
Bucher Municipal A/S

Lillehøjvej 15, DK-8600 Silkeborg

Annual Report for 1 January - 31 December 2020

CVR No 20 01 00 88

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /5 2021

Per Stougaard Lovring
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	14
Balance Sheet 31 December	15
Statement of Changes in Equity	17
Notes to the Financial Statements	18

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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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 2021

Executive Board

Per Stougaard Lovring
Executive Officer

Per Rahbech Pedersen
Executive Officer

Board of Directors

Aurelio Lemos Villanueva
Chairman

Jörg Hüchting

Stefan Häni

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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.

Aarhus, 3 May 2021

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: 24th financial year

Municipality of reg. office: Silkeborg

Board of Directors

Aurelio Lemos Villanueva, Chairman
Jörg Hüchting
Stefan Häni

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:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	597.693	537.932	490.295	349.071	369.169
Gross profit/loss	207.533	150.437	130.752	99.532	88.988
Operating profit/loss	30.714	11.723	13.350	4.897	-3.628
Profit/loss before financial income and expenses	33.709	11.792	9.047	142	-10.003
Net financials	23.265	-3.441	54	-2.320	-863
Net profit/loss for the year	50.158	6.539	7.319	-1.850	-8.472
Balance sheet					
Balance sheet total	327.198	267.572	229.961	179.804	155.045
Equity	136.067	60.010	53.727	46.457	65.370
Investment in property, plant and equipment	2.016	7.489	12.200	1.296	1.460
Number of employees	305	248	224	183	178
Ratios					
Gross margin	34,7%	28,0%	26,7%	28,5%	24,1%
Profit margin	5,6%	2,2%	1,8%	0,0%	-2,7%
Return on assets	10,3%	4,4%	3,9%	0,1%	-6,5%
Solvency ratio	41,6%	22,4%	23,4%	25,8%	42,2%
Return on equity	51,2%	11,5%	14,6%	-3,3%	-12,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

Bucher Municipal A/S manufactures truck-mounted sewer cleaning units and sweeper units. 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 and sweeper units.

The sewer cleaning units and sweeper units are sold on the global market in Europe, North America, Asia and Australia.

Development in the year

In 2020, Bucher Municipal merged with Beam A/S, and created a strong competence center for special vehicles, with the aim of creating excellent state of the art products and services for our customers.

The company realized a growth in revenue by 10 %, to 598 M DKK, supported by the integration of Beam into Bucher Municipal, but also due to a strong market position at its core markets in Scandinavia and United Kingdom.

The Covid-19 virus impacted to some extent the business, but due to a strong final quarter of the year, the impact for the full year on both sales and order intake was less negative than expected and the year ended at acceptable level. The company has through the Covid-19 period balanced employee safety and production in a way beneficial for both customers and our valued employees.

EBIT amounts to DKK 34 million in 2020, which is an improvement of DKK 22 million compared to 2019.

Synergy impacts from the merger with Beam, focus on improving production efficiency, and a strong cost controlling was some of the drivers, that lead to an increase in EBIT from previous year.

Net profit amounts to DKK 50 million, compared to DKK 7 million in 2019. The result is impacted by a one-time impact from divestment of a subsidiary in UK.

In a year of special circumstances, the result was expected and satisfying.

Management's Review

Income statement

Revenue in 2020 amounts to DKK 598 million which is the highest in the history of the Company and an increase by 10 % compared to DKK 538 million in 2019. The revenue is impacted by the merger between Beam A/S and Bucher Municipal A/S in 2020.

Gross profit in 2020 has improved to DKK 208 million compared to DKK 150 million in 2019. The increase is led by changes in sales mix, and higher volume due to the merger with Beam A/S. Staff expenses in 2020 have increased to DKK 165 million compared to DKK 133 million in 2019. The increase is driven by the merger, and continued investment in the organization to support the growth.

EBIT in 2020 has improved to DKK 34 million compared to DKK 12 million in 2019 which is an improvement of DKK 22 million.

Net profit of DKK 50 million in 2020 is significantly higher than net profit of DKK 7 million in 2019 mainly due to a better sales mix, cost control in all areas of the business, improved production efficiency and a one-time impact from divestment of the company's sales company in the UK as per 1. January 2020 on DKK 27 million. The net profit was also impacted by the merger between Beam A/S and Bucher Municipal A/S in 2020.

