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

Ansager Landevej 13
7200 Grindsted
CVR No. 24213706

Annual report 2021

The Annual General Meeting adopted the annual report on 28.04.2022

Johan Prior-Knock
Chairman of the General Meeting

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Entity details

Entity

H.C. Petersen & Co.S Eftf. A/S
Ansager Landevej 13
7200 Grindsted

Business Registration No.: 24213706
Registered office: Billund
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Christopher Kiær Thomsen, chairman
Kåre Bo Stolt
Mogens Stampe Rüdiger
Sten Kjelstrup

Executive Board

Sten Fähnø Thomsen, managing director

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 28.04.2022

Executive Board

Sten Fähnø Thomsen
managing director

Board of Directors

Christopher Kiær Thomsen
chairman

Kåre Bo Stolt

Mogens Stampe Rüdiger

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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, 28.04.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Peder Rene Pedersen
State Authorised Public Accountant
Identification No (MNE) mne23334

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	262,220	231,276	269,504	264,730	243,417
Gross profit/loss	28,345	27,285	29,193	29,212	25,014
Operating profit/loss	5,747	785	(2,554)	(1,736)	1,126
Net financials	(1,206)	(2,669)	(2,943)	(2,603)	(929)
Profit/loss for the year	3,621	(1,654)	(9,218)	(4,327)	183
Profit for the year excl. minority interests	3,636	(1,671)	(9,251)	(4,372)	183
Balance sheet total	138,133	145,710	164,441	202,503	171,428
Investments in property, plant and equipment	428	281	876	3,810	2,361
Equity	63,363	57,090	60,297	69,944	74,023
Equity excl. minority interests	62,617	56,312	59,503	69,139	74,023
Average invested capital incl. goodwill	94,275	106,345	116,510	133,003	115,834
Net interest-bearing debt	22,653	40,859	53,794	64,175	43,307
Ratios					
Return on invested capital incl. goodwill (%)	3.84	(1.56)	(7.91)	(3.25)	0.16
Revenue/average invested capital incl. goodwill (%)	2.61	2.08	2.20	2.10	2.10
Financial gearing	0.36	0.72	0.89	0.92	0.59
Return on equity (%)	6.11	(2.89)	(14.38)	(6.11)	0.24
Equity ratio (%)	45.33	38.65	36.19	34.14	43.18

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.

Restructuring of the brand portfolio, as well as intake of new dealers, has also been in focus and to strengthen the presence in both the Finish and the Swedish markets, the subsidiaries in these markets have relocated to other facilities in the same areas.

Profit/loss for the year in relation to expected developments

When entering 2021 the expectations for the year was a profit of 1-2 mDKK. The outlook was based on the market conditions still effected by the Covid-19 pandemic and restrictions still in force.

In comparison with the financial year 2020, revenue has raised with 13 per cent, and together with the reduction in and restructuring of the cost basis has led to a comfortable improvement in operating profit. The development in our retail outlets during the year, and especially the handover of activities in HCP Maskincenter to a dealer, has led to a reassessment of goodwill which is valued to zero by the end of the financial year.

The financial performance for the year, where net profit is 3.6 mDKK, are considered satisfactory.

Outlook

A continued, relatively low market share but with regional increases are expected for 2022.

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 3-6 months.

The financial performance are expected to be at least in line with the 2021 results as the core business is being trimmed and developed.

