



## H.C. Petersen & Co.S Eftf. A/S

Ansager Landevej 11  
7200 Grindsted  
CVR No. 24213706

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 11.05.2021

---

**Johan Prior-Knock**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020	10
Consolidated balance sheet at 31.12.2020	11
Consolidated statement of changes in equity for 2020	13
Consolidated cash flow statement for 2020	14
Notes to consolidated financial statements	15
Parent income statement for 2020	20
Parent balance sheet at 31.12.2020	21
Parent statement of changes in equity for 2020	23
Notes to parent financial statements	24
Accounting policies	28

# Entity details

## Entity

H.C. Petersen & Co.S Eftf. A/S

Ansager Landevej 11

7200 Grindsted

Business Registration No.: 24213706

Registered office: Billund

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Christopher Kiær Thomsen, chairman

Kåre Bo Stolt

Sten Kjelstrup

## Executive Board

Sten Fåhnø Thomsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Lead Client Service Partner: Jørn Jepsen

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of H.C. Petersen & Co.S Eftf. A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Krogager, 11.05.2021

## Executive Board

**Sten Fähnø Thomsen**

## Board of Directors

**Christopher Kiær Thomsen**  
chairman

**Kåre Bo Stolt**

**Sten Kjelstrup**

# Independent auditor's report

## To the shareholders of H.C. Petersen & Co.S Eftf. A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of H.C. Petersen & Co.S Eftf. A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Esbjerg, 11.05.2021

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Peder Rene Pedersen**

State Authorised Public Accountant  
Identification No (MNE) mne23334

# Management commentary

## Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	231,276	269,504	264,730	243,417	265,556
Gross profit/loss	27,285	29,193	29,212	25,014	31,144
Operating profit/loss	785	(2,554)	(1,736)	1,126	7,049
Net financials	(2,669)	(2,943)	(2,603)	(929)	(2,048)
Profit/loss for the year	(1,654)	(9,218)	(4,327)	183	3,508
Profit for the year excl. minority interests	(1,671)	(9,251)	(4,372)	183	3,508
Balance sheet total	145,710	164,441	202,503	171,428	162,133
Investments in property, plant and equipment	281	876	3,810	2,361	610
Equity	57,090	60,297	69,944	74,023	75,910
Equity excl. minority interests	56,312	59,503	69,139	74,023	75,910
Average invested capital incl. goodwill	106,345	116,510	133,003	115,834	115,576
Net interest-bearing debt	40,859	53,794	64,175	43,307	37,334
<b>Ratios</b>					
Return on invested capital incl. goodwill (%)	(1.56)	(7.91)	(3.25)	0.16	3.04
Revenue/average invested capital incl. goodwill (%)	2.08	2.2	2.0	2.1	2.3
Financial gearing	0.72	0.89	0.92	0.59	0.49
Return on equity (%)	(2.89)	(14.38)	(6.11)	0.24	4.7
Equity ratio (%)	38.65	36.19	34.14	43.18	46.82

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.



**Return on invested capital incl. goodwill (%):**

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average invested capital incl. goodwill}}$$

**Revenue/average invested capital incl. goodwill (%):**

$$\frac{\text{Revenue} * 100}{\text{Average invested capital incl. goodwill}}$$

**Financial gearing :**

$$\frac{\text{Net interest-bearing debt}}{\text{Average equity}}$$

**Return on equity (%):**

$$\frac{\text{Profit/loss for the year excl. minority interests} * 100}{\text{Average equity excl. minority interests}}$$

**Equity ratio (%):**

$$\frac{\text{Equity excl. minority interests} * 100}{\text{Balance sheet total}}$$

### Primary activities

The Group's and the entity's activities are to import and distribute tractors, machinery, spare parts and to provide services to the agricultural industry and the gardening/park sector in Scandinavia.

### Development in activities and finances

Throughout the year, focus has been on reducing total level of inventory, as well as a tight focus on cost efficiency and stock management. The development of reducing level of inventory continues into 2021.

The global crisis following Covid-19 has to some extent effected the outcome of the 2020 financial year, especially during the first half year of 2020, but realized some recovery in both turnover and order intake under the second half year of 2020. The drop in Norwegian Krone under the spring of 2020 to 0,57 towards the Danish Krone had some impact on the result of the financial year.

The financial performance for the year is considered unsatisfactory.

### Outlook

A continued, relatively low market share but with regional increases are expected for 2021.

As the markets are recovering from the Covid-19 crisis, there are still uncertainties related to the supply chain.

The lead time for machinery orders are now at least 3 months.

The financial performance is expected to be better than the 2020 results as the core business is being trimmed.