After a year with Covid-19, Management considers the 2020 result as solid and satisfactory, and realized according to expectations for the year.

Balance sheet

The balance sheet amounts to DKK 327 million, which is an increase of DKK 60 million compared to 2019. The increase is mainly related to higher inventory and receivables at year end due to high sales at year end. The balance sheet was also impacted by the merger between Beam A/S and Bucher Municipal A/S in 2020.

Management's Review

Targets and expectations for 2021

The company expects only minor changes in activity level for 2021, under consideration that the Covid-19 pandemic situation will become under control, and not impacting the company to a larger extend than seen in 2020. A revenue from DKK 590-610 million is therefore estimated.

One of the company's major markets are United Kingdom. The company has monitored thoroughly the trade negotiations between UK and EU and note with satisfaction that a BREXIT agreement was made. One of the impacts seen from BREXIT is increasingly pressure on the British pound, and it is expected, that this will have negative impact on the profitability for the company in 2021.

The company will in 2021 by a couple of strategic projects, continue its transformation to become an even stronger and more profitable company, to the value of all the stakeholders of Bucher Municipal Denmark.

It is therefore expected, that the company's profitability before tax also in 2021 will improve from this year, and is estimated in the range between 31-34 M DKK.

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 basic values.

Business model

Please refer to description of key 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 on 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 Labour 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.

Bucher Municipal A/S has zero tolerance for all forms of bribery, corruption, extortion or embezzlement,

Management's Review

both in relation 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 world business are made.

Environment and climate

Sewer cleaning units and sweeper machines play a key role in safeguarding the environment around the world. An investment in sewer cleaning units and sweeper units from Bucher Municipal A/S is also an investment in the environment.

Product development has a constant focus on developing and improving sewer cleaning units and sweeper units that are the most environmental friendly and energy efficient in the market.

Our RECYCLER® 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
- SDG13 Climate action

In 2020 the company has 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.

Management's Review

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.

Further, the company has a target of achieving energy certification that will become an important baseline of reduction of energy consumption, hence become an even more sustainable 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 planned to be carried out once a year for all employees starting from the beginning of 2021. 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 for 2020:

- 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

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

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 have to read and sign an agreement that they have understood and will act according to

Management's Review

the principles, which also has been done during 2020.

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.

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. No incidents were found during 2020.

Employees are requested to undergo yearly training in order to ensure compliance with the directive and all new employees have to read and sign an agreement that they have understood and will comply, which also has been done during 2020.

The company has a strong focus of avoiding anti-corruption and fraud, and the company have had no such examples of corruption or fraud in the reporting period.

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. No incidents were found during 2020.

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 or race or other discriminatory factors.
- We encourage employee/management communication.
- We do not use forced, compulsory or child labour.
- We do not tolerate work place 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 supreme management body and on other management levels.

Targets for Board of Directors

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 20 percent by 2020.

Management's Review

The shareholders have not succeeded in finding a female candidate for the board of directors within 2020 and therefore the target has been extended for another year until the end of 2021.

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 is 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 2020 the management group includes 2 female managers.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue	1	597.693	537.932
Other operating income	2	3.745	73
Expenses for raw materials and consumables		-353.046	-341.964
Other external expenses		-40.859	-45.604
Gross profit/loss		207.533	150.437
Staff expenses	3	-165.365	-132.943
Operating profit/loss (EBITDA)		42.168	17.494
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-7.709	-5.698
Other operating expenses		-750	-4
Profit/loss before financial income and expenses (EBIT)		33.709	11.792
Income from investments in subsidiaries	5	26.828	0
Financial income	6	150	394
Financial expenses	7	-3.713	-3.835
Profit/loss before tax		56.974	8.351
Tax on profit/loss for the year	8	-6.816	-1.812
Net profit/loss for the year		50.158	6.539

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Completed development projects		100	631
Acquired licenses		1.143	1.151
Goodwill		0	766
Intangible assets	9	1.243	2.548
Land and buildings		38.923	17.692
Plant and machinery		6.624	6.800
Other fixtures and fittings, tools and equipment		446	61
Leasehold improvements		7.405	8.490
Property, plant and equipment in progress		0	671
Property, plant and equipment	10	53.398	33.714
Investments in subsidiaries	11	54	54
Deposits	12	39	39
Fixed asset investments		93	93
Fixed assets		54.734	36.355
Raw materials and consumables		43.957	26.347
Work in progress		72.180	47.233
Finished goods and goods for resale		17.935	64.372
Prepayments for goods		9	1.347
Inventories		134.081	139.299
Trade receivables		16.229	17.787
Receivables from group enterprises		68.185	70.154
Other receivables		3.742	956
Prepayments	13	1.735	3.019
Receivables		89.891	91.916
Cash at bank and in hand		48.492	2
Currents assets		272.464	231.217
Assets		327.198	267.572

