures truck-mounted sewer cleaning units, and special truck mounted sweeping and pressure water cleaning machines. The systems are built to stand up to the heavy daily use year after year with maximum working time and minimum fuel consumption to benefit both the environment and the end-user's operating economy.

To develop the business and create the best customer experience, the company also provides a substantial global service and spare parts business supporting the customers in getting the best possible benefit from their sewer cleaning unit.

The sewer cleaning units and the special truck mounted sweepers are sold primarily on the market in Europe but suited globally all over the world.

The business is positive influenced by several global trends, as the Bucher Municipal products are supporting the world-wide urbanization and pressure on infrastructure. Climate changes and environmental responsibility also calls for cleaning and clearing, which is supported by our products.

Development in the year

2021 was another great year for Bucher Municipal. Driven by positive market trends, the company achieved a growth in revenue by 4 %, to DKK 619 million, although negative impacts from limited travelling due to Covid-19 impacted revenue downwards. The revenue was ahead of the expected turnover range between DKK 590-610 million for the year.

The company fulfilled a couple of strategic projects and among other initiatives, have now fully outsourced the tank production to Latvia. This, together with an industrialized production concept, support a significant optimization of the business.

The company did also start up leadership program for middle management. By this program, the management believe it can strengthen its competences, and become an even more attractive company for our employees.

In November 2021 Bucher Industries' monitoring systems reported activities indicating the preparation of an attack by external attackers. The company shut down the IT infrastructure of Bucher Municipal in a secured manner immediately after detecting the activities and stopped production as a precaution. After an extensive root cause analysis and clean-up, Bucher Municipal started up the main part of the IT infrastructure in stages in December. This allowed a large part of the activities to be returned to normal operations. As production continued largely without IT support there was no material impact on the operating result for 2021.

Management's Review

EBIT amounts to DKK 38 million in 2021, which is an improvement of DKK 4 million compared to 2020.

The increase in EBIT was driven by growth in turnover, synergy impacts from strategic projects, focus on improving production efficiency, and a strong cost control.

Net profit before tax amounts to DKK 36 million, compared to DKK 57 million in 2020. The result in 2020 was positively impacted by a one-time effect from divestment of the UK company as per 1. January 2020.

The net profit before tax outperformed the expectations for the year, as the result was above the expected amount of DKK 31-34 million. The result was satisfying.

Income statement

Revenue in 2021 amounts to DKK 619 million which is an increase by 4 % compared to DKK 598 million in 2020.

Gross profit in 2021 has decreased to DKK 197 million compared to DKK 208 million in 2020. The decrease is led by unfavorable changes in sales mix, and challenging market conditions in the supply chain.

Staff expenses in 2021 have decreased to DKK 153 million compared to DKK 165 million in 2020. At the same time, the average number of full-time employees have decreased to 281 employees, compared to 305 employees in 2020.

EBIT in 2021 has improved to DKK 38 million compared to DKK 34 million in 2020 which is an improvement of DKK 4 million.

Net profit of DKK 28 million in 2021 is lower than net profit of DKK 50 million in 2020. However, in 2020 the net profit was positively impacted by a one-time effect on DKK 27 million, from the divestment of the UK company pr. 1. January 2020. The one-time effect looked aside, the net profit has improved from 2020 to 2021, mainly due to increases in turnover, cost control in all areas of the business and improved production efficiency.

Management considers the 2021 result as solid and satisfactory.

Balance sheet

The balance sheet amounts to DKK 327 million which is at same level as previous year. Working capital improved from previous year, mainly related to decrease in inventory level.

Management's Review

Targets and expectations for 2022

The company expects a minor increased activity level in 2022, under consideration that material backlog and shortage will not escalate. Similar, it is considered the Covid-19 pandemic situation will stabilize, and not impact the company to a larger extend. The revenue is expected in the range of DKK 620-630 million.

Bucher Municipal launched a new strategy plan for 2022-2024.

