



HAARSLEV™

HAARSLEV GROUP A/S

Bogensevej 85, 5471 Soendersoe

CVR.no. 33 96 89 81

Annual report for 2021

Haarslev Group A/S

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CVR.no. 33 96 89 81

Annual report for 2021

Adopted at the annual general meeting on
Soendersoe, 7 July, 2022

Henrik Kofoed Petersen
Chairman at the general meeting

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Company information

The company

Haarslev Group A/S
c/o Haarslev Industries A/S
Bogensevej 85
5471 Soendersoe
Website: www.haarslev.com
E-mail: DK-info@haarslev.com
Registered office: Nordfyns Kommune
CVR no.: 33 96 89 81
Financial year: 01.01 - 31.12

Executive Board

CEO	Kim Kirk Christensen
CFO	Henrik Kofoed Petersen

Board of directors

Chairman	Jørn Mørkeberg Nielsen
	Paal Kristian Weberg
	David Hess
	Torben Axelsen

Auditors

DELOITTE STATS AUTORISERET REVISIONSPARTNERSELSKAB

Parent company

Haarslev Holding S.A.R.L., 9A Rue Gabriel Lippmann, L-5365 Munsbech, Luxembourg, which is owned by Altor Fund III GP Limited.

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.21-31.12.21 for Haarslev Group A/S.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities, and financial positions as at 31.12.2021 and of the results of the company's activities for the financial year 01.01.2021 - 31.12.2021.

In our opinion, management's review includes a fair review includes of the matters dealt with in the management's review.

The annual report is submitted for approval by the general meeting.

Soendersoe, 7 July, 2022

Executive Board

Kim Kirk Christensen

Henrik Kofoed Petersen

CEO

CFO

Board of directors

Jørn Mørkeberg Nielsen

Paal Kristian Weberg

David Hess

Chairman

Torben Axelsen

Independent auditor's report

To the shareholders of Haarslev Group A/S

Opinion

We have audited the financial statements of Haarslev Group A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 financial statements" section of this auditor's report. We are independent of the Entity 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 7 July, 2022

Deloitte Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Eskild Nørregaard Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne11681

Thomas Aamand Lund

State Authorised Public Accountant
Identification No (MNE) mne47764

Management's review

Primary activities

Haarslev is a global provider of process solutions and equipment for the drying, dehydrating, and processing of fish-based and animal by-products and by-products from the brewing and distilling industries. The Group also offers its process solutions, drying and dehydrating equipment for the municipal and industrial environmental sectors.

Haarslev Group A/S primary activity is to own shares of Haarslev Industries A/S and to support with management and administration to the subsidiaries.

Haarslev Group A/S only prepares Financial Statement for the parent company including Haarslev Industries A/S as an Equity investment in Group enterprises (on-line consolidation). Haarslev Group A/S does not prepare Consolidated Financial Statement (line-by-line consolidation) for the Group including Haarslev Industries A/S and all the subsidiaries of Haarslev Industries A/S.

In the following we use "Group" when addressing issues for the Group including Haarslev Group A/S, Haarslev Industries A/S and all the subsidiaries of Haarslev Industries A/S.

In the following we use "Company" when addressing issues for the parent company Haarslev Group A/S.

Development in activities and finances

The outlook for the Group for 2021 was uncertain and was depending on different scenarios of the Covid-19 impact. The management decided in Q1 2021 to take several initiatives to improve the execution in the whole value chain of our business. The cash flow improved due to high focus on inventory management, customer payment terms, and supplier credit terms.

Though our operating margins were impacted of the Covid-19, we have been navigating relatively well through the pandemic and its aftermath of challenges relating to material availability, substantial price increases in steel and logistics.

The revenue for the Company decreased by 24% to DKK 54.809k (2020: DKK 72.353k) due to lower cost base generating a lower cost allocation (which is the revenue in the company).

After a good Order Intake (OI) in Q1-Q2, the Group had a slow OI level in Q3, driven by Covid-19's impact on customer demand due to uncertainty, higher steel- and component prices and energy prices. The slow OI in Q3 was fully compensated by a strong OI in Q4.

We are entering 2022 on a strong note, especially in North America where investment appetite is clearly stepping up as we received several greenfield orders through the year and expect more to in 2022. Overall, our pipeline is solid with a healthy distribution across areas and geographies, and we are targeting a step-up in volume in 2022.

IFRS conversion

Beginning of 2021, Haarslev began presenting its consolidated financial statements and annual financial statements in accordance with the International Financial Reporting Standards (IFRS). The transition date to IFRS was 1 January 2020 for application of the standards that apply to 2021. In accordance with IFRS, comparative figures are restated so that the financial statements are in compliance with the IFRS.

The consolidated impacts are shown in the overview below:

kDKK		1 January 2020		
In accordance with the Danish Financial Statements Act		Assets	Liabilities	Equity
<i>Adjustments to IFRS</i>				
Leasing	2	3.632	-3.632	
Total Adjustments to IFRS		3.632	-3.632	

kDKK		31. December 2020			
In accordance with the Danish Financial Statements Act		Result	Assets	Liabilities	Equity
<i>Adjustments to IFRS</i>					
Investment in Group enterprises	1	54.807	54.807		-54.807
Leasing	2	-70	3.249	-2.253	70
Total Adjustments to IFRS		54.737	58.056	-2.253	-54.737

The Company's income statement for 2021 shows a loss after tax of DKK 3.127k (2020: loss after tax DKK 79.526k), which is in line with the outlook presented in the annual report 2020.

The increase in the result is driven by increased revenue and contribution margins in Haarslev Industrie A/S.

The Company's balance sheet as of 31 December 2021 shows an equity of DKK 244.413k (2020: DKK 216.269k) and total assets of DKK 969.395k (2020: DKK 900.295k).

Capital resources and funding

Cash flow is now satisfactory and cash flow from operating activities was **positive** by DKK 20.019k (2020: **negative** DKK 93.360k).

The impact from several initiatives implemented in 2021 to improve the cash flow (e.g. more focus on Net Working Capital management) were fruitful.

A new bank agreement covering the period to 30 June 2023 was signed in June 2022. As part of the agreement with the Group's lenders, the Group must comply with certain financial covenants. For 2021 the Group has been in compliance with the financial covenants. The outlook for 2022 is also in compliance with the new financial covenants based on the key assumptions that the Group will not experience any significant operational issues throughout 2022.

Based hereon and the budget for 2022, Group Management considers that the Group's capital resources and funding will be on an acceptable level throughout 2022.

Uncertainty relating to recognition and measurement

The main accounting areas where the recognition and measurement can be affected by estimates and subject to uncertainty are:

- Deferred tax assets, including the tax base of tax losses carried forward, are measured at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets. The estimated realizable value is based on expected earnings.

The stage of completion and expected earnings is based on estimates as well as expected future events and is thus subject to uncertainty.

Outlook

The outlook for 2022 depends on several assumptions. In general end-market food producers/renderers expect to be less affected by Covid19 and we expect Haarslev's main markets to have a strong recovery.

DK and CN manufacturing sites have been running close to full capacity in Q1 2022. Due to our strong order backlog, the production continues, and the order intake is in line with budget.

The impact from projects affected by the Ukraine-Russian crises is expected to be offset by the strong order intake in other markets.

For 2022, we expect a revenue of DKK 55.000-60.000k and a slightly negative result before results from equity investments in Group enterprises.

Risk Management

Because of its operations, investments and financing, the Group is exposed to volatility in terms of raw material prices, exchange rates, and the level of interest. The risk of changes in raw material prices is to a degree contractually transferred to our customers. The Group does not enter financial instruments for hedging.

Resources

The Group has considerable resources within its field of activity, which may be divided into four categories: Customers, Technology, Processes, and Staff relations.