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		6.500	6.500
Retained earnings		116.567	40.510
Proposed dividend for the year		13.000	13.000
Equity	14	136.067	60.010
Provision for deferred tax	15	3.238	3.685
Other provisions	16	3.366	1.350
Provisions		6.604	5.035
Mortgage loans		0	3.381
Payables to group enterprises		60.000	55.000
Other payables		8.813	0
Long-term debt	17	68.813	58.381
Mortgage loans	17	0	1.153
Credit institutions		27	9.506
Prepayments received from customers		5.914	4.571
Trade payables		61.929	70.292
Payables to group enterprises	17	4.641	33.697
Corporation tax		7.295	1.950
Other payables	17,18	35.908	22.977
Short-term debt		115.714	144.146
Debt		184.527	202.527
Liabilities and equity		327.198	267.572
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Fee to auditors appointed at the general meeting	21		
Subsequent events	22		
Accounting Policies	23		

Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Proposed dividend for the year TDKK	Total TDKK
Equity at 1 January	6.500	40.510	13.000	60.010
Net effect from merger and acquisition under the book-value method	0	38.814	0	38.814
Adjusted equity at 1 January	6.500	79.324	13.000	98.824
Ordinary dividend paid	0	0	-13.000	-13.000
Fair value of hedging instruments, beginning of year	0	109	0	109
Tax on adjustment of hedging instruments for the year	0	-24	0	-24
Net profit/loss for the year	0	37.158	13.000	50.158
Equity at 31 December	6.500	116.567	13.000	136.067

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
1 Revenue		
Geographical segments		
Revenue, Denmark	179.300	124.990
Export sales, EU	357.206	288.981
Export sales, non-EU	61.187	123.961
	597.693	537.932
Business segments		
Sale of sewer cleaning units	289.474	483.074
Sale of sweeper units	212.063	0
Sale of spare parts and service	78.983	54.339
Other sales	17.173	519
	597.693	537.932
2 Other operating income		
Covid-19 related compensation from the Danish government	3.503	0
Other income	242	73
	3.745	73
3 Staff expenses		
Wages and salaries	146.861	115.685
Pensions	16.161	14.553
Other social security expenses	2.343	2.705
	165.365	132.943
Including remuneration to the Executive Board of:		
Executive Board	4.246	2.399
	4.246	2.399
Average number of employees	305	248

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1.573	1.787
Depreciation of property, plant and equipment	6.136	3.911
	7.709	5.698
5 Income from investments in subsidiaries		
Gain from sale of shares in subsidiaries	26.828	0
	26.828	0
6 Financial income		
Interest received from group enterprises	0	31
Other financial income	150	363
	150	394
7 Financial expenses		
Interest paid to group enterprises	2.125	1.219
Other financial expenses	1.588	2.616
	3.713	3.835
8 Tax on profit/loss for the year		
Current tax for the year	7.302	1.874
Deferred tax for the year	-447	-134
Adjustment of deferred tax concerning previous years	-15	0
	6.840	1.740
which breaks down as follows:		
Tax on profit/loss for the year	6.816	1.812
Tax on changes in equity	24	-72
	6.840	1.740

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	8.343	5.170	21.446
Net effect from merger and acquisition	0	255	0	255
Additions for the year	0	687	0	687
Disposals for the year	0	0	-4.170	-4.170
Cost at 31 December	<u>7.933</u>	<u>9.285</u>	<u>1.000</u>	<u>18.218</u>
Impairment losses and amortisation at 1 January	7.302	7.192	4.404	18.898
Net effect from merger and acquisition	0	255	0	255
Amortisation for the year	531	695	347	1.573
Reversal of amortisation of disposals for the year	0	0	-3.751	-3.751
Impairment losses and amortisation at 31 December	<u>7.833</u>	<u>8.142</u>	<u>1.000</u>	<u>16.975</u>
Carrying amount at 31 December	<u>100</u>	<u>1.143</u>	<u>0</u>	<u>1.243</u>
Amortised over	<u>5 years</u>	<u>3-7 years</u>	<u>5-10 years</u>	