The company will focus on development of new products, to supply the markets according to demands. The company will also have focus on alternative energy solutions, which will serve our targets of further improve the sustainability target for the business.

The company's major market is United Kingdom. The market demand has until now not been impacted by BREXIT, and it is also not expected to impact the business in 2022. The Nordic countries are also important markets for the company. In general, a high activity level is seen across the Nordic countries, and this is expected to continue within 2022, driven by infrastructural projects, and high growth rates.

It is expected that the company's profitability in 2022 also will improve from this year, and the company estimates EBIT in the range of DKK 40-42 million.

Supply Risks

The company uses several suppliers on significant raw materials and components to mitigate the risk of being dependent of single suppliers. However, for some key components there is a high degree of supplier dependency mitigated by strong and close cooperation with these suppliers. The company also operates strategic with safety stocks, to avoid shortages of components, due to the global backlog issues

Currency Risk

Majority of trade is settled in DKK, EUR, USD and GBP.

Management reviews the currency exposure frequently and significant transactions in other currencies than DKK and EUR are hedged. Hedging is carried out based on the yearly budget to cover risks of the expected cash flow during the coming year. If the cash flow expectations changes during the year the hedging is updated accordingly.

Interest rate risks

The company is exposed to interest rate risk on credit facility from both external lenders and from the parent company. The risk is considered low.

Management's Review

Credit risks

Credit risk is assessed customer by customer. The company use credit evaluation on regular basis, to understand any potential trading risk. Prepayment is used frequently for sales of our products, and according to the standard contract the company has ownership of the unit, until the full amount has been paid. Further, a major part of sales is traded within group companies, hence reducing the credit risk for Bucher Municipal A/S significantly.

Statement of corporate social responsibility

Bucher Municipal A/S takes responsibility for its products and production, also when it comes to social aspects, which is in line with the company's CSR policy and core values.

Business model

Please refer to description of main activities on page 7.

Risk assessment

Risk assessment is an essential part of the daily operations at Bucher Municipal A/S. An identified risk is considered an opportunity to improve, thus the company actively uses risk analysis in order to be able to proactively contribute to preventing impact on the environment and climate. This gives an opportunity to optimize products and processes to reduce negative impact on the environment and climate, social and employee matters, human rights and anti-corruption.

Risks on health, safety, environment and climate apply to the entire value chain from product development to suppliers, production and service. The production is carried out in Denmark where the company sets the local laws and regulations as a minimum requirement in relation to health, safety, environment and climate but also towards our suppliers.

On social and employee matters the company follows both local legislation as well as basic conventions on employee rights as defined by the International Labor Organization. The company takes responsibility for the well-being of the employees and is considered a safe work place. This is done by creating specific safety target to be achieved, and at the same time analyzing all lost time injuries thoroughly, in order to improve all critical work processes where injuries appears to happen.

The company acknowledge the importance of knowledge and competences in the company. To continue the positive journey of the company, we are fully dependent on our skilled employees. Therefore, the company are working with leadership for all our leaders, and competence development for all employees.

Bucher Municipal A/S has zero tolerance for all forms of bribery, corruption, extortion or embezzlement, both in relation to its own employees, but also in relation to all external stakeholders. The company's strategic plan has an ambition on growth and expansion into new markets, therefore the corruption risk is continuously assessed. The company mainly operates in countries where the level of prosperity and welfare is high and social norms and cultures focus on respecting human rights. Further, the company is a part of an international business group, who has defined high ethical standards no matter where in the

Management's Review

world business are made.

The company's strategic plan has an ambition on growth and expansion into new markets, therefore risks of corruption and human rights violations is continuously assessed.

It is a management priority to follow-up on risks in respect of the business model. This is done by E-learning, training and CSR focus on management meetings. The appointment of Head of Human resource into management group keep focus on CSR progresses as well.