Customers

The Group aims at creating value for its customers by providing intelligent solutions, created in cooperation with the individual customer, meeting the customers' expectations through the delivery of customized, high-quality products, delivered in accordance with terms of delivery, etc. The key performance indicators in this respect include customer satisfaction and customer loyalty. Follow-up is made regularly through close dialogue with customers.

Technology

It is important for the Group - in both the short and long term - to ensure the right portfolio of production technologies and a continued further development of existing production technologies.

Processes

The critical business processes relate to the development of individual solutions, quality, and service. In order to make sure that the customer receives the agreed service, the individual methods and procedures are documented. Compliance with time of delivery and the scope of warranty expenses are important indicators of the functionality of business processes. The Group constantly makes great efforts to ensure that the goals set up for the business processes are complied with.

Furthermore, the Group's internal development activities are constantly focused on improving products and processes, often in cooperation with the customer.

Staff relations

In order to continuously be able to deliver and develop competitive products and solutions, it is crucial that the Group is capable of recruiting and retaining highly qualified employees.

The number of employees has developed as follows:

Average number of employees in the Company was 49 (2020: 51). Total employees end of 2021 was 45, compared to 49 employees in the beginning of the year.

Environmental performance

The Group cares about the environment and is currently working on reducing the environmental impact from the Group's operation, the processes and products offered. In order to reduce the environmental impact even further, a data-gathering exercise will be started in 2021 in order to get a baseline of the CO2 footprint. This will help prioritizing and targeting areas with the highest impact in relation to reducing the CO2 impact.

In addition to the above, the Covid-19 pandemic has forced new ways of working, especially more virtually. This has had an impact on the amount of work-related travel, with a significant decrease in flight travel. It is Haarslev's ambition to reduce the travel activity in general compared to the period prior to Covid-19.

We strive to make environmentally friendly decisions at our offices and production sites. Recently, Haarslev decided to invest in a software tool that enables real-time tracking of energy usage in selected production halls in the Danish factory, enabling future decisions regarding energy improvement to be based on data, and thereby ensuring focus on highest impact areas.

Haarslev decided to shift the lights in the Danish production site to LED, resulting in a significant reduction in energy consumption.

The Group possesses all the relevant environmental approvals, and the Group's activities do not involve harmful or extraordinary impacts to the environment.

Research and development activities

The Group is not engaged in research, but is developing its technologies, processes and competencies on an ongoing basis. One part of the development is related to updating and improving existing technologies, both equipment and software solutions, while the other is related to the development of new equipment.

Statutory report on corporate social responsibility, diversity and underrepresented gender

Haarslev has decided to publish the statutory CSR and Diversity statements on the Company's website, see the Danish Financial Statements Act, § 99a and § 99b. The CSR and Diversity statements are developed for Haarslev Group A/S and subsidiaries. To read the statements please visit <http://www.haarslev.com/esg>

In addition to the CSR report, Haarslev has initiated the work to prepare an annual ESG (Environmental, Social, Governance) report. This report will be publicly available and will be made in accordance to the "Responsible Investment and ownership policy" outlined by Altor Equity Partners. The report will include specific measurements and actions for each of the 3 areas outlined in ESG. The report will also contain specific SDG (Sustainable Development Goals) that Haarslev actively will work on. The plan is to deliver the first report during 2022.

Corporate governance

The Board of Directors and Executive Board of Haarslev Group A/S constantly seek to ensure that the management structure and control systems of the Group are appropriate and satisfactory.

On an ongoing basis, Management assesses whether this remains the case. The tasks and responsibilities of Management are, among others, based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association and generally accepted practice for enterprises of the same size and with the same international reach as Haarslev Group A/S. In this connection and because the Group's principal shareholder is Altor Fund III, who is a member of ACTIVE OWNERS DENMARK (previous Danish Venture Capital and Private Equity Association (www.aktiveejere.dk)), the Haarslev Group in all material respects also complies with the guidelines for responsible ownership and corporate governance of Aktive Ejere (previous DVCA) including codex for tax policy.

On this basis, Management has developed a number of internal procedures to ensure an active, secure and profitable management of the Group. This includes a further strengthening of the Finance function, an increased number of financial control reviews, controlling visits at subsidiaries and an updated "Code of Conduct" across the Group.

Operational risk management

The main operational risks in the Group relate to the execution of large complex customer projects. The Group's extensive know-how and many years of experience within project management are the main components in mitigating this risk. Bid reviews and project support from central knowledge centres are an integrated part of the project management process.

Additionally, several reporting procedures are set up in order to monitor project progress and to secure actions are taken if unforeseen issues arise during the project lifetime. The status on the largest projects is reported to the Board of Directors on a monthly basis.

In relation to the preparation of the financial statements, Management has a particular focus on the control procedures in relation to the following items:

- Revenue recognition of large projects
- Valuation of work in progress

The formal monthly reporting procedures, as well as review meetings are set up to mitigate risks related to these items.

Shareholder relations

On an ongoing basis, the Board of Directors assesses whether the Company's capital structure is in accordance with the Company's and its stakeholders' interests. The overall objective is to ensure a capital structure that supports long-term, profitable growth.

The Company's Articles of Association stipulate no limits of ownership or voting rights. If an offer is received for an acquisition of company shares, the Board of Directors will consider this in accordance with the law.

The Haarslev Group's principal shareholder is Altor Fund III who possesses approx. 76% of the Company's shares. Group Management holds a minority share of approx. 2% of the Company's shares.

Board of Directors

Jørn Mørkeberg Nielsen (chairman)

Elected by the General Assembly. Member of the Board of Directors in 2020.

Chairman of the Board of Haarslev Industries A/S and Haarslev Group Holding A/S. Chairman of the Board of Cembrit Holding A/S, Member of the Board of Cembrit A/S, Member of the Board of Skiold A/S, Member of the Board of Skiold Group A/S, Member of the Board of Viet-Jacobsen Fonden

David Hess

Elected by the General Assembly. Member of the Board of Directors in 2020.
Member of the Board of Haarslev Industries A/S, Haarslev Group Holding A/S

Paal Kristian Weberg

Elected by the General Assembly. Member of the Board of Directors in 2019.
Member of the Board of KonfiDents Altordent Holding AB, Haarslev Group Holding A/S, Haarslev Industries A/S.

Torben Axelsen

Elected by the General Assembly. Member of the Board of Directors in 2020.
Member of the Board of Haarslev Group Holding A/S, Haarslev Industries A/S, Cembrit Holding A/S, Cembrit A/S

Responsibilities of the Board of Directors

The Board of Directors as a whole has monitored the preparation of the financial reporting, the internal controls, and the audit of the financial statements.

The Board of Directors ensures that the Executive Board complies with the objectives, strategies and procedures laid down by the Board of Directors. The reporting from the Executive Boards of the respective companies takes place systematically, both at meetings and through written and verbal reporting on an ongoing basis.

Among other things, this reporting includes a description of the development in key markets, as well as the Group's operational and financial development. The Board of Directors holds meetings according to a fixed plan, with at least five meetings a year and extraordinary meetings, if required.

Management remuneration

In order to attract and retain the Group's management competencies, remuneration of the members of the Executive Board and executives is determined considering their responsibilities, value creation, and the conditions of comparable enterprises. The remuneration includes performance-related elements aimed at aligning interests between company management and the shareholders, as the schemes consider both short-term and long-term goals.

Such performance-related elements include cash bonuses as well as a warrant program for selected key executives responsible for the day-to-day management.

Dividend policy

Payment of dividend takes place in due consideration of the necessary consolidation of equity as a basis for the Group's continued expansion. No dividend is proposed for 2021.