The company expects a profit of DKK 1-2 million in the coming year.

We expect some restructuring cost in 2021 mainly relating to the handover of the activities in our retail outlet HCP Maskincenter to a dealer.

### Particular risks

#### Operation risk

The Group's key operating risk relates to the developments in the agricultural industry and the gardening/park sector of Denmark, Norway, Sweden and Finland and to the fact that products from its suppliers remain at the forefront of technology, offering competitive prices.

#### Financial risk

As a consequence of its operating, investing and financing activities, the Group is exposed to exchange and interest rate fluctuations. EUR is used for most of the Group's foreign currency transactions where the currency risk is considered very low. In addition, the group carries out some transactions denominated in JPY. Much of group sales are denominated in NOK or SEK, involving some currency risk.

### Events after the balance sheet date

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

# Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue		231,276	269,504
Cost of sales		(190,200)	(224,377)
Other external expenses		(13,791)	(15,934)
<b>Gross profit/loss</b>		<b>27,285</b>	<b>29,193</b>
Staff costs	2	(25,146)	(29,686)
Depreciation, amortisation and impairment losses	3	(1,354)	(2,061)
<b>Operating profit/loss</b>		<b>785</b>	<b>(2,554)</b>
Other financial income		395	681
Other financial expenses		(3,064)	(3,624)
<b>Profit/loss before tax</b>		<b>(1,884)</b>	<b>(5,497)</b>
Tax on profit/loss for the year	4	230	(3,721)
<b>Profit/loss for the year</b>	5	<b>(1,654)</b>	<b>(9,218)</b>

# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		1,275	1,606
<b>Intangible assets</b>	6	<b>1,275</b>	<b>1,606</b>
Land and buildings		10,695	11,121
Other fixtures and fittings, tools and equipment		1,693	2,839
Leasehold improvements		739	1,030
<b>Property, plant and equipment</b>	7	<b>13,127</b>	<b>14,990</b>
Other receivables		35	35
<b>Financial assets</b>	8	<b>35</b>	<b>35</b>
<b>Fixed assets</b>		<b>14,437</b>	<b>16,631</b>
Manufactured goods and goods for resale		96,168	109,676
<b>Inventories</b>		<b>96,168</b>	<b>109,676</b>
Trade receivables		33,168	35,813
Deferred tax	9	640	361
Other receivables		496	637
Prepayments	10	394	1,080
<b>Receivables</b>		<b>34,698</b>	<b>37,891</b>
<b>Cash</b>		<b>407</b>	<b>243</b>
<b>Current assets</b>		<b>131,273</b>	<b>147,810</b>
<b>Assets</b>		<b>145,710</b>	<b>164,441</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Contributed capital		10,162	10,162
Retained earnings		46,150	49,341
<b>Equity belonging to Parent's shareholders</b>		<b>56,312</b>	<b>59,503</b>
<b>Equity belonging to minority interests</b>		<b>778</b>	<b>794</b>
<b>Equity</b>		<b>57,090</b>	<b>60,297</b>
Mortgage debt		6,142	6,987
Lease liabilities		183	248
Other payables		1,127	620
<b>Non-current liabilities other than provisions</b>	11	<b>7,452</b>	<b>7,855</b>
Current portion of non-current liabilities other than provisions	11	918	890
Bank loans		32,817	45,292
Trade payables		24,127	30,303
Payables to group enterprises		5,096	0
Joint taxation contribution payable		79	59
Other payables		18,131	19,745
<b>Current liabilities other than provisions</b>		<b>81,168</b>	<b>96,289</b>
<b>Liabilities other than provisions</b>		<b>88,620</b>	<b>104,144</b>
<b>Equity and liabilities</b>		<b>145,710</b>	<b>164,441</b>
Events after the balance sheet date	1		
Financial instruments	13		
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Group relations	16		
Subsidiaries	17		

# Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	10,162	49,341	59,503	794	60,297
Ordinary dividend paid	0	0	0	(33)	(33)
Exchange rate adjustments	0	(2,043)	(2,043)	0	(2,043)
Other entries on equity	0	523	523	0	523
Profit/loss for the year	0	(1,671)	(1,671)	17	(1,654)
<b>Equity end of year</b>	<b>10,162</b>	<b>46,150</b>	<b>56,312</b>	<b>778</b>	<b>57,090</b>

# Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		785	(2,554)
Amortisation, depreciation and impairment losses		1,354	2,061
Working capital changes	12	14,286	14,853
<b>Cash flow from ordinary operating activities</b>		<b>16,425</b>	<b>14,360</b>
Financial income received		395	681
Financial expenses paid		(3,064)	(3,624)
Taxes refunded/(paid)		(29)	353
Other cash flows from operating activities		(1,520)	(425)
<b>Cash flows from operating activities</b>		<b>12,207</b>	<b>11,345</b>
Acquisition etc. of property, plant and equipment		(281)	(876)
Sale of property, plant and equipment		1,121	165
<b>Cash flows from investing activities</b>		<b>840</b>	<b>(711)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>13,047</b>	<b>10,634</b>
Dividend paid		(33)	0
Changes in loan facilities		(375)	(1,057)
<b>Cash flows from financing activities</b>		<b>(408)</b>	<b>(1,057)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>12,639</b>	<b>9,577</b>
Cash and cash equivalents beginning of year		(45,049)	(54,626)
<b>Cash and cash equivalents end of year</b>		<b>(32,410)</b>	<b>(45,049)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		407	243
Short-term bank loans		(32,817)	(45,292)
<b>Cash and cash equivalents end of year</b>		<b>(32,410)</b>	<b>(45,049)</b>

# Notes to consolidated financial statements

## 1 Events after the balance sheet date

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

## 2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	21,345	25,099
Pension costs	3,180	3,243
Other social security costs	564	1,344
Other staff costs	57	0
	<b>25,146</b>	<b>29,686</b>
Average number of full-time employees	51	57

	Remuneration of manage- ment 2020 DKK'000	Remuneration of manage- ment 2019 DKK'000
Total amount for management categories	1,219	1,445
	<b>1,219</b>	<b>1,445</b>

## 3 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Amortisation of intangible assets	331	331
Depreciation on property, plant and equipment	1,554	1,745
Profit/loss from sale of intangible assets and property, plant and equipment	(531)	(15)
	<b>1,354</b>	<b>2,061</b>



**4 Tax on profit/loss for the year**

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	79	103
Change in deferred tax	(279)	3,618
Adjustment concerning previous years	(30)	0
	<b>(230)</b>	<b>3,721</b>

**5 Proposed distribution of profit/loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Retained earnings	(1,671)	(9,251)
Minority interests' share of profit/loss	17	33
	<b>(1,654)</b>	<b>(9,218)</b>

**6 Intangible assets**

	<b>Goodwill</b>
	<b>DKK'000</b>
Cost beginning of year	6,079
<b>Cost end of year</b>	<b>6,079</b>
Amortisation and impairment losses beginning of year	(4,473)
Amortisation for the year	(331)
<b>Amortisation and impairment losses end of year</b>	<b>(4,804)</b>
<b>Carrying amount end of year</b>	<b>1,275</b>

**7 Property, plant and equipment**

	<b>Land and buildings</b>	<b>Other fixtures and fittings, tools and equipment</b>	<b>Leasehold improvements</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
Cost beginning of year	19,801	12,650	1,449
Additions	20	244	17
Disposals	0	(2,429)	(152)
<b>Cost end of year</b>	<b>19,821</b>	<b>10,465</b>	<b>1,314</b>
Depreciation and impairment losses beginning of year	(8,680)	(9,811)	(419)
Depreciation for the year	(446)	(916)	(192)
Reversal regarding disposals	0	1,955	36
<b>Depreciation and impairment losses end of year</b>	<b>(9,126)</b>	<b>(8,772)</b>	<b>(575)</b>
<b>Carrying amount end of year</b>	<b>10,695</b>	<b>1,693</b>	<b>739</b>
Recognised assets not owned by Entity	0	257	0

## 8 Financial assets

	<b>Other receivables DKK'000</b>
Cost beginning of year	35
<b>Cost end of year</b>	<b>35</b>
<b>Carrying amount end of year</b>	<b>35</b>

## 9 Deferred tax

	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Property, plant and equipment	15	39
Receivables	235	180
Tax losses carried forward	390	142
<b>Deferred tax</b>	<b>640</b>	<b>361</b>

<b>Changes during the year</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Beginning of year	361	4,211
Recognised in the income statement	279	(3,850)
<b>End of year</b>	<b>640</b>	<b>361</b>

## 10 Prepayments

The item consists of prepaid expenses.