Environment and climate

Sewer cleaning units and sweeper machines play a key role in safeguarding the environment around the world. An investment in our products unit from Bucher Municipal A/S is also an investment in the environment. Currently the company develops electric solutions for Citiflex products, supporting market demands for sustainable and environmental friendly products.

Product development has a constant focus on developing and improving our products to become the most environment friendly and energy efficient in the market. It is the ambition to continue the development of products of low emission products, supporting sustainability in our offerings.

Our RECyler® unit continuously cleans the jetting water, which makes it immediately available for reuse. This reduces refilling and transportation time making it more environmental friendly than its competitors. In addition, it is an advantage for the customer as it increases flexibility and operating hours and decreases fuel consumption.

Bucher Municipal A/S has an ongoing focus on environment and the company has implemented an environment policy that focus on efficient use of water, raw materials and other natural resources.

Market trends is about increasing focus on electrification and by Internet of Things (IoT) to increase monitoring of unit performance that can lead to reduced energy consumption and better utilization of our products.

The company sees itself as being among the main drivers in leading the change, in order to fulfil the ambitious UN Sustainable Development Goals by 2030. The company works on developing sustainability actions plans to help the world moving in a better and more sustainable direction.

Bucher Municipal A/S considers CSR and sustainability the core of the business. The company's CSR and sustainability agenda, objectives and targets are aligned with the UN Sustainable Development Goals (SDGs). The most relevant SDGs have been mapped to the business and objectives:

SDG11 Sustainable cities and communities

SDG12 Responsible consumption and production

Management's Review

SDG13 Climate action

In 2021 the company has also achieved strong results within the environmental targets. Focus on waste materials reused from production have been a strong priority for management and is showing positive trends.

The company also achieved ISO9001, ISO14001 and ISO45001 certifications. These certifications supported the company in the aim of achieving increased focus on energy management and work environment. By continued and strong focus on environment and climate, the company have not identified any major risks.

The company will in the coming years increase focus within environment and climate, reduce emissions and produce products that support our climate goals within the company.

Human rights and working conditions

The company continues to focus on employee satisfaction, as the ability to attract qualified labor is crucial for the company's competitiveness. A performance and development interview are carried out once a year for all employees. The company's occupational health and safety committee works to continuously improve the collaboration across functions, departments and seniority.

Bucher Municipal A/S has implemented an occupational health and safety policy named "Our Responsibility". "Our responsibility" is implemented to ensure that employees are well cared for and enjoy a safe work environment.

The targets of the working environment policy are beside achieving the certification after ISO45001, the following:

- Zero accidents at work
- Compliance with working environment legislation
- Careful work planning
- Continuously improving occupational health and safety
- Following up on working environment as a management task
- Focus on well-being and employee attendance to work

In general, management focus on and prioritize health and safety, by monitoring and measuring incidents at the company. Further, actions are taken to reduce incidents to secure a safe working place for all employees.

In addition, the company have introduced human rights policies in the management system. These policies are available for all employees and introduced to new employees through the employee handbook.

The company completed an employee survey in 2021. The survey resulted in action planning as per department. The results from the survey, and the prepared action plans, have been discussed in

Management's Review

employee working committee, and also communicated to all employees.

The company intends to complete employee survey on yearly basis.

On yearly basis, E-learning exercises are distributed and mandatory for employees to fulfill. The company also have a zero tolerance regarding violations of human rights, and any upcoming issues are discussed and solved at management meetings. Management will sustain focus on this activity forthgoing, managing any potential risk.

Business Ethics and Compliance

Within Bucher Group a Code of Conduct has been established.

The Code of Conduct is a general guideline on how to do business on a daily basis as a member of Bucher Group. Amongst others this includes;

- Compliance with laws and regulations
- Health, Safety and environment
- Anti-bribery
- Employment relations
- IT and data protection
- Whistleblower policy and reporting tool

Bucher Municipal A/S complies with the Code of Conduct and is doing business within this framework. Employees are requested to undergo yearly training in order to ensure compliance in this respect, and all new employees must read and sign an agreement that they will act according to the principles.