Stakeholders

The Group constantly seeks to develop and maintain good relations with its stakeholders, as such relations are assessed to be of significant and positive importance to the Group's development. On this basis, Haarslev Group A/S is pursuing an active communication with its stakeholders and, moreover, has separate policies for

various key areas such as staff, environmental factors and responsibility towards customers and society at large. These policies are to ensure that information of importance to, among others, investors, employees and authorities is provided and published in accordance with rules and agreements.

Part of the work of the Board of Directors is to ensure both compliance with and regular adaptation of the guidelines in accordance with the development in and around the Group.

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.

Ukraine situation

We are deeply concerned by the situation taking place in Ukraine and our thoughts are with all the people who must live through this disaster. We took immediate action to ensure the safety of all our employees in the region.

Haarslev is complying with all applicable sanctions and is engaging with our customers about the right next steps.

Haarslev has taken the decision to suspend the acceptance of new orders for projects in Russia and Belarus.

Haarslev has on a case-by-case basis assessed whether our current contracts with customers in the Russian region are expected to continue or to be terminated. This resulted in a write off in subsidiaries in April of approx. DKK 30 mln of the balance sheet value regarding current contracts with customers in the Russian region. The negative financial impact from suspending acceptance of new orders for projects in Russia and Belarus terminating some contracts is expected to be offset by orders from other markets.

We operate in Russia from 2 offices for sales and service and employ a team of 14 people. The team will be maintained, while assessing the longer-term implications of the conflict. We will continue to monitor the situation closely and take appropriate actions as it evolves.

We join the calls for an end to this conflict and hope that peace, human rights, and the international rule of law will prevail.

Financial highlights

Figures in DKK '000	IFRS 2021	IFRS 2020	DK GAAP 2019	DK GAAP 2018	DK GAAP 2017
<i>Profit/loss</i>					
Revenue	54.809	72.353	57.358	84.856	94.965
Profit/loss before net financials and tax	-3.316	-3.545	-50.857	-24.403	-4.363
Total net financials including result from equity investments	13.178	-71.379	-116.431	-188.335	-129.547
Result from discontinued activities	0	-6.999	-3.548	0	0
Profit/loss for the year	3.127	-79.526	-171.564	-201.185	-136.411
<i>Balance</i>					
Total assets	969.395	900.295	853.455	898.137	942.079
Investments during the year in property, plant and equipment	1.137	3.877	1.000	0	446
Equity	244.413	219.284	310.627	396.845	536.978
<i>Cashflow</i>					
Net cash flow:					
Operating activities	-45.523	-35.678			
Investing activities	755	-81.967			
Financial activities	45.197	116.204			
Cash flow for the year	428	-1.442			
Ratios					
<i>Profitability</i>					
Return on equity	1%	-46%	-49%	-43%	-22%
<i>Equity ratio</i>					
Equity ratio	25%	20%	36%	44%	57%
<i>Equity and subordinated loan ratio</i>					
Equity and subordinated loan ratio	37%	32%	42%	44%	57%
<i>Others</i>					
Numbers of employees (average)	49	51	68	51	42
Return of equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$				
Equity interest:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$				
Equity and shareholder loan ratio:	$\frac{(\text{Equity, end of year} + \text{subordinated loan}) \times 100}{\text{Total assets}}$				

2020-2021 are according to IFRS principles. 2017-2019 are according to Danish Financial Statement Act (DK GAAP).

Separate statement of comprehensive income

Notes	<i>Figures in DKK '000</i>	2021	2020
5	Revenue	54.809	72.353
6	Administration costs	-58.125	-75.898
	Profit/loss before net financials	-3.316	-3.545
14	Result from equity investments in Group enterprises	33.742	-52.893
8	Financial income	3.954	3.773
8	Financial expenses	-24.517	-22.258
	Profit/loss before tax	9.862	-74.924
9	Tax on profit or loss for the year	-6.735	2.398
	Profit/loss for the year	3.127	-72.527
10	Discontinued operations		-6.999
	Profit/loss for the year	3.127	-79.526
Other comprehensive income			
14	Exchange rate adjustments of investments in Group enterprises	22.002	-11.817
	Other comprehensive income, net of tax	22.002	-11.817
	Total comprehensive income	25.129	-91.343

Balance sheet 31 December

ASSETS				
Notes	<i>Figures in DKK '000</i>	2021	2020	1. January 2020
	Software	249	293	338
	Development projects in progress	1.245	1.311	1.000
11	Total intangible assets	1.493	1.605	1.338
13	Leases	3.045	3.249	3.632
12	Machinery and equipment	2.140	2.853	
	Total tangible assets	5.185	6.103	3.632
14	Equity investments in Group enterprises	757.969	721.225	766.935
16	Longterm receivables from Group enterprises	110.051	105.853	44.850
17	Deferred tax asset	22.062	22.129	19.380
	Total investments	890.082	849.207	831.165
	Total non-current assets	896.760	856.914	836.135
	Trade receivables from Group enterprises	53.588	33.885	
15	Other receivables	1.369	2.307	2.453
16	Receivables from Group enterprises	14.191	4.521	13.591
15	Prepayments	2.991	2.600	3.400
	Total receivables	72.138	43.313	19.444
	Cash	496	68	1.509
	Total current assets	72.635	43.381	20.953
	Total assets	969.395	900.295	857.088
EQUITY AND LIABILITIES				
	<i>Figures in DKK '000</i>	2021	2020	1. January 2020
18	Share capital	7.505	7.505	7.505
	Reserve for development costs	1.245	1.311	1.000
	Retained earnings	235.663	210.468	302.122
	Total equity	244.413	219.284	310.627
	Payables to other credit institutions	207.255	223.933	200.626
	Leases	2.816	3.698	3.632
	Subordinated loan from Group enterprises	110.051	105.853	44.850
16	Longterm payable to Group enterprises	355.236	305.729	234.539
	Other payables	2.985	2.941	1.342
19	Total long-term payables	678.343	642.154	484.989
19	Payable to other credit institutions	16.660	7.013	30.787
	Leases	2.053	2.170	
	Trade payables	3.333	3.933	20.523
	Trade and other payable to Group enterprises	623	14.480	
	Other payables	23.969	11.261	10.162
	Total short-term payables	46.639	38.857	61.472
	Total payables	724.982	681.010	546.461
	Total equity and liabilities	969.395	900.295	857.088
21	Contingent liabilities			
22	Security			
23	Related parties			

Separate cashflow statement

Note	<i>Figures in DKK '000</i>	2021	2020
	Net profit/loss for the year	3.127	-79.526
24	Adjustments	9.610	87.565
	Change in working capital		
	Receivables from related parties	-9.669	9.070
	Payable to related parties	-13.856	14.480
	Receivables	-19.703	-33.885
	Other receivables	547	946
	Trade payables	-600	-16.590
	Other payables relating to operating activities	12.708	1.099
	Cash flows from operating activities before net financing	-17.837	-16.841
	Interest income and similar income received	3.954	3.773
	Interest expenses and similar expenses paid	-24.517	-22.258
	Income tax paid	-7.122	-351
	Cash flows from operating activities	-45.523	-35.678
	Purchase of intangible assets	-873	-311
	Sale of intangible assets	940	
	Purchase of property, plant, and equipment		-3.566
	Receivable from Group companies	1	-59.440
	Investment additions during the year	-166	-19.000
	Cash flows from investing activities	755	-81.967
	Dividend received	19.000	
	Payable to Group companies	40.626	63.547
	Other payable		1.586
19	Payment to credit institutions	-12.628	-6.241
19	Leases	-1.801	-2.128
	Subordinated loan from shareholder		59.440
	Cash flows from financing activities	45.197	116.204
	Total cash flows for the year	428	-1.442
	Cash beginning of year	68	1.509
	Total cash	496	68

