



**HAARSLEV™**

## **HAARSLEV GROUP HOLDING A/S**

Bogensevej 85, 5471 Soendersoe

CVR.no. 33 96 93 76

**Annual report for 2021**

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CVR.no. 33 96 93 76

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 Holding A/S  
c/o Haarslev Industries A/S  
Bogensevej 85  
5471 Soendersoe  
Website: [www.haarslev.com](http://www.haarslev.com)  
E-mail: [DK-info@haarslev.com](mailto:DK-info@haarslev.com)  
Registered office: Nordfyns Kommune  
CVR no.: 33 96 93 76  
Financial year: 01.01 - 31.12

### Executive Board

CEO	Kim Kirk Christensen
CFO	Henrik Kofoed Petersen

### Board of directors

Chairman	Jørn Mørkeberg Nielsen (chairman)
	Torben Axelsen
	David Hess
	Paal Kristian Weberg
	Kurt Andersen (employee representative)
	Rene Johansen (employee representative)
	Yasemin Merethe Celkan Phoenix (employee representative)

### 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

The Board of Directors and the Executive Board have today considered and approved the annual report of Haarslev Group Holding A/S for the financial year 01.01.2021 - 31.12.2021.

The consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position on 31.12.2021 and of the results of their operations and the Group's 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 approval at the Annual General Meeting.

Soendersoe, 7 July, 2022

### Executive Board

Kim Kirk Christensen	Henrik Kofoed Petersen
CEO	CFO

### Board of directors

Jørn Mørkeberg Nielsen	Torben Axelsen	David Hess
Chairman		

Paal Kristian Weberg	Kurt Andersen	Rene Johansen
	Employee representative	Employee representative

Yasemin Merethe Celkan Phoenix  
Employee representative

## Independent auditor's report

To the shareholders of Haarslev Group Holding A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Haarslev Group Holding A/S for the financial year 2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent 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 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, and of the results of their operations and cash flows for the financial year - 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

### 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.

## 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 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 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 Parent'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 Group or 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 these 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 Parent'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 Parent'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.

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

### Who we are

Facts and numbers about us (*approximate numbers*)

<b>No. 1</b>	In protein recycling and world class equipment for drying of sludge, biomass & biofuel
<b>4</b>	Production sites worldwide
<b>15</b>	Sales and service centers globally
<b>48</b>	Agents and distributors
<b>120</b>	Countries sold to
<b>190</b>	EURm revenue
<b>932</b>	Employees globally
<b>80.000</b>	M <sup>2</sup> production area

### Vision and Values

#### Vision

It's our vision to be the undisputed leader in creating solutions for sustainable feed & food processing.

Undisputed - in the eyes of our customers.

Leader - in Technology, Innovation, and Service.

Creating solutions - that make our customers successful.

Sustainable - contributing to a sustainable planet.

#### Our values are:

##### Customer-focused

Committed to the success of our customers

##### Working together

Teamwork is at the heart of how we operate

##### Performance-oriented

Striving for excellence and delivering above and beyond our commitments

### Business model and strategy

Haarslev is the world's no. 1 provider of rendering and related (fish) processing solutions. From offices around the globe, Haarslev employees take pride in providing the specialist equipment and knowhow it takes to keep

rendering a safe, healthy, and financially viable activity. As the global population continues to grow and the world's supply of vital proteins, minerals, fuel, and other essentials are increasingly constrained, Haarslev seeks to play its part in utilizing resources more efficiently.

### Leading processing supplier

We design, manufacture, and sell leading-edge equipment, control systems and processing solutions for the rendering, fish, and industrial drying industries. We install, commission, monitor, and service the solutions to keep them running 24/7.

### Leadership through Innovation

We invest significantly in product and process innovation. Our dedicated Innovation and Process departments are working relentlessly to continuously improve the overall efficiency, capacity, and quality of our equipment. In the coming years we plan to step up our investments in innovation.

### Environmental impact

Our products contribute directly to improving the environment and supports our customers' aim for reducing their environmental footprint.

### Global reach

The heart of the company is our more than 900 dedicated employees in 17 countries around the world. We offer a unique service network with 9 service hubs and a Global Services team with more than 150 people dedicated to supporting customers around the world keeping their processing running 24/7. Our local presence is complemented by a network of more than 48 agents and distributors with whom we have a strong partnership to deliver on time the right solutions to our customers.

### Worldwide customer base

With customers located in more than 120 countries across the globe, we are a truly global company. We are in business to build long-standing partnerships, based on a deeply rooted customer focus and strong co-operation with customers across industries and geographies.