Bucher Municipal A/S also takes responsibility within the supply chain and therefore strategic suppliers are reviewed and requested to sign and comply with the code of conduct.

In 2021, the company introduced a new procedure in respect of trade compliance and the majority of customers, suppliers and components have been screened. The company did not find any critical incidents, as a part of the screening. The trade compliance check has been implemented as an operational procedure hence customers, suppliers and components will be screened on a temporary basis.

Data ethics

Data protection is the most important data ethical matter for Bucher Municipal. The company do not actively collect, analyze and process market data as a part of its business processes. The company are currently developing IoT solutions and expects within a year to start up commercial activities. The company will implement legal and ethical solutions as part of go to market strategy. Customer and supplier data are threatened confidential and the company operates with a high level of data security, to the benefit of both Bucher Municipal and its stakeholders. The company do not offer access to IT systems, hence reducing data ethical issues in that respect. The company's code of conduct includes policies regarding data ethics and data protection, where correct IT behavior within Bucher Group have been

Management's Review

described. Further digital communication politics have been described and implemented as well, and the group have also described rules and politics in respect of correct GDPR behavior.

Anti-corruption

Bucher Municipal A/S complies with the Bucher anti-corruption directive. The directive includes general descriptions of corruption and bribery, how to ensure not to engage into corrupt business and procedures to be followed in case of bribery or corruption.

Employees are requested to undergo yearly training in order to ensure compliance with the directive and all new employees must read and sign an agreement that they act and comply accordingly. By training, it is the company's opinion that it has the necessary protection against anti-corruption issues and such. The company will maintain the yearly training and follow-up to keep the high implemented standards.

Human rights

The policy of Human rights within Bucher Municipal A/S is formalized in the code of conduct, which all employees are requested to sign and comply with as mentioned above. There has not been registered any single cases in 2021, in respect of not living up to human rights. Management trust that by setting high ethical standards discussed at management meetings, together with mandatory E-learning programs for all employees, that it has taken all necessary steps to reduce any risks in respect of the principles regarding human rights.

The following principles apply:

- We promote a working culture that fosters mutual respect, openness and individual integrity.
- We respect local standards of occupational safety and health regulations.
- We base access to employment and promotion on personal skills, abilities and performance, not on gender, race or other discriminatory factors.
- We encourage employee/management communication.
- We do not use forced, compulsory or child labor.
- We do not tolerate workplace violence including threats, threatening behavior, harassment, intimidation and similar conduct.
- We protect employees' personal data and privacy.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

The company is working on complying with provisions of the law for the underrepresented gender in the upper management body and on other management levels.

Targets for Board of Directors

The Board of Directors consists of three members. All Board of Directors are gender males, appointed on annual meeting.

Management's Review

Bucher Municipal A/S has targets and a policy for the gender composition in management. The target for female representation on the board of directors elected by the general meeting was 33 percent by 2021. The shareholders have not succeeded in finding a female candidate for the board of directors within 2021 and therefore the target has been extended for another year until the end of 2022.

Diversity in other management levels

The company is also considering diversity in other management levels than the Board of Directors.

The long-term aim is that the company reflects the surrounding society and especially the company's customers, not only in terms of gender, but also in terms of nationality and ethnicity. This reflection of the surrounding society is to contribute to the company being an attractive choice for customers as well as present and future employees, and in this way enabling the company to achieve its long-term business goals.

The policy of the company states that women are encouraged equal as men to apply for vacant positions in the company. The company strives to present a field of mixed gender candidates when filling an open position.

Women are also guaranteed the same rights and conditions during their employment as men. In connection to this, personnel are ensured good conditions regarding maternity leave, flexible working hours and the possibility to work from home.

Management acknowledges that women are still underrepresented and will continue to attract women in all levels of the organization.

In 2021 the management group consisted of 7 members, including 1 female manager.