Statement of changes in equity

<i>Figures in DKK '000</i>	Share capital	Reserve for exchange rate adjustment	Retained earnings	Reserve Development cost	Total Equity
Statement of changes in equity for 01.01.2020 -31.12.2020					
Balance as of 01.01.2020	7.505		302.121	1.000	310.626
IFRS changes			54.737		54.737
Net profit/loss for the year			-79.526	311	-79.526
<i>Other comprehensive income</i>					
Foreign currency translation adjustment of foreign enterprises		-11.817			-11.817
Total other comprehensive income		-11.817			-11.817
<i>Total comprehensive income</i>		-11.817	-79.526	311	-91.343
Dividend paid					
Balance as of 31.12.2020	7.505	-11.817	222.596	1.311	219.284
Statement of changes in equity for 01.01.2021 -31.12.2021					
Balance as of 01.01.2021	7.505	-11.817	222.596	1.311	219.284
Net profit/loss for the year			3.193	-66	3.127
<i>Other comprehensive income</i>					
Foreign currency translation adjustment of foreign enterprises		22.002			22.002
Total other comprehensive income		22.002			22.002
<i>Total comprehensive income</i>		22.002	3.193	-66	25.129
Balance as of 31.12.2021	7.505	10.185	225.789	1.245	244.413

Overview of notes and accounting policy

1 Introduction

Reporting entity

Haarslev Group A/S is the reporting entity. Haarslev Group A/S is a limited liability company incorporated in Denmark. Referring to 109(3) of the financial statement Act, no consolidated financial statements have been prepared. Haarslev Group A/S is included in the consolidated numbers of Haarslev Group Holding A/S, CVR.no. 33 96 93 76, with registered office in Nordfyns kommune.

On 28 April 2022, the Board of Directors and the Executive Management Board considered and approved the 2021 Financial Statements of Haarslev Group A/S. The Financial Statements will be presented to the shareholders of Haarslev Group A/S for approval at the ordinary Annual General Meeting on 28 April 2022.

The principal accounting policies

The principal accounting policies applied in the preparation are set out in the sections below. The principal accounting policies applied in the preparation of the financial statements of the Company have been consistently applied to all the years presented, unless otherwise stated.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C large, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

The notes and accounting policy sections are divided into areas that describe the various aspects of the accounts. The notes also include the accounting policy, estimates and uncertainties and figures.

Transition to IFRS

Beginning in 2021, Haarslev began preparing its separate financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and further requirements in the Danish Financial Statements Act. The transition date to IFRS was 1 January 2020 for application of the standards that apply to 2021. In accordance with IFRS, comparative figures are restated so that the financial statements are in compliance with the IFRS. Reference is made to the section: Effect of transition to IFRS.

2 Measurement basis

The Company's Financial Statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as "Fair value through profit loss" (FVTPL) are measured at fair value. Assets classified as held for sale are measured at the lower of the carrying amount before the changed presentation and the fair value less costs to sell. The accounting policies, set out below and in the notes, have been used consistently in respect of the financial year and to comparative figures.

The Financial Statements are presented in Danish Kroner (DKK) which is the Company's functional currency.

Application of materiality and relevance

The Financial Statements are based on the concept of materiality and relevance to ensure that the content is material and relevant to the user. When assessing materiality and relevance, due consideration is given to

ensure compliance with applicable accounting legislation etc. and to ensure that the Financial Statements give a true and fair view of the Company's financial position at the balance sheet date.

The Financial Statements consist of many transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the Financial Statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the decision making of the primary users of these financial statements.

Significant accounting policies

Management considers the accounting policies for the following areas as the most important for the Company:

- Revenue

Significant estimates

In the preparation of the Financial Statements, Management undertakes several accounting estimates and assessments and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Company. The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the measurement of assets and liabilities in the following reporting period. These estimates assessments, and assumptions are based on historical experience and other factors which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments, and assumptions. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Management considers the key accounting estimates to be reasonable and appropriate based on currently available information. The actual amounts may differ from the amounts estimated as more detailed information becomes available.

The estimates and underlying assumptions are reviewed on an ongoing basis. If necessary, changes are recognised in the period in which the estimate is revised.

In the opinion of Management, the following accounting estimates and assessments are significant in the preparation of the Financial Statements:

Key accounting estimate	Note	Estimation risk
Equity investments in Group enterprises	14	High

3 Translation of foreign currencies

Functional and presentation currency

Items included in the Financial Statements of each of the Group's enterprises are measured using the functional currency of the primary economic environment in which the enterprise operates. The Financial Statements are presented in Danish Kroner (DKK).

The currency exchange rates that were used in preparing the Financial Statements are listed below for the most relevant currencies.

	2021		2020	
	Year end rate	Average rate	Year end rate	Average rate
DKK	1	1	1	1
EUR	7.4368	7.4372	7.4527	7.4119
USD	6.2953	6.1936	6.5073	6.6642
CNY	0.9777	0.9574	0.9441	0.9541
BRL	1.1661	1.1505	1.2524	1.4054

Translation of transactions and balances

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Currency gains and losses resulting from the settlement of these transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement as Financial income or expenses.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset at its initial recognition.

Translation of subsidiaries

In the Financial Statements, the Income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate calculated on a average for each month, while the balance sheet items are translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on translation of such subsidiaries' equity at the beginning of the reporting period to the exchange rates at the end of the reporting period and on translation of the Income statements from average exchange rates to the exchange rates at the end of the reporting period are recognised in Other Comprehensive Income and attributed to a separate translation reserve under equity.

When disposing of 100%-owned foreign enterprises, exchange differences which have accumulated in Equity via Other Comprehensive Income, and which are attributable to the enterprise, are transferred from Other Comprehensive Income to the Income statement together with any gains or losses associated with the disposal.

4 Effect of transition to IFRS

The effect of the transition to IFRS is described in the following. Comparative figures have been adjusted. The effects in the statements of income and financial position are shown in the overview below with explanatory notes:

kDKK		1 January 2020		
In accordance with the Danish Financial Statements Act		Assets	Liabilities	Equity
Adjustments to IFRS				
Leasing	2	3.632	-3.632	
Total Adjustments to IFRS		3.632	-3.632	

kDKK		31. December 2020			
In accordance with the Danish Financial Statements Act		Result	Assets	Liabilities	Equity
Adjustments to IFRS					
Investment in Group enterprises	1	54.807	54.807		-54.807
Leasing	2	-70	3.249	-2.253	70
Total Adjustments to IFRS		54.737	58.056	-2.253	-54.737

1. Goodwill is no longer amortised in the income statement on a straight-line basis over its economic life, but tested for impairment on a yearly basis or when indications on impairment exists.
2. Lease: As Haarslev has changed accounting policy to IFRS, 2021 is the first year where the Company uses IFRS 16. All comparable numbers have been adjusted for the fiscal year 2020. All lease contracts are capitalized and depreciated. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the incremental borrowing rate at the date of transition to IFRS. The lease liability is subsequently measured using effective interest method.

Applied exemptions

In connection with the transition to IFRS, the Company has applied the following mitigation measures in IFRS 1:

At the date of transition, according to IFRS 1, D9B:

- Lease liability is measured at the present value of the remaining lease payments discounted used the incremental borrowing rate at the date of transition.
- Right-of-use assets are measured to an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of transition

New International Financial Reporting Standards and Interpretations

Management has assessed the impact of new or amended and revised accounting standards (IFRSs) and interpretations (IFRICs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 January 2021.

The Company has adopted standards and interpretations effective as of 1 January 2021. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2021.