### Clear and performance-oriented strategy

Haarslev Industries is expected to grow faster than the market in the coming years, and our strategy is clear: we want to deliver leading performance on all measures. As performance takes precedence over growth, we are continuously reviewing all areas of our business to improve performance.

### Three key industry segments

At Haarslev Industries we focus our efforts and dedication on three main industry segments:

- Meat rendering
- Fish processing
- Industrial processing

With deeply rooted industry expertise across all industry segments, our team of industry professionals are able to anticipate market developments and changes in the industry, allowing us to adjust our business accordingly and serve our customers to the highest standard.

In all industry segments, our offerings cover the full product life cycle – from design & manufacturing to service & installation and, ultimately, de-commissioning of the solutions.

## Meat rendering

Within Meat rendering, we offer various solutions adjusted to the exact meat product's needs:

### Processing of meat, bones, and offal

The poultry rendering industry has its own specific needs and requirements when it comes to the processing of meat, bones, offal, feathers, and blood.

Haarslev designs, develops, and supplies both processes and equipment that help our customers face their challenges. Our solutions focus on efficient utilization of raw materials and energy, as well as on product quality, regulatory conformance, and environmental impact.

### Feather processing

Feather meal is made from poultry feathers by hydrolyzing under elevated heat and pressure and then drying and grinding. The pressure hydrolysis process is necessary to convert the hard, fibrous proteins called keratin, which is the principal component of feathers and hog hair, into feather meal that contains amino acids.

Hydrolyzation of the feathers, prior to drying, breaks down the protein bonds in the raw material and makes the feather meal more digestible. Hydrolyzed feather meal is a good source of natural protein for most animal diets. It can be used to replace a significant portion of other protein sources in livestock and aquaculture diets.

### Blood processing

Blood contains 16-18 percent protein solids and dried blood meal is a valuable ingredient in feed for non-ruminant animals because it has a high lysine content. Blood meal is also used as a high-nitrogen fertilizer.

The blood is fed into a blood coagulator. The coagulated blood solids and water are separated in a decanter and the blood solids are dried in either a Continuous Cooker or a Batch Cooker.

This method is very energy efficient, as more than half of the water is removed mechanically before drying.

## Fish Processing

Although fish meal processing generally follows the same principles, the process requirements vary from one area to another and from one plant to another. Freshness of the catch, type of fish, requirements for meal and oil quality and environmental issues dictate the need for individual plant solutions. We offer a full delivery program to meet such challenges. Fish meal plants from Haarslev operate all over the world. Our product range goes from small land-based or ship-based units and up to the largest fish meal plants in the world. Our plants are known for maximum energy efficiency, reliability, safety, and compliance with local environmental standards.

High-grade fish meal sells at high market prices because this type of meal has shown significant advantages in aquaculture and animal breeding. This is difficult to replace with proteins of other origin. Haarslev develops special cooking and drying equipment, which limits the exposure of the fish to high temperatures. The result is a better preservation of essential amino acids, and that digestibility remains as high as possible. Our plant design focuses on optimum utilization of both raw materials and energy.