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Revenue	1	619.323	597.693
Other operating income	2	14	3.745
Expenses for raw materials and consumables		-376.509	-353.046
Other external expenses		-45.367	-40.859
Gross profit/loss		197.461	207.533
Staff expenses	3	-152.590	-165.365
Operating profit/loss (EBITDA)		44.871	42.168
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-7.250	-7.709
Other operating expenses		-86	-750
Profit/loss before financial income and expenses (EBIT)		37.535	33.709
Income from investments in subsidiaries	5	0	26.828
Financial income	6	1.970	150
Financial expenses	7	-3.752	-3.713
Profit/loss before tax		35.753	56.974
Tax on profit/loss for the year	8	-7.611	-6.816
Net profit/loss for the year		28.142	50.158

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Completed development projects		0	100
Acquired licenses		482	1.143
Goodwill		0	0
Intangible assets	9	482	1.243
Land and buildings		36.875	38.923
Plant and machinery		4.581	6.624
Other fixtures and fittings, tools and equipment		1.202	446
Leasehold improvements		6.290	7.405
Property, plant and equipment in progress		276	0
Property, plant and equipment	10	49.224	53.398
Investments in subsidiaries	11	54	54
Deposits	12	39	39
Fixed asset investments		93	93
Fixed assets		49.799	54.734
Raw materials and consumables		53.028	43.957
Work in progress		47.327	72.180
Finished goods and goods for resale		21.181	17.935
Prepayments for goods		0	9
Inventories		121.536	134.081
Trade receivables		31.430	16.229
Receivables from group enterprises		52.103	68.185
Other receivables		10.020	3.742
Prepayments	13	1.324	1.735
Receivables		94.877	89.891
Cash at bank and in hand		60.397	48.492
Currents assets		276.810	272.464
Assets		326.609	327.198

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		6.500	6.500
Reserve for hedging transactions		859	0
Retained earnings		116.709	116.567
Proposed dividend for the year		28.000	13.000
Equity	14	152.068	136.067
Provision for deferred tax	15	3.610	3.238
Other provisions	16	3.397	3.366
Provisions		7.007	6.604
Payables to group enterprises		45.000	60.000
Other payables		9.364	8.813
Long-term debt	17	54.364	68.813
Credit institutions		0	27
Prepayments received from customers		5.603	5.914
Trade payables		69.811	61.929
Payables to group enterprises	17	6.359	4.641
Corporation tax		7.432	7.295
Other payables	17,18	23.965	35.908
Short-term debt		113.170	115.714
Debt		167.534	184.527
Liabilities and equity		326.609	327.198
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Fee to auditors appointed at the general meeting	21		
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Statement of Changes in Equity

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	6.500	0	116.567	13.000	136.067
Ordinary dividend paid	0	0	0	-13.000	-13.000
Fair value of hedging instruments, end of year	0	1.101	0	0	1.101
Tax on adjustment of hedging instruments for the year	0	-242	0	0	-242
Net profit/loss for the year	0	0	142	28.000	28.142
Equity at 31 December	6.500	859	116.709	28.000	152.068

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
1 Revenue		
Geographical segments		
Revenue, Denmark	182.018	179.300
Export sales, EU	93.568	357.206
Export sales, non-EU	343.737	61.187
	619.323	597.693
Business segments		
Sale of sewer cleaning units	411.490	384.995
Sale of sweeper units	106.168	116.542
Sale of spare parts and service	79.587	78.983
Other sales	22.081	17.173
	619.323	597.693
2 Other operating income		
Covid-19 related compensation from the Danish government	0	3.503
Other income	14	242
	14	3.745
3 Staff expenses		
Wages and salaries	131.872	146.861
Pensions	17.285	16.161
Other social security expenses	3.433	2.343
	152.590	165.365
Including remuneration to the Executive Board of: Executive Board	2.943	4.246
	2.943	4.246
Average number of employees	281	305