The Company expects to adopt the new Standards and Interpretations when they become mandatory. None of the existing new standards and interpretations are expected to have a significant impact on recognition and measurement.

Presentation of the Statement of Income

Haarslev Group A/S presents expenses in the Statement of Income in accordance with their function. This allows the presentation of gross profit in the Statement of Income, which is a widely used performance measure in the industry. The composition of the costs allocated to the individual functions is explained as follows:

- Administrative expenses relate to the strategic and governance role of the general management of the Company as well as the representation of Haarslev as a whole in the financial, political or business community. General and administrative expenses also relate to business support activities of staff departments that are not directly related to the other functional areas.

5 Revenue

Haarslev Group A/S is the administration entity in the Group, which provides administrative services to the Group's subsidiaries.

Activities

Our revenue comprises of one activity:

- Sales of management services to all subsidiaries in Haarslev Group.

Geographical areas

In the following table, revenue is disaggregated by primary geographical markets. Revenue is allocated based on the country where the customer is located:

<i>Figures in DKK '000</i>	2021	2020
Revenue comprises of the following activities		
Managementfee	54.809	72.353
Revenue comprises of the following geographical markets:		
Revenue, Denmark	20.017	28.975
Revenue, Europe	15.676	24.727
Revenue, Other countries	19.116	18.651
Total	54.809	72.353

Accounting policies

Revenue from sale of management and administrative services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts. Revenue is recognised, when or as control over distinct services is transferred to the customer, i.e. when the customer is able to direct the use of the transferred services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

6 Costs

Administrative costs relates to salary and other related costs for administration of Haarslev Group A/S.

<i>Figures in DKK '000</i>	2021	2020
Administration costs	58.125	75.898
Total	58.125	75.898

Accounting policies

Administrative costs

Administrative costs comprise expenses incurred for the administrative functions, including wages and salaries for administrative staff and Management, stationery, and office supplies as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration.

Administrative costs also include research and development costs that do not qualify for capitalization as well as amortization of capitalized development costs. Costs related to research and development in the Group are DKK 3.001k (2020: DKK 2.516k). Research and development comprise direct costs, payroll costs and depreciations and impairments that, directly or indirectly, can be attributed to the Company's development activities. Capitalization of product development costs will only take place if the criteria are met. Development projects that are clearly defined and identified and where the technical utilization, sufficient resources and a potential market or development opportunities can be documented, and where the Group intends to manufacture, market or use the product commercially, are recognized under intangible assets. Normally, these criteria are met late in the development phase. Product development costs that meet the criteria for recognition in the balance sheet are measured at cost, incl. indirectly incurred costs. Product development costs that do not meet the criteria for capitalization in the balance sheet and research costs are recognized in the income statement on an ongoing basis.

7 Employee benefits

Figures in DKK '000

Personnel costs - type	2021	2020
Wages and Salaries	41.425	42.370
Pensions	3.009	2.779
Other personnel costs	3.668	3.268
Total	48.102	48.418

Personnel costs - function		
Administrative costs	48.102	48.418
Total	48.102	48.418

Average number of employees during the year	49	51
<i>Salaries, Board of Executives</i>	<i>4.530</i>	<i>3.316</i>
<i>Remuneration for the Board of Directors</i>	<i>163</i>	<i>747</i>
Remuneration for the Executive Board and Board of Directors	4.692	4.063

<i>Key management personnel</i>		
Wages and Salaries	6.542	4.985
Pensions	298	263
Other personnel costs	431	319
<i>Total remuneration for key management personnel</i>	<i>7.271</i>	<i>5.566</i>

Group Management is considered to be key management personnel.

Accounting policies

The employee benefit expenses relate to employees who are working on the payroll of Haarslev Group A/S.

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year which the associated services are rendered by employee of Haarslev. Where Haarslev provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employee concerned.

Management incentive programme

Haarslev Group Holding A/S has issued 51,027 warrants to Executive Management and Management personnel in Haarslev Group A/S of which 8,103 were issued during 2021 (0 issued on 2020).

None of the warrants are exercisable at year end. The warrants were issued at fair market value and therefore no compensation expense is recognised. The warrants give the holders the right (without pre-emption right for Haarslev Group Holding A/S's existing shareholders) to subscribe shares in Haarslev Group Holding A/S with a par value of one Danish Krone.

The warrants can be exercised either (i) at a change of control of the Group or an IPO or (ii) if a change of control of the Group or an IPO has not occurred before then. The warrants which expire in 2022 have an exercise period from 1 December to 31 December 2022. Warrants which expire in 2025 have an exercise period from 31 May 2025 to 30 June 2025.

Haarslev Group Holding A/S's share capital may be increased in order to make it possible for the holders of the warrants to exercise the warrants.

	2021	2020
Outstanding 1 January	42.924	840.504
Granted during the period	8.103	
Expired during the period		-797.580
Outstanding 31 December	51.027	42.924
Total cash payments for issued warrants, DKK	551.895	451.417
Outstanding warrants which expire end 2022	42.924	42.924
Outstanding warrants which expire medio 2025	8.103	
Number of warrants which can be exercised at balance sheet date	0	0
Weighted average contractual life (years)	1	2
Weighted average exercise rate	287	305

8 Net finance cost

Financial income		
<i>Figures in DKK '000</i>	2021	2020
Interest, Group enterprises	3.398	1.820
Other financial income	556	1.953
Total	3.954	3.773

Financial expenses		
<i>Figures in DKK '000</i>	2021	2020
Interest, Group enterprises	11.290	8.870
Other financial expenses	3.141	3.223
Lease interests	179	194
Other interest expenses	9.907	9.971
Total	24.517	22.258

None of the financial income or expenses are related to fair value income or loss.

Accounting policy

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, amortization of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

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, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Unrealised gain or loss are illustrated in the finance gain or loss.

9 Income tax

<i>Figures in DKK '000</i>	2021	2020
Adjustment of deferred tax for the year	-67	2.749
Other taxes	-7.122	-351
Adjustment of tax in respect to previous years	454	
Total	-6.735	2.398

Computation of effective tax rate		
<i>Figures in DKK '000</i>	2021	2020
Tax rate in DK	22%	22%
Calculated tax for the year	-2.170	16.483
Tax in Group enterprises	7.423	-11.637
Non taxable income or loss	-5.320	-2.098
Adjustment of tax to previous years	454	
Other adjustments	-7.122	-351
Effective tax rate	-6.735	2.398

Accounting policies

The tax expense for the period comprises current and deferred tax. It also includes adjustments to previous years and changes in provisions for uncertain tax positions. Tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income. Provisions for ongoing tax disputes are included as part of deferred tax assets, tax receivables and tax payables.

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

The Company is jointly taxed with all its other Danish subsidiaries.

The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Other taxes consist of withholding taxes paid by Haarslev Group A/S. Adjustment of tax related to previous years is related to local adjustments after year-end report.

Accounting estimates

Management judgement regarding recognition of deferred income tax assets and provisions for uncertain tax positions. Haarslev is subject to income taxes around the world. Estimates are required in determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provisions for uncertain tax positions.

Haarslev recognises deferred income tax assets if it is probable that sufficient taxable income will be available in the foreseeable future which usually is within 3-5 years, against which the temporary differences and unused tax losses can be utilised. Management has considered future taxable income and applied its judgement in assessing whether deferred income tax assets should be recognised.

In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management judgement is applied to assess the possible outcome of such disputes. The 'most probable outcome' method is applied when making provisions for uncertain tax positions, and Haarslev considers the provisions made to be adequate. However, the actual obligation may deviate and depends on the result of litigation and settlements with the relevant tax authorities.