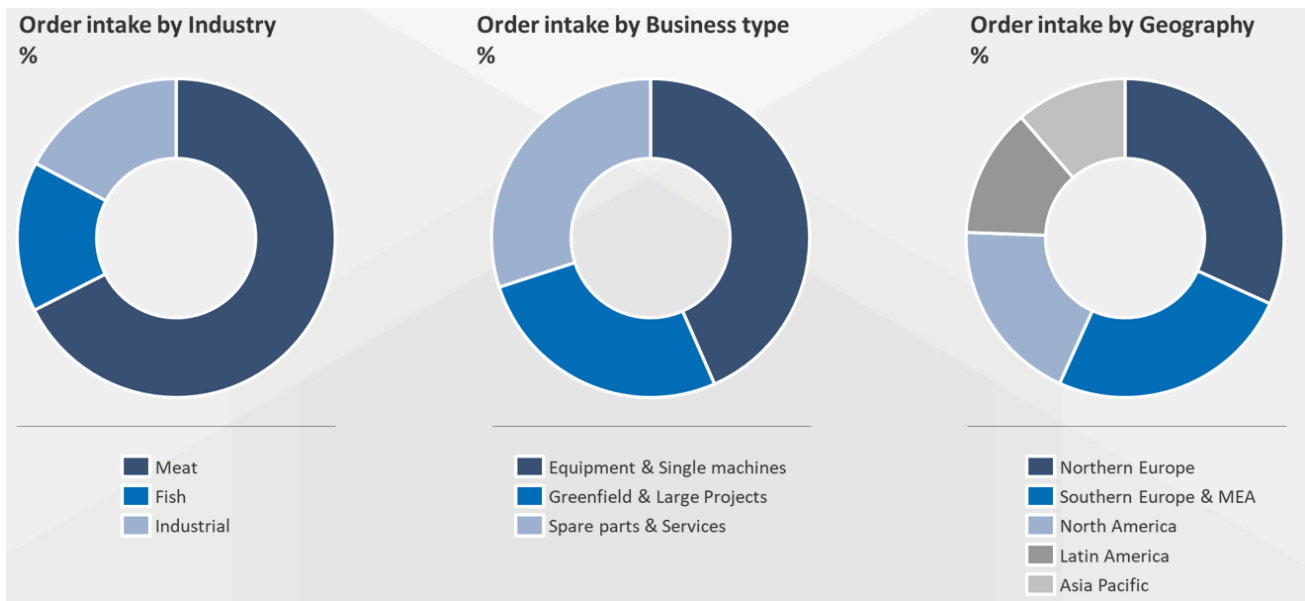
### Global Sales and Service network

Our physical presence across the globe offers customers a local level of first line of contact, providing a swift response and first-class service from our skilled employees. We are continuously evaluating our network to optimize our skills and service levels and strengthen our connection with customers.

### Revenue streams

Our main revenue drivers are turnkey projects, encompassing brownfields, greenfields, modernization, and maintenance as well as the production of modular, standardized equipment and processing lines. The standalone, modular portfolio is the building block for larger projects and the entry point for new customers. Our installed base is large and growing, effectively driving our resilient service and parts revenues.

### FY 2021



### Revenue strategy

For the period 2021-2025 Haarslev Industries has set a target of annual increase in revenue through organic growth. Our growth plan involves capitalizing on strong innovation investments to drive expansion and market penetration.

### Primary activities

Haarslev Group Holding A/S serves as holding company. 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.

### Development in activities and financial affairs

The outlook 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 net working capital management, customer payment terms, and supplier credit terms.

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

Our focus has been on continued innovation, strengthening and scaling our operating model while ensuring customer deliveries. In the fourth quarter, we finalized the acquisition of CORE, the leading supplier of process optimization for the rendering industry. This strategic investment allows us to help customers overcome some of the most prevailing challenges in the industry while simultaneously strengthening our capacity and capability in the digital space.

The revenue increased by 5% to DKK 1.430.045k (2020: DKK 1.359.466k). Gross margin increased from 21% in 2020 to 22% in 2021. Comparing 2021 results to the outlook for 2021 (made in November 2020), revenue was lower by 5%. Gross margin was also lower, all due to the new wave of Covid-19 and increased steel- and component prices.

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 come in 2022. Overall, our pipeline is solid with a healthy distribution across segment and geographies, and we are targeting a step-up in volume in 2022.

Scaling for the growth ahead, we expanded our supplier network and made another strategic investment in our manufacturing infrastructure during the year with the construction of a new state-of-the-art production site in Germany.

### IFRS conversion

Beginning in 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.

The consolidated impacts are shown in the overview below:

Group kDKK	1 January 2020			31. December 2020			
	Asset	Liability	Equity	Result 2020	Asset	Liability	Equity
<b>In accordance with the Danish Financial Statement Act:</b>	<b>1.726.797</b>	<b>1.413.597</b>	<b>313.200</b>	<b>-134.484</b>	<b>1.514.658</b>	<b>1.347.753</b>	<b>166.904</b>
Goodwill in Group enterprises				67.675	67.675		67.675
Lease IFRS 16	56.106	56.106		-1.281	50.301	51.495	-1.281
<b>Total adjustments</b>	<b>56.106</b>	<b>56.106</b>		<b>66.394</b>	<b>117.976</b>	<b>51.495</b>	<b>66.394</b>
<b>In accordance to IFRS</b>	<b>1.782.903</b>	<b>1.469.703</b>	<b>313.200</b>	<b>-68.090</b>	<b>1.632.634</b>	<b>1.399.248</b>	<b>233.298</b>

### EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)

The EBITDA (including exceptional items) in 2021 (DKK 131.781k) has improved by 60% compared to 2020 (DKK 82.205k). The normalized EBITDA (excluding exceptional items) for the continued operation has increased by DKK 47.721k or 32% compared to 2020. The increase is mainly driven by increased revenue and

contribution margins. The increase would have been even higher if Haarslev had not experience increased steel- and component prices, which negatively impacted the margins on projects sold at a fixed price.