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	761	1.573
Depreciation of property, plant and equipment	6.489	6.136
	<u>7.250</u>	<u>7.709</u>
5 Income from investments in subsidiaries		
Gain from sale of shares in subsidiaries	0	26.828
	<u>0</u>	<u>26.828</u>
6 Financial income		
Other financial income	1.970	150
	<u>1.970</u>	<u>150</u>
7 Financial expenses		
Interest paid to group enterprises	1.224	2.125
Other financial expenses	2.528	1.588
	<u>3.752</u>	<u>3.713</u>
8 Tax on profit/loss for the year		
Current tax for the year	7.481	7.302
Deferred tax for the year	372	-447
Adjustment of deferred tax concerning previous years	0	-15
	<u>7.853</u>	<u>6.840</u>
which breaks down as follows:		
Tax on profit/loss for the year	7.611	6.816
Tax on changes in equity	242	24
	<u>7.853</u>	<u>6.840</u>

Notes to the Financial Statements

9 Intangible assets

	Completed development projects	Acquired licenses	Goodwill	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	7.933	9.285	1.000	18.218
Cost at 31 December	7.933	9.285	1.000	18.218
Impairment losses and amortisation at 1 January	7.833	8.142	1.000	16.975
Amortisation for the year	100	661	0	761
Impairment losses and amortisation at 31 December	7.933	8.803	1.000	17.736
Carrying amount at 31 December	0	482	0	482
Amortised over	5 years	3-7 years	5-10 years	

Completed development projects consists of development of features for sewer cleaning units.

Notes to the Financial Statements

10 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	75.621	23.033	3.974	11.878	0	114.506
Additions for the year	512	634	978	0	276	2.400
Disposals for the year	0	-1.063	-248	0	0	-1.311
Cost at 31 December	76.133	22.604	4.704	11.878	276	115.595
Impairment losses and depreciation at 1 January	36.698	16.409	3.528	4.473	0	61.108
Depreciation for the year	2.560	2.592	222	1.115	0	6.489
Reversal of impairment and depreciation of sold assets	0	-978	-248	0	0	-1.226
Impairment losses and depreciation at 31 December	39.258	18.023	3.502	5.588	0	66.371
Carrying amount at 31 December	36.875	4.581	1.202	6.290	276	49.224
Depreciated over	10-50 years	3-7 years	3-7 years	3-15 years		

11 Investments in subsidiaries

	2021 TDKK	2020 TDKK
Cost at 1 January	54	54
Carrying amount at 31 December	54	54

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
J. Hvidtved Larsen US Inc.	USA	100%	3.146	-216

Notes to the Financial Statements

12 Other fixed asset investments

	Deposits TDKK
Cost at 1 January	39
Cost at 31 December	39
Carrying amount at 31 December	39

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

	2021 TDKK	2020 TDKK
14 Distribution of profit		
Proposed dividend for the year	28.000	13.000
Retained earnings	142	37.158
	28.142	50.158

15 Provision for deferred tax

Provision for deferred tax at 1 January	3.238	3.685
Amounts recognised in the income statement for the year	130	-471
Amounts recognised in equity for the year	242	24
Provision for deferred tax at 31 December	3.610	3.238
Intangible/fixed tangible assets	2.092	2.358
Inventories	1.383	1.027
Trade receivables	0	-66
Amortization	-11	-11
Provisions and prepayments etc.	146	-70
	3.610	3.238

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
16 Other provisions		
Warranty provisions	3.397	3.366
	3.397	3.366
The provisions are expected to mature as follows:		
Within 1 year	3.061	3.029
Later than 1 year	336	337
	3.397	3.366

The Company provides warranties of basically 1 year on sewer cleaning units and sweeper units.