10 Discontinued activities and assets classified as held for sale

<i>Figures in DKK '000</i>	2021	2020
Administrationscost		-6.999
Profit/loss		-6.999

Discontinued operations comprise the Groups Environment and FFI (food and feed industrial) divisions. Following a strategic review in 2019, it was decided to initiate a close-down of Environment and FFI. The discontinuation of FFI was implemented in 2020. In 2021 all discontinued activities are closed.

11 Intangible asset

<i>Figures in DKK '000</i>	Development projects in			Development projects in		
	Software	progress	Total 2021	Software	progress	Total 2020
Cost as of 01.01.	446	1.311	1.757	446	1.000	1.446
Cost, additions		873	873		311	311
Cost, disposal		-940	-940			
Cost as of 31.12.	446	1.245	1.690	446	1.311	1.757
Depreciation and impairment losses as of 01.01.	-152		-152	-108		-107
Depreciation and impairment losses, additions	-45		-45	-44		-45
Depreciation and impairment losses as of 31.12.	-197		-197	-152		-152
Carrying amount as of 31.12.	249	1.245	1.493	294	1.311	1.605

Accounting policies

Development projects Internal research costs are charged in full to the consolidated income statement in the period in which they are incurred.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the carrying amount of intangible assets exceeds the recoverable amount any impairment is measured based on discounted projected cash flows.

Software is carried at historical cost less accumulated amortisation and any impairment loss. Amortisation is based on the straight-line method over the estimated useful life. This means the legal duration or the economic useful life depending on which is shorter, and not exceeding 15 years.

12 Machinery and equipment

<i>Figures in DKK '000</i>	Machinery	Equipment	Total 2021	Equipment	Total 2020
Cost as of 01.01.		3.566	3.566		
Cost, additions	676	264	940	3.566	3.566
Cost, disposal	-676	-264	-940		
Cost as of 31.12.		3.566	3.566	3.566	3.566
Depreciation and impairment losses as of 01.01.		-713	-713		
Depreciation and impairment losses, additions		-713	-713	-713	-713
Depreciation and impairment losses, disposals					
Depreciation and impairment losses as of 31.12.		-1.427	-1.427	-713	-713
Carrying amount as of 31.12.		2.140	2.140	2.853	2.853

Depreciation of machinery and equipment as above are included in the Statement of Income. The Company has through 2021 initiated a clean up of fixed assets, which results in high disposals through the year.

Accounting policy

Equipment and machinery are measured at cost less accumulated depreciation and impairment losses. 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 self-manufactured assets, cost comprises direct materials, components, sub-suppliers and labor costs attributable to the construction of the assets. The basis of depreciation is cost less estimated residual value after the end of useful life and scrap value. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery 3-10 years

Other fixtures and fittings, tools and equipment 3-10 years

Estimated useful lives and residual values are reassessed annually. Haarslev Group A/S machinery, other fixtures and equipment are written down to the lower of recoverable amount and carrying amount.

Tangible assets not yet available for use are not subject to depreciation.

13 Leases

<i>Figures in DKK '000</i>	Buildings	Equipment tools and installation	Total 2021	Buildings	Equipment tools and installation	Total 2020
Cost as of 01.01.	2.312	3.135	5.447	2.312	1.320	3.632
Cost, additions	1.630		1.630		1.815	1.815
Cost, disposal	-1.751	-464	-2.215			
Cost as of 31.12.	2.191	2.671	4.862	2.312	3.135	5.447
Depreciation and impairment losses as of 01.01.	-1.348	-849	-2.198			
Depreciation and impairment losses, additions	-953	-881	-1.834	-1.348	-849	-2.198
Depreciation and impairment losses, disposals	1.751	464	2.215			
Depreciation and impairment losses as of 31.12.	-550	-1.267	-1.817	-1.348	-849	-2.198
Carrying amount as of 31.12.	1.640	1.405	3.045	964	2.286	3.249
Depreciation allocated Administration	-953	-881	-1.834	-1.348	-849	-2.198

Lease liability is illustrated in separate note long term liability note 19.

As Haarslev has changed accounting policy to IFRS, 2021 is the first year where the Company uses IFRS 16. All comparable numbers have been adjusted for the fiscal year 2020 and beginning balance 1 January 2020.

Depreciation of right of use assets analysis in the Financial Statement of Income is illustrated above.

Accounting policy

Haarslev mainly leases vehicles and buildings. The right of use asset is presented in equipment and the lease liability in borrowings. For contracts which are, or contain, a lease, the Company recognises a right of use asset and lease liability. The right of use asset is initially measured at cost, which being the initial amount of the lease liability, added related re-establish cost when the lease period is ended. The right of use asset is subsequently depreciated using straight line method over the lease term (period). If there is no end of the lease term defined in the contract it has been estimated.

The right of use asset is periodically adjusted for certain remeasurement of the lease liability and reduced by impairment losses.

New lease contracts with a lease term of 12 months or less and leases of low value assets are not recognised on the balance sheet. These are expensed on a straight-line basis over the lease term. Lease of low value asset include mobile phones and other small items of office equipment.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured using effective interest method.

The lease liability is remeasured when there is a change in future lease payments, typically due to a change in index or rate on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right of use asset, or the income statement when the right of use asset has been fully depreciated.

14 Equity investments in Group enterprises

<i>Figures in DK '000</i>	2021	2020
Cost as of 01.01.	1.424.029	1.405.029
Additions during the year	166	19.000
Cost as of 31.12.	1.424.195	1.424.029
Adjustment to cost per 01.01.	-702.804	-638.094
Foreign currency translation adjustment of foreign	22.002	-11.817
Net profit/loss from equity investments	33.576	-52.895
Dividend relating to equity investments	-19.000	
Other adjustments relating to equity investments		2
Adjustment to cost as of 31.12.	-666.226	-702.804
Carrying amount as of 31.12.	757.969	721.225
The carrying amount includes goodwill as of 31.12.	634.440	634.440

Haarslev Group A/S owns Haarslev Industries A/S. Below illustrates Haarslev Industries A/S' subsidiaries.

Subsidiaries	Registered in	Equity interest in percent
Group enterprises		
Haarslev Industries A/S	Søndersø, Denmark	100 *
Haarslev Inc.	Kansas City, USA	100 *
Haarslev Industries GmbH	Mannheim, Germany	100
Haarslev GmbH	Krefeld, Germany	100
Stord-Bartz AS	Bryne, Norway	100
Haarslev Industries S.A.C.	Lima, Peru	100
Haarslev Inversiones Internacionales S.L.U.	Barcelona, Spain	100 *
Haarslev Industries LTDA	Curitiba, Brazil	100
Haarslev Industries S.A.U.	Barcelona, Spain	100 *
Haarslev Industries PTE LTD	Labuan, F.T., Malaysia	100
Haarslev Industries SDN BHD	Selangor Darul Eshan, Malaysia	100
Haarslev Industries L.L.C	Moscow, Russia	100
Haarslev Xuzhou Machinery Co. Ltd.	Xuzhou City, Jiangsu Province, China	100 *
Haarslev Industries Ltd.	Rosedale Auckland, New Zealand	100 *
Haarslev Industries (India) Pvt Ltd	Mumbai, Maharashtra, India	100
Haarslev PT (India) Pvt Ltd	Mombai, Maharashtra, IN	100
Haarslev Industries Poland Sp. z.o.o.	Kielce, Poland	100
Haarslev Industries S.A.S	Lorient, France	100
Haarslev Industries Press Technology GmbH & Co. KG	Wuppertal, Germany	100
Haarslev Industries Remscheid GmbH	Wuppertal, Germany	100
Haarslev Makine Sanayi A.S.	Bursa, Turkey	100
KMG UK Limited	Skelmersdale, UK	100 *
Food Processing Equipment UK Limited	Skelmersdale, UK	100
Haarslev Industries PTY Ltd.	Melbourne, AU	100

* The entity is obligor in the group, which is provided as security for credit institutions.