**Below is a specification of the development in EBITDA from 2020 to 2021**

<b>DKK'000</b>	<b>2020</b>	<b>2021</b>
Profit before net financials cf. Income statement (including exceptional items)	42.295	90.180
Depreciation, amortisation, impairment losses and write-downs cf. Adjustment to cash flow statement	39.910	41.601
<b>EBITDA (including exceptional items)</b>	<b>82.205</b>	<b>131.781</b>
Exceptional items	- 19.087	- 17.232
<b>Normalised EBITDA, continued operations (excluding exceptional items)</b>	<b>101.292</b>	<b>149.013</b>

Exceptional items comprise consultant expenses, other expenses in connection with the finalization of the new ERP system implementation, restructuring costs from several business units as well as IP protections.

The Group's income statement for 2021 shows a **profit** after tax of DKK 14.067k (2020: **loss** after tax DKK 68.090k).

The Group's balance sheet as of 31 December 2021 shows equity of DKK 269.463k (2020: DKK 233.298 k) and total assets of DKK 1.769.351k (2020: DKK 1.632.634k).

### Capital resources and funding

Cash flow is now satisfactory and cash flow from operating activities was **positive** by DKK 100.987k (2020: **negative** DKK 100.289k).

The impact from several initiatives on Net Working Capital management implemented in 2021 to improve the cash flow, was fruitful.

A new bank agreement covering the period to 30 June 2023 was agreed 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

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

Key accounting estimate	Note	Estimation risk
Work in progress (and thereby revenue and production costs)	22	Medium
Inventory (and thereby production costs)	21	Medium
Goodwill	15	High

### 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.

The Danish and Chinese 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-Russia crisis is expected to be offset by the strong order intake in other markets.

For 2022, we expect a revenue of DKK 1,500 mln. – 1,600 mln. and a profit before net financials in the level of DKK 40 mln. compared to DKK 90 mln. in 2021. Profit before net financials is impacted by exceptional items, which includes high uncertainty especially in contracts with customers in Russia. EBITDA before exceptional items expected at DKK 120-135 mln. in 2022, compared to DKK 149 mln. in 2021.

### 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 for the Group was 912 (2020: 975). Total number of employees end of 2021 was 932 (hereof 394 in Denmark), compared to 964 (hereof 477 in Denmark) employees at 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 was started in 2021 in order to get a baseline of the CO2 footprint.

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 Industries A/S and subsidiaries. To read the statements please visit <http://www.haarslev.com/esg>



In addition to the CSR report, Haarslev initiated the work to prepare an annual ESG (Environmental, Social, Governance) report. This report will be publicly available and will be made in accordance with the "Responsible Investment and ownership policy" outlined by Altor. The report includes 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 Holding 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 Holding. 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](http://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 the 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 risk in the Group relates 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 c. 2% of the Company's shares.

By the year end of 2021 Haarslev Group Holding A/S owns none of its own shares. The company will from time to time hold limited part of own shares, when changes in Group Management take place.

### 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 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 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 A/S, Haarslev Industries A/S, Haarslev Group A/S.

#### **Torben Axelsen**

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

Member of the Board of Haarslev Group A/S, Haarslev Industries A/S, Cembrit Holding A/S, Cembrit A/S

#### **Yasemin Merethe Celkan Phoenix (employee representative)**

Elected by employees. Member of the Board of Directors since 2019.

Member of the Board of Haarslev Group A/S, Member of the Board of NSales.

#### **Rene Johansen (employee representative)**

Elected by employees. Member of the Board of Directors since 2012.

#### **Kurt Andersen (employee representative)**

Elected by employees. Member of the Board of Directors since 2022.

### 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 Holding 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.

### New Group entity; Core A/S

Haarslev acquired the remaining 51% of shares in the associated company Core A/S on 1 January 2022. The purpose for the acquisition is to further integrate the digital products from Core into the Groups products.

### 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 mIn DKK 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 two 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	1.430.045	1.359.466	1.509.728	1.492.774	1.440.730
Gross profit	307.880	263.054	311.041	224.052	272.330
Profit/loss before net financials, tax and discontinuing activities	90.180	42.295	-33.963	-137.416	-58.942
Total net financials	-50.801	-44.315	-50.934	-43.676	-44.854
Discontinued activities		-45.120	-44.960		
Profit/loss for the year	14.067	-68.090	-172.453	-200.750	-136.098
Total comprehensive income	36.