Knowledge resources

Operating 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.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue		262,220	231,276
Cost of sales		(221,545)	(190,200)
Other external expenses		(12,330)	(13,791)
Gross profit/loss		**28,345**	**27,285**
Staff costs	2	(20,779)	(25,146)
Depreciation, amortisation and impairment losses	3	(1,819)	(1,354)
Operating profit/loss		**5,747**	**785**
Other financial income		669	395
Other financial expenses		(1,875)	(3,064)
Profit/loss before tax		**4,541**	**(1,884)**
Tax on profit/loss for the year	4	(920)	230
Profit/loss for the year	5	**3,621**	**(1,654)**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Goodwill		0	1,275
Intangible assets	6	**0**	**1,275**
Land and buildings		10,249	10,695
Other fixtures and fittings, tools and equipment		1,276	1,693
Leasehold improvements		77	739
Property, plant and equipment	7	**11,602**	**13,127**
Other receivables		35	35
Financial assets	8	**35**	**35**
Fixed assets		**11,637**	**14,437**
Manufactured goods and goods for resale		79,383	96,168
Inventories		**79,383**	**96,168**
Trade receivables		44,695	33,168
Deferred tax	9	381	640
Other receivables		414	496
Prepayments	10	637	394
Receivables		**46,127**	**34,698**
Cash		**986**	**407**
Current assets		**126,496**	**131,273**
Assets		**138,133**	**145,710**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		10,162	10,162
Retained earnings		52,455	46,150
Equity belonging to Parent's shareholders		**62,617**	**56,312**
Equity belonging to minority interests		**746**	**778**
Equity		**63,363**	**57,090**
Other provisions	11	86	0
Provisions		**86**	**0**
Mortgage debt		5,296	6,142
Lease liabilities		106	183
Other payables		717	1,127
Non-current liabilities other than provisions	12	**6,119**	**7,452**
Current portion of non-current liabilities other than provisions	12	948	918
Bank loans		15,484	32,817
Prepayments received from customers		15	0
Trade payables		28,180	24,127
Payables to group enterprises		4,004	5,096
Joint taxation contribution payable		630	79
Other payables		19,304	18,131
Current liabilities other than provisions		**68,565**	**81,168**
Liabilities other than provisions		**74,684**	**88,620**
Equity and liabilities		**138,133**	**145,710**
Events after the balance sheet date	1		
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Group relations	17		
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Consolidated statement of changes in equity for 2021

	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	46,150	56,312	778	57,090
Ordinary dividend paid	0	0	0	(17)	(17)
Exchange rate adjustments	0	1,524	1,524	0	1,524
Value adjustments	0	1,145	1,145	0	1,145
Profit/loss for the year	0	3,636	3,636	(15)	3,621
Equity end of year	**10,162**	**52,455**	**62,617**	**746**	**63,363**

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		5,747	785
Amortisation, depreciation and impairment losses		1,819	1,354
Working capital changes	13	9,332	14,286
Cash flow from ordinary operating activities		**16,898**	**16,425**
Financial income received		669	395
Financial expenses paid		(1,875)	(3,064)
Taxes refunded/(paid)		(110)	(29)
Other cash flows from operating activities		2,669	(1,520)
Cash flows from operating activities		**18,251**	**12,207**
Acquisition etc. of property, plant and equipment		(428)	(281)
Sale of property, plant and equipment		1,409	1,121
Cash flows from investing activities		**981**	**840**
Free cash flows generated from operations and investments before financing		**19,232**	**13,047**
Dividend paid		(17)	(33)
Changes in loan facilities		(1,303)	(375)
Changes in bank loans primo/ultimo		(17,333)	(12,475)
Cash flows from financing activities		**(18,653)**	**(12,883)**
Increase/decrease in cash and cash equivalents		**579**	**164**
Cash and cash equivalents beginning of year		407	243
Cash and cash equivalents end of year		**986**	**407**
Cash and cash equivalents at year-end are composed of:			
Cash		986	407
Cash and cash equivalents end of year		**986**	**407**

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

	2021 DKK'000	2020 DKK'000
Wages and salaries	16,811	21,345
Pension costs	2,609	3,181
Other social security costs	1,078	564
Other staff costs	281	56
	20,779	**25,146**

Average number of full-time employees	40	51

	Remuneration of management 2021 DKK'000	Remuneration of management 2020 DKK'000
Total amount for management categories	1,191	1,219
	1,191	**1,219**

3 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	1,230	331
Impairment losses on intangible assets	45	0
Depreciation on property, plant and equipment	1,260	1,554
Profit/loss from sale of intangible assets and property, plant and equipment	(716)	(531)
	1,819	**1,354**

4 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	1,179	79
Change in deferred tax	(259)	(279)
Adjustment concerning previous years	0	(30)
	920	**(230)**

5 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	3,636	(1,671)
Minority interests' share of profit/loss	(15)	17
	3,621	**(1,654)**