For further information regarding Group enterprises and obligor placed as security, refer to note 22.

Accounting policies

Investments in Group enterprises are recognized and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortized goodwill and plus or minus unrealized intra-group profits or losses.

Net revaluation of investments in subsidiaries is transferred to "Reserve for net revaluation according to the equity method" under equity.

Upon distribution of profit or loss, net revaluation of investments in Group enterprises is transferred from Reserve for net revaluation according to the equity method under equity to Retained earnings.

If Group enterprises has indications for low value, an impairment test will be prepared on the Group enterprise.

15 Other receivables and prepayments to suppliers

<i>Figures in 000' DKK</i>	2021	2020
Other prepayments as of 1.1.	2.600	3.400
Additions during the year	7.115	13.931
Disposals during the year	-6.724	-14.730
Other prepayments as of 31.12	2.991	2.600

Figures in 000' DKK	2.021	2.020
Other receivable as of 1.1.	2.307	2.449
Additions during the year	2.797	10.144
Disposals during the year	-3.735	-10.286
Other receivable as of 31.12	1.369	2.307

Accounting policy

Other receivables are measured at amortized cost, usually equalling transaction price less write downs (allowance) for doubtful receivables. Other receivables are deposits etc.

Prepaid expenses are payment of licenses, insurances etc.

16 Receivable from and payable to Group enterprises

<i>Figures in 000' DKK</i>	Receivable from Group enterprises, loan	Trade receivable from Group enterprises
Amount as of 1.1.	-14.479	52.885
Additions during the year	45.622	120.595
Disposals during the year	-16.952	-119.893
Amount as of 31.12	14.191	53.588

<i>Figures in 000' DKK</i>	Payable to Group enterprises	Trade payable from Group enterprises
Amount as of 1.1.	-305.729	-14.480
Additions during the year	69.818	27.180
Disposals during the year	-119.325	-13.323
Amount as of 31.12	-355.236	-623

Accounting policy

Trade and short term Receivables from Group enterprises are measured at amortized cost, usually equalling nominal value less write downs for bad and doubtful debts.

Trade and short term payables to Group enterprises are measured at amortised cost, which usually corresponds to nominal value.

17 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method.

The gross movements on the deferred income tax account are as follows:

Deferred tax comprises

<i>Figures in 000' DKK</i>	2021	2020
Deferred tax asset	22.062	22.129
Total	22.062	22.129

Changes during the year	2021	2020
Beginning of the year	22.129	19.380
Recognised in the income statement	-67	2.749
End of year	22.062	22.129

	2021	2020
Software	-27	-37
Machinery and equipment	-92	-67
Liabilities	-19	-368
Tax losses	22.201	22.601
Total	22.062	22.129

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income taxes recognized in the Statement of Financial Position are as above.

Accounting policy

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset. Deferred tax assets, including tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as a tax asset.

Loss carried forward is using an expiry date of 3-5 years.

18 Equity

Share capital

No changes in share capital through the last 5 years.

<i>Figures in 000' DKK</i>	2021	2020
The share capital consists of:		
Shares	7.505	7.505

The share capital consist of:

Contributed capital consist of 7.505.000 shares of DKK 1. The shares have not been divided into categories and no shares carry any special rights.

19 Borrowings and lease liabilities

Loan in balance sheet fall due as illustrated below:

<i>Figures in DKK '000</i>	Repayment first year	Fall due between 1-5 years	Fall due more than 5 years	Total long payables at 31.12.2021	Interest
Payables to other credit institutions	16.660	207.255		207.255	EURIBOR +2%
Leases	2.053	2.816		2.816	Variable
Subordinated loan from Group enterprises		110.051		110.051	EURIBOR +2%
Payable to Group enterprises		355.236		355.236	EURIBOR +2%
Other Payables		162	2.823	2.985	Public index (2021 1,5%)
Total	18.713	675.520	2.823	678.343	

<i>Figures in DKK '000</i>	Repayment first year	Fall due between 1-5 years	Fall due more than 5 years	Total long payables at 31.12.2020	Interest
Payables to other credit institutions	7.013	223.933		223.933	EURIBOR +2%
Leases	2.170	3.698		3.698	Variable
Subordinated loan from Group enterprises		105.853		105.853	EURIBOR +2%
Payable to Group enterprises		305.729		305.729	EURIBOR +2%
Other Payables	31	61	2.880	2.941	Public index (2021 1,5%)
Total	9.214	639.274	2.880	642.154	

Payable for credit institutions will hereafter fall due 30. June 2023.

Loan from shareholder is a subordinated loan and rank after the company's other financial liabilities. Repayment shall be made on the lenders first written demand with respect for credit institutions approval. Interest will first be paid after credit institutions approval.

Changes in interest-bearing debt are illustrated below:

2021

<i>Figures in DKK '000</i>	Payables to other credit institutions	Leases	Subordinated loan from Group enterprises	Payable to Group enterprises	Other Payables	Total
Beginning of the year	230.946	5.868	105.853	305.729	2.972	651.368
Addition				40.626		40.626
Paid	-12.628	-1.801				-14.429
Non cash transactions	5.598	803	4.198	8.881	13	19.493
End of the year	223.916	4.869	110.051	355.236	2.985	697.056

2020

<i>Figures in DKK '000</i>	Payables to other credit institutions	Leases	Subordinated loan from Group enterprises	Payable to Group enterprises	Other Payables	Total
Beginning of the year	231.413	3.632	44.850	234.539	1.341	515.775
Addition			59.440	63.547	1.586	124.573
Paid	-6.241	-2.128				-8.369
Non cash transactions	5.774	4.364	1.563	7.643	45	19.388
End of the year	230.946	5.868	105.853	305.729	2.972	651.368

Haarslev has four main interest-bearing facilities:

Credit facility

- Credit facility with banks.
- Other payable, frozen holiday for employees.
- Leases
- Subordinated loan from Group companies (Loan from shareholder Altor)

Loan from shareholder

Haarslev Group Holding has a loan of 110 million DKK (denominated in euro) from Shareholder Altor. This loan is granted from Shareholder Altor to Haarslev Group Holding A/S, and through Haarslev Group A/S to Haarslev Industries A/S. Loan from shareholder is a subordinated loan and rank after the Company's other financial liabilities. Repayment shall be made on the lenders first written demand with respect for credit institutions approval. Interest will first be paid after credit institutions approval. Payable for credit institutions will hereafter fall due 30 June 2023.

Accounting policy

Long term debt comprises debt in bank or credit institutions, which have a maturity date after 12 months from year end 2021.

Loans from credit institutions and subordinated loan are recognized initially at fair values. Subsequently, the financial obligations are measured at amortized cost equal to the capitalized value using the effective interest method; the difference between the proceeds and the nominal value is recognized in financial income and expenses in the income statement over the loan period. Other debts, comprising trade payable, payables to subsidiaries and associates, VAT, excise duties, etc. as well as other payable, are measured at amortized cost, substantially corresponding to the nominal debt.

20 Financial instruments and risk

Financial risk factors

This note presents information about the Company's exposure to each of the below mentioned risks, the Company's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout the Financial Statements.

Fair value measurement

None of the financial instruments are measured at fair value but amortized costs, and there are no material differences from the carrying amount to the fair value.

Liquidity risk

Refer to note long term debt for specification for long term Debt fall due longer than 1 year. All short term liabilities must be repaid within 1 year.

The total net financial liability is expected to be financed by the positive cashflow from operating activities as well as unused lines of credit. Further part of the short term of the financial liabilities, is not expected to fall due for payment.