## 11 Non-current liabilities other than provisions

	<b>Due within 12 months 2020 DKK'000</b>	<b>Due within 12 months 2019 DKK'000</b>	<b>Due after more than 12 months 2020 DKK'000</b>	<b>Outstanding after 5 years 2020 DKK'000</b>
Mortgage debt	848	823	6,142	2,763
Lease liabilities	70	67	183	0
Other payables	0	0	1,127	1,127
	<b>918</b>	<b>890</b>	<b>7,452</b>	<b>3,890</b>

## 12 Changes in working capital

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Increase/decrease in inventories	13,508	13,692
Increase/decrease in receivables	3,472	18,312
Increase/decrease in trade payables etc.	(2,694)	(17,151)
	<b>14,286</b>	<b>14,853</b>

## 13 Derivative financial instruments

Other payables includes interest rate swap contracts at the balance sheet date relating to loans of DKK 32,636k. Unrealised net losses in these contracts at 31 December 2020 of DKK 3,506k are recognised under other payables and taken directly to equity by 522k. as well as deferred tax by 114k. The interest rate swap with an interest of 1.7% to 3.3%. The contracts expire in the period from 30.04.2025 until 30.06.2031.

## 14 Unrecognised rental and lease commitments

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Total liabilities under rental or lease agreements until maturity	2,243	6,675
Of this, liabilities under rental or lease agreements with group enterprises	1,020	5,200

## 15 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 10,695k and the carrying amount of mortgaged plant amounts to DKK 1,693k.

A floating charge and chattel mortgage for DKK 76,579k nominal has been provided on trade receivables, operating equipment and inventories as security for bank loans. Bank loans amount to DKK 32,817k. A part of trade payables is secured by pledge in a part of inventories.

The Carrying amount of trade receivables charged is DKK 33,168k.

The Carrying amount of inventories charged is DKK 96,168k.

Inventories and guarantees provided by the Entity's banker for EUR 900k in total have been subjected to retention of title as security for trade payables.

## 16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Kiaer Properties ApS, Ansager Landevej 11, 7200 Grindsted.

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

H.C. Petersen & Co.'s Eft. A/S, Ansager Landevej 11, 7200 Grindsted.

### 17 Subsidiaries

	<b>Registered in</b>	<b>Corporate form</b>	<b>Ownership %</b>
H.C. Petersen Norge AS	Norge	AS	100
H.C. Petersen Sverige AB	Sverige	AB	100
H.C. Petersen OY, Finland	Finland	OY	100
HCP Maskincenter A/S	Randers	A/S	100
O. Søndergaard og Sønner A/S	Nordfyns	A/S	80

# Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue		129,671	145,794
Cost of sales		(114,315)	(131,244)
Other external expenses		(2,301)	(1,928)
<b>Gross profit/loss</b>		<b>13,055</b>	<b>12,622</b>
Staff costs	1	(9,034)	(11,370)
Depreciation, amortisation and impairment losses	2	(848)	(936)
<b>Operating profit/loss</b>		<b>3,173</b>	<b>316</b>
Income from investments in group enterprises		(3,052)	(4,357)
Other financial income from group enterprises		227	227
Other financial income		148	136
Other financial expenses		(2,167)	(2,535)
<b>Profit/loss before tax</b>		<b>(1,671)</b>	<b>(6,213)</b>
Tax on profit/loss for the year	3	0	(3,038)
<b>Profit/loss for the year</b>	4	<b>(1,671)</b>	<b>(9,251)</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Land and buildings		9,991	10,324
Other fixtures and fittings, tools and equipment		976	1,564
<b>Property, plant and equipment</b>	5	<b>10,967</b>	<b>11,888</b>
Investments in group enterprises		31,272	33,967
<b>Financial assets</b>	6	<b>31,272</b>	<b>33,967</b>
<b>Fixed assets</b>		<b>42,239</b>	<b>45,855</b>
Manufactured goods and goods for resale		28,309	39,040
<b>Inventories</b>		<b>28,309</b>	<b>39,040</b>
Trade receivables		6,538	6,912
Receivables from group enterprises		40,487	44,465
Other receivables		1	17
Prepayments	7	219	189
<b>Receivables</b>		<b>47,245</b>	<b>51,583</b>
<b>Cash</b>		<b>8</b>	<b>4</b>
<b>Current assets</b>		<b>75,562</b>	<b>90,627</b>
<b>Assets</b>		<b>117,801</b>	<b>136,482</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Contributed capital		10,162	10,162
Reserve for fair value adjustments and hedging instruments		523	0
Reserve for net revaluation according to the equity method		958	6,053
Retained earnings		44,669	43,288
<b>Equity</b>		<b>56,312</b>	<b>59,503</b>
Mortgage debt		5,883	6,650
Lease liabilities		183	248
Other payables		723	301
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>6,789</b>	<b>7,199</b>
Current portion of non-current liabilities other than provisions	8	840	813
Bank loans		25,146	35,608
Trade payables		21,449	25,991
Payables to group enterprises		0	7
Other payables		7,265	7,361
<b>Current liabilities other than provisions</b>		<b>54,700</b>	<b>69,780</b>
<b>Liabilities other than provisions</b>		<b>61,489</b>	<b>76,979</b>
<b>Equity and liabilities</b>		<b>117,801</b>	<b>136,482</b>
Financial instruments	9		
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		
Related parties with controlling interest	13		

# Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,162	0	6,053	43,288	59,503
Exchange rate adjustments	0	0	(1,610)	(433)	(2,043)
Value adjustments	0	523	0	0	523
Profit/loss for the year	0	0	(3,485)	1,814	(1,671)
<b>Equity end of year</b>	<b>10,162</b>	<b>523</b>	<b>958</b>	<b>44,669</b>	<b>56,312</b>



# Notes to parent financial statements

## 1 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	7,689	9,867
Pension costs	1,233	1,365
Other social security costs	112	138
	<b>9,034</b>	<b>11,370</b>
Average number of full-time employees	17	19

	Remuneration of manage- ment 2020 DKK'000	Remuneration of manage- ment 2019 DKK'000
Total amount for management categories	1,219	1,445
	<b>1,219</b>	<b>1,445</b>

## 2 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Depreciation on property, plant and equipment	835	932
Profit/loss from sale of intangible assets and property, plant and equipment	13	4
	<b>848</b>	<b>936</b>

## 3 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Change in deferred tax	0	3,038
	<b>0</b>	<b>3,038</b>

## 4 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	(1,671)	(9,251)
	<b>(1,671)</b>	<b>(9,251)</b>

## 5 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	18,784	8,669
Additions	0	145
Disposals	0	(661)
<b>Cost end of year</b>	<b>18,784</b>	<b>8,153</b>
Depreciation and impairment losses beginning of year	(8,460)	(7,105)
Depreciation for the year	(333)	(502)
Reversal regarding disposals	0	430
<b>Depreciation and impairment losses end of year</b>	<b>(8,793)</b>	<b>(7,177)</b>
<b>Carrying amount end of year</b>	<b>9,991</b>	<b>976</b>
Recognised assets not owned by entity	0	257

## 6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	27,914
Additions	2,400
<b>Cost end of year</b>	<b>30,314</b>
Revaluations beginning of year	6,053
Exchange rate adjustments	(1,610)
Amortisation of goodwill	(306)
Share of profit/loss for the year	(2,872)
Adjustment of intra-group profits	126
Reversal of revaluations	(433)
<b>Revaluations end of year</b>	<b>958</b>
<b>Carrying amount end of year</b>	<b>31,272</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 7 Prepayments

The item consists of prepaid expenses.

## 8 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Mortgage debt	770	746	5,883	2,763
Lease liabilities	70	67	183	0
Other payables	0	0	723	723
	<b>840</b>	<b>813</b>	<b>6,789</b>	<b>3,486</b>

## 9 Derivative financial instruments

Other payables includes interest rate swap contracts at the balance sheet date relating to loans of DKK 32.636k. Unrealised net losses in these contracts at 31 December 2020 of DKK 3,506k are recognised under other payables and taken directly to equity by DKK 522k as well as deferred tax by DKK 114k. The interest rate swap with an interest of 1.7% to 3.3%. The contracts expire in the period from 30.04.2025 until 30.06.2031.

## 10 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	172	279

## 11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Kiaer Properties ApS serves as the administration company.

According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 12 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 9,991k and the carrying amount of mortgaged plant is DKK 718k

Shares in group enterprises have been provided as security for bank loans. The carrying amount of shares charged is DKK 31,272k.

A floating Charge for DKK 54,000k nominal on trade receivables, operating equipment and inventories has been provided as security for bank loans. Bank loans total DKK 25,145k.

The Carrying amount of trade receivables charged is DKK 6,539k.

The Carrying amount of inventories charged is DKK 26,273k.

Inventories and quarantees provided by the Entity's banker for EUR 900k in total have been subjected to retention of title as security for trade payables.

### **Collateral provided for group enterprises**

The Entity has guaranteed the subsidiaries' bank loans. The subsidiaries' bank loans total DKK 7.671k

## 13 Related parties with controlling interest

Kiaer Properties ApS, Ansager Landevej 11, 7200 Grindsted, holds the majority of the share capital in the company.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

### Income statement

#### Revenue

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

#### Cost of sales

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

#### Other external expenses

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

#### Staff costs

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

#### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

**Other financial income from group enterprises**

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

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

**Balance sheet****Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprise are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

Buildings	40 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

### Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits and losses.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 to 20 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Receivables

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

### Inventories

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

Cost consists of purchase price plus delivery costs.

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



**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

**Lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

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

### **Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less shortterm bank loans.