6 Intangible assets

	Goodwill DKK'000
Cost beginning of year	6,079
Cost end of year	**6,079**
Amortisation and impairment losses beginning of year	(4,804)
Impairment losses for the year	(45)
Amortisation for the year	(1,230)
Amortisation and impairment losses end of year	**(6,079)**
Carrying amount end of year	**0**

7 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	19,821	10,465	1,314
Additions	0	407	21
Disposals	(650)	(458)	(1,066)
Cost end of year	**19,171**	**10,414**	**269**
Depreciation and impairment losses beginning of year	(9,126)	(8,772)	(575)
Depreciation for the year	(446)	(658)	(156)
Reversal regarding disposals	650	292	539
Depreciation and impairment losses end of year	**(8,922)**	**(9,138)**	**(192)**
Carrying amount end of year	**10,249**	**1,276**	**77**
Recognised assets not owned by Entity	0	176	0

8 Financial assets

	Other receivables DKK'000
Cost beginning of year	35
Cost end of year	**35**
Carrying amount end of year	**35**

9 Deferred tax

	2021 DKK'000	2020 DKK'000
Property, plant and equipment	9	15
Inventories	34	0
Receivables	291	235
Liabilities other than provisions	47	0
Tax losses carried forward	0	390
Deferred tax	**381**	**640**

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	640	361
Recognised in the income statement	(259)	279
End of year	**381**	**640**

Deferred tax assets

10 Prepayments

The item consists of prepaid expenses.

11 Other provisions

Provisions for service cost.

12 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	876	848	5,296	1,810
Lease liabilities	72	70	106	0
Other payables	0	0	717	170
	948	**918**	**6,119**	**1,980**

13 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	16,785	13,508
Increase/decrease in receivables	(11,688)	3,472
Increase/decrease in trade payables etc.	4,235	(2,694)
	9,332	**14,286**

14 Derivative financial instruments

Other payables includes interest rate swap contracts at the balance sheet date relating to loans of DKK 32,250k. Unrealised net losses in these contracts at 31 December 2021 of DKK 2,362k are recognised under other payables and taken directly to equity by 1,145k. as well as deffered tax by 252k. 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.

15 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	514	2,243
Of this, liabilities under rental or lease agreements with group enterprises	0	1,020

16 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 10,249k and the carrying amount of mortgaged plant amounts to DKK 1,291k.

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 44,695k.

The Carrying amount of inventories charged is DKK 79,383k.

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.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kiaer Properties ApS, Ansager Landevej 13, 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 13, 7200 Grindsted.

18 Subsidiaries

	Registered in	Corporate form	Ownership %
H.C. Petersen Norge AS	Norway	AS	100
H.C. Petersen Sverige AB	Sweden	AB	100
H.C. Petersen Finland OY	Finland	OY	100
HCP Maskincenter A/S	Billund	A/S	100
O. Søndergaard og Sønner A/S	Nordfyns	A/S	80

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue		143,379	129,671
Cost of sales		(129,297)	(114,315)
Other external expenses		(1,471)	(2,301)
Gross profit/loss		**12,611**	**13,055**
Staff costs	1	(7,776)	(9,034)
Depreciation, amortisation and impairment losses	2	(105)	(848)
Operating profit/loss		**4,730**	**3,173**
Income from investments in group enterprises		(252)	(3,052)
Other financial income from group enterprises		227	227
Other financial income		464	148
Other financial expenses		(1,533)	(2,167)
Profit/loss for the year	3	**3,636**	**(1,671)**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		9,659	9,991
Other fixtures and fittings, tools and equipment		553	976
Property, plant and equipment	4	**10,212**	**10,967**
Investments in group enterprises		35,744	31,272
Financial assets	5	**35,744**	**31,272**
Fixed assets		**45,956**	**42,239**
Manufactured goods and goods for resale		22,464	28,309
Inventories		**22,464**	**28,309**
Trade receivables		5,300	6,538
Receivables from group enterprises		35,973	40,487
Prepayments	6	161	220
Receivables		**41,434**	**47,245**
Cash		**39**	**8**
Current assets		**63,937**	**75,562**
Assets		**109,893**	**117,801**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		10,162	10,162
Reserve for fair value adjustments and hedging instruments		1,668	523
Reserve for net revaluation according to equity method		2,230	958
Retained earnings		48,557	44,669
Equity		**62,617**	**56,312**
Other provisions	7	12	0
Provisions		**12**	**0**
Mortgage debt		5,116	5,883
Lease liabilities		106	183
Other payables		380	723
Non-current liabilities other than provisions	8	**5,602**	**6,789**
Current portion of non-current liabilities other than provisions	8	869	840
Bank loans		11,957	25,146
Trade payables		23,864	21,449
Other payables		4,972	7,265
Current liabilities other than provisions		**41,662**	**54,700**
Liabilities other than provisions		**47,264**	**61,489**
Equity and liabilities		**109,893**	**117,801**
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 2021