17 Long-term debt

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:

	<u>2021</u> TDKK	<u>2020</u> TDKK
Payables to group enterprises		
Between 1 and 5 years	45.000	60.000
Long-term part	45.000	60.000
Other short-term debt to group enterprises	6.359	4.641
	51.359	64.641
Other payables		
After 5 years	7.566	0
Between 1 and 5 years	1.798	8.813
Long-term part	9.364	8.813
Other short-term payables	23.965	35.908
	33.329	44.721

Notes to the Financial Statements

18 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date the fair value of derivative financial instruments amounts to:

	2021 TDKK	2020 TDKK
Assets/Liabilities	1.454	-1.727

Forward exchange contracts have been concluded to hedge sale of goods in USD, purchase of goods in GBP and future expected purchase in GBP.

At the balance sheet date the fair value of derivative financial instruments regarding sale of goods in USD amounts to DKK -33k, purchase of goods in GBP amounts to DKK 385k and future expected purchase in GBP amounts to DKK 1,102k.

Hedge for sale of goods in USD amounts to USD 1,700k, hedge for purchase of goods in GBP amounts to GBP 2,700k and hedge for future expected purchase in GBP amounts to GBP 8,400k. The forward exchange contracts have a term of 0-12 months.

19 Contingent assets, liabilities and other financial obligations

Charges and security

Land and buildings recognised with a value of DKK 16.120 k has been placed as security for bank debt within credit institutes.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3.733	4.105
Between 1 and 5 years	2.158	4.987
	<u>5.891</u>	<u>9.092</u>

Guarantee obligations

The Company's bank has provided bank guarantees to the Company's customers of a total amount of	1.485	2.237
The Company's bank has provided a bank guarantees to the Company's landlord of a total amount of	609	609

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

Buy-back guarantees totalling DKK 10.736k have been provided for sewer cleaning units at 31 December 2021. At 31 December 2020 the buy-back guarantees amounted to DKK 12,531k.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

20 Related parties

	<u>Basis</u>
Controlling interest	
Bucher Industries AG	Ultimate Parent
Bucher Industries Danmark ApS	Immediate Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions have occurred.

Consolidated Financial Statements

Bucher Municipal A/S and its subsidiaries is included in the consolidated financial statements of Bucher Industries AG, Niederweningen, Switzerland, ISIN CH0002432174. The consolidated financial statements of Bucher Industries AG can be downloaded at the Company's website www.bucherindustries.com.

<u>Name</u>	<u>Place of registered office</u>
Bucher Industries AG	Niederweningen Switzerland

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
21 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	497	355
Tax advisory services	97	403
Other services	<u>205</u>	<u>223</u>
	<u>799</u>	<u>981</u>

22 Subsequent events

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

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Bucher Municipal A/S for 2021 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 2021 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 Bucher Industries AG, ISIN: CH0002432174, 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 Bucher Industries AG, ISIN CH0002432174 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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 balance sheet date.

Business combinations

Book-value method

Intragroup business combinations are accounted for under the book-value method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The book-value method is applied at the date of acquisition, and comparative figures have not been restated.

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

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

23 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Government grants

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Costs incurred on development projects comprise costs which are directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover production costs, selling costs and administrative expenses as well as the development costs.

Notes to the Financial Statements

23 Accounting Policies (continued)

Development projects that do not qualify for recognition in the balance sheet are recognised as costs in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and impairment loss and the recoverable amount. An amount corresponding to the recognized development costs is allocated to the equity item “Reserve for development costs”. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

Capitalised development costs are amortised as from the date of completion on a straight-line basis over the period during which development work is expected to generate economic benefits. The amortisation period is 5 years.

Rights, patents and licences are measured at the lower of cost less accumulated amortisation and impairment losses and recoverable amount. The amortisation period is 3-7 years.

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

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.

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:

Land & buildings	10-50 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

23 Accounting Policies (continued)

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

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

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

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 and costs of completion. 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 rent, insurance premiums and subscriptions.

Notes to the Financial Statements

23 Accounting Policies (continued)

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of basically 1 year. Provisions are measured and recognised based on experience with guarantee work.

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

Notes to the Financial Statements

23 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$