Completed development projects consists of development of features for sewer cleaning units. The impairment testing of the development costs is based on expectations of future sales of 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	39.433	17.624	936	11.901	671	70.565
Net effect from merger and acquisition	35.776	5.720	3.038	0	0	44.534
Additions for the year	470	1.483	0	63	0	2.016
Disposals for the year	-58	-2.465	0	-86	0	-2.609
Transfers for the year	0	671	0	0	-671	0
Cost at 31 December	75.621	23.033	3.974	11.878	0	114.506
Impairment losses and depreciation at 1 January	21.741	10.824	875	3.411	0	36.851
Net effect from merger and acquisition	12.532	5.306	2.564	0	0	20.402
Depreciation for the year	2.456	2.443	89	1.148	0	6.136
Reversal of impairment and depreciation of sold assets	-31	-2.164	0	-86	0	-2.281
Impairment losses and depreciation at 31 December	36.698	16.409	3.528	4.473	0	61.108
Carrying amount at 31 December	38.923	6.624	446	7.405	0	53.398
Depreciated over	10-50 years	3-7 years	3-7 years	3-15 years		

11 Investments in subsidiaries

	2020 TDKK	2019 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%	4.060	-1.156

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.

	2020 TDKK	2019 TDKK
14 Distribution of profit		
Proposed dividend for the year	13.000	13.000
Retained earnings	37.158	-6.461
	50.158	6.539

15 Provision for deferred tax

Provision for deferred tax at 1 January	3.685	3.819
Amounts recognised in the income statement for the year	-471	-62
Amounts recognised in equity for the year	24	-72
Provision for deferred tax at 31 December	3.238	3.685
Intangible/fixed tangible assets	2.358	1.875
Inventories	1.027	1.521
Trade receivables	-66	0
Amortization	-11	-14
Provisions and prepayments etc.	-70	303
	3.238	3.685

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

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
16 Other provisions		
Warranty provisions	3.366	1.350
	3.366	1.350
The provisions are expected to mature as follows:		
Within 1 year	3.029	1.300
Later than 1 year	337	50
	3.366	1.350
The Company provides warranties of 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:		
Mortgage loans		
After 5 years	0	369
Between 1 and 5 years	0	3.012
Long-term part	0	3.381
Within 1 year	0	1.153
	0	4.534
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	60.000	55.000
Long-term part	60.000	55.000
Other short-term debt to group enterprises	4.641	33.697
	64.641	88.697
Other payables		
Between 1 and 5 years	8.813	0
Long-term part	8.813	0
Other short-term payables	35.908	22.977
	44.721	22.977

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:

	2020 TDKK	2019 TDKK
Assets/Liabilities	-1.727	3.522

Forward exchange contracts have been concluded to hedge future sales of goods in USD. At the balance sheet date, the fair value of the forward exchange rate contracts amounts to DKK 1,727k. Hedge for USD sales in 2021 amounts to USD 4,750 k.

19 Contingent assets, liabilities and other financial obligations

Charges and security

Land and buildings recognised with a value of DKK 16,885k has been placed as security for mortgage debt and bank debt within credit institutes.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	4.105	4.069
Between 1 and 5 years	4.987	6.766
After 5 years	0	15
	<u>9.092</u>	<u>10.850</u>

Guarantee obligations

The Company's bank has provided bank guarantees to the Company's customers of a total amount of

2.237 1.010

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 12,531k have been provided for sewer cleaning units at 31 December 2020. At 31 December 2019 the buy-back guarantees amounted to DKK 20,950k.

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

Basis

Controlling interest

Bucher Industries AG	Ultimate Parent
Bucher Industries Danmark ApS	Immediate Parent

Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

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.

Name	Place of registered office
Bucher Industries AG	Niederweningen Switzerland

Notes to the Financial Statements

	<u>2020</u> TDKK	<u>2019</u> TDKK
21 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	355	280
Tax advisory services	403	12
Other services	<u>223</u>	<u>128</u>
	<u>981</u>	<u>420</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 2020 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 2020 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, 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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

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.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-7 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Completed development projects are measured at cost less accumulated amortisation. Completed development projects are amortised on a straight-line basis over its useful life, which is assessed to 5 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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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 1-3 years. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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

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