	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	523	958	44,669	56,312
Exchange rate adjustments	0	0	1,195	329	1,524
Value adjustments	0	1,145	0	0	1,145
Profit/loss for the year	0	0	77	3,559	3,636
Equity end of year	**10,162**	**1,668**	**2,230**	**48,557**	**62,617**

Notes to parent financial statements

1 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	6,592	7,689
Pension costs	1,071	1,233
Other social security costs	113	112
	7,776	**9,034**

Average number of full-time employees	14	17

	Remuneration of Manage-ment 2021 DKK'000	Remuneration of Manage-ment 2020 DKK'000
Total amount for management categories	1,191	1,219
	1,191	**1,219**

2 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Depreciation on property, plant and equipment	755	835
Profit/loss from sale of intangible assets and property, plant and equipment	(650)	13
	105	**848**

3 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	3,636	(1,671)
	3,636	**(1,671)**

4 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	18,784	8,153
Disposals	(650)	0
Cost end of year	**18,134**	**8,153**
Depreciation and impairment losses beginning of year	(8,793)	(7,177)
Depreciation for the year	(332)	(423)
Reversal regarding disposals	650	0
Depreciation and impairment losses end of year	**(8,475)**	**(7,600)**
Carrying amount end of year	**9,659**	**553**
Recognised assets not owned by entity	0	176

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	30,314
Additions	3,200
Cost end of year	**33,514**
Revaluations beginning of year	958
Exchange rate adjustments	1,195
Amortisation of goodwill	(1,222)
Share of profit/loss for the year	700
Adjustment of intra-group profits	270
Reversal of revaluations	329
Revaluations end of year	**2,230**
Carrying amount end of year	**35,744**

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

6 Prepayments

The item consists of prepaid expenses.

7 Other provisions

Provision for service cost

8 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	797	770	5,116	1,810
Lease liabilities	72	70	106	0
Other payables	0	0	380	0
	869	**840**	**5,602**	**1,810**

9 Derivative financial instruments

Other payables includes interest rate swap contracts at the balance shet date relating to loans of DKK 32.250k. Unrealised net losses in these contracts at 31 December 2021 of DKK 2,362k are recognised under other payables and taken directly to equity by DKK 1,145k as well as deffered tax by DKK 252k. 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

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	184	172

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 entitites' 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 9,659k and the carrying amount of mortgaged plant is DKK 552k

Shares in group enterprises have ben provided as security for bank loans. The carrying amount of shares charged is DKK 35,745k.

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 11,957k.

The Carrying amount of trade receivables charged is DKK 5,300k.

The Carrying amount of inventories charged is DKK 22,464k.

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 3.526k

13 Related parties with controlling interest

Kiaer Properties ApS, Ansager Landevej 13, 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).

Changes in accounting policies

The Group and the Parent have changed their accounting policies with regard to cash flow statement

In accordance with an interpretation from the Danish Business Authority, withdrawals on the company's overdraft facility are classified in the cash flow statement as cash flows from financing activities where the overdraft facility previously was classified as cash in the cash flow statement. The change has a positive effect on cash flows from financing activities of DKK 17,333 thousand in 2021 (2020: DKK 12,475 thousand) and an increase in cash and cash equivalents of DKK 17,333 thousand per 31.12.2021 (2020: 12,475 t.kr.)

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with 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 totalt 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 determinded 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.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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 liabilities 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 liabilities 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.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the

goods agreed or completion of the service agreed.

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.