<i>Figures in DKK '000</i>	Repayment first year	Fall due between 1-5 years	Fall due more than 5 years	Total long payables at 31.12.2021	Repayment first year	Fall due between 1-5 years	Fall due more than 5 years	Total long payables at 31.12.2020
Payables to other credit institutions	16.660	207.255		223.916	7.013	223.933		230.946
Leases	2.232	3.174		5.406	2.364	4.087		6.451
Subordinated loan to Group enterprises		112.802	5.503	118.305		108.499	5.293	113.792
Payable to Group enterprises	623	364.117	26.643	391.383	14.480	314.610	26.643	355.732
Other interest bearing payable		162	2.823	2.985	31	61	2.880	2.972
Trade payable	3.333			3.333	3.933			3.933
Other payable	23.969			23.969	11.261			11.261
Total payable	48.871	690.326	34.968	772.112	39.082	651.190	34.815	728.785
Subordinated loan from Group enterprises		-112.802	-5.503	-118.305		-108.499	-5.293	-113.792
Trade receivable from Group companies	-53.588			-53.588	-33.885			-33.885
Receivable from Group companies	-14.191			-14.191	-4.521			-4.521
Other receivable and prepayments	-4.360			-4.360	-4.907			-4.907
Total receivable	-72.138	-112.802	-5.503	-190.443	-43.313	-108.499	-5.293	-157.105
Total	-23.267	577.524	29.465	581.669	-4.231	542.691	29.523	571.680

Haarslev Group is entity only sell administrative services, why most transactions is related to intercompany transactions.

Risk management framework

The main financial risks faced by Haarslev relate to market risk and liquidity risk. Risk management is carried out by Group finance under policies and with instruments approved by the Board of Directors. Group Finance identifies, evaluates financial risks in close cooperation with the Company's operating units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Refer to (1) foreign exchange risk below.

Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. Market risk comprises (1) foreign exchange risk, (2) interest rate risk and (3) credit risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. When contracts are won, components as steel with high risk are bought to minimize the total risk. Sales contracts are made in EUR when possible.

(1) Foreign exchange risk

The Company operates internationally and is exposed to currency risk arising from mainly the USD, EUR, DKK and BRL, primarily with respect to the DKK, as the DKK is the Company's reporting currency. The Company monitors foreign exchange risk arising from commercial transactions, recognized assets and liabilities (transaction risk) that are determined in a currency other than the entity's functional currency. Foreign exchange risk is limited, due to the fact that most part of the Groups activities is preformed in EUR.

Exposure on exchange rate is not managed through any hedging instruments, however, controlled by keeping contracts mainly in currency EUR and DKK with related project cost in same currency.

Company Loans are also done in EUR. The EUR/DKK exchange rate is not considered a currency exposure due to the Danish fixed rate policy.

The company mainly operates in EUR and DKK currency. The EUR/DKK exchange rate is not considered a currency exposure due to the Danish fixed rate policy, hence no currency exposure exists.

(2) Interest rate risk

The Group is exposed mainly to floating interest rate risk on borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. A 1% change in floating interest rate will impact Equity and result with the amount of DKK 6,9 mln (2020: DKK 6,4 mln).

The interest rate risk is monitored on a regular basis, including considerations whether financial instruments should be implemented as risk mitigation.

(3) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers and other group entities, including outstanding receivables and committed transactions. The credit quality of the customer is assessed, considering its financial position, past experience and other factors. Each customer has a set credit limit and the utilization of the credit limit is regularly monitored.

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. No significant credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by its customers.

The Company does not expect any impairment on cash and cash equivalents as the Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the Group's leverage, defined as net debt divided by EBITDA. The Board also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns on equity that might be possible with higher levels of borrowings and the advantages and security of a sound capital position. The Group uses the leverage ratio in its approach to capital management.

21 Contingent liabilities

Haarslev is involved in disputes and claims with customers and employees in certain regions. The outcome of ongoing disputes and claims is not expected to have significant impact on the financial position.

The Company is taxed jointly with Haarslev Industries A/S and Haarslev Group Holding A/S in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed entities total known net liability under joint taxation arrangement is disclosed in the administration Company's financial statement.

22 Security

The company's shares in 7 material subsidiaries with a carrying amount of DKK 757.969k (2020: DKK 721.225k.) have been provided as security to credit institutions, as of 31 December 2021, amount to net DKK 757.969k (2020: DKK 721.225k.).

The parent company has found joint an unlimited surety for the groups cash pool with credit institutions with a net debt of DKK 154.476k (2020: DKK 173.194k).

23 Related parties

Transactions with subsidiaries are included in the Financial Statements in accordance with the accounting policies applied. Related parties comprise the executive board and board of directors, refer to note for remuneration of board of directors and executive board.

The below mention shareholder exercise control.

Controlling influence	Basis of influence
Altor Fund III GP Limited, Seaton Place 11-15 JH4 OQH St Helier Jersey	ultimate shareholder
Haarslev Holding S.A.R.L., 9A Rue Gabriel Lippmann, L-5365 Munsbech, Luxembourg	shareholder
Haarslev Group Holding A/S, Bogensevej 85, Haarslev, 5471 Sønderød	shareholder

The company is included in the consolidated financial statements of the parent Haarslev Group Holding A/S, Bogensevej 85, Haarslev, 5471 Sønderød.

Transactions with related parties:

<i>Figures in DKK '000</i>	2021	2020
Total liability to related parties	-288.313	-281.803
Revenue	54.809	72.353
Financial income	3.398	1.820
Financial expenses	-11.290	-8.870

24 Cashflow statement

Adjustments for cash flow statement

<i>Figures in DKK '000</i>	2021	2020
Depreciation, amortisation, impairment losses and write-downs	758	758
Result from equity investments in Group enterprises	-33.742	52.893
Financial income	-3.954	-3.773
Financial expenses	24.517	22.258
Non cash transactions	15.295	17.825
Tax on profit or loss for the year	6.735	-2.398
Total	9.610	87.565

The statement of cash flows shows the Company's cash flows for the year distributed on operating, investing, and financing activities, net changes for the year in cash and cash equivalents at the beginning and end of the year. Positive amounts indicate inflows, whereas negative amounts indicate outflows.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation, profit/loss from the sale of vessels, etc., changes in working capital plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from the acquisition and sale of non-current assets, business combinations and cash flow from transactions with Group enterprises.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of loan, instalments on lease liabilities as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents are measured in the balance sheet at nominal value and mainly consist of demand deposits, cash balance and money market investments.

25 Events after balance sheet date

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

Ukraine situation

We are deeply concerned by the situation taking place in Ukraine and our thoughts are with all the people who must live through this disaster. We took immediate action to ensure the safety of all our employees in the region.

Haarslev is complying with all applicable sanctions and is engaging with our customers about the right next steps.

Haarslev has taken the decision to suspend the acceptance of new orders for projects in Russia and Belarus.

Haarslev has on a case-by-case basis assessed whether our current contracts with customers in the Russian region are expected to continue or to be terminated. This resulted in a write off in April of approx. DKK 30 mln of the balance sheet value regarding current contracts with customers in the Russian region. The negative financial impact from suspending acceptance of new orders for projects in Russia and Belarus is expected to be offset by orders from other markets.

We operate in Russia from 2 offices for sales and service and employ a team of 14 people. The team will be maintained, while assessing the longer-term implications of the conflict. We will continue to monitor the situation closely and take appropriate actions as it evolves. Haarslev will not abandon the Russian market and will support the companies operating with our solutions with unavoidable essential after sales.

We join the calls for an end to this conflict and hope that peace, human rights, and the international rule of law will prevail.



HAARSLEV™

Processing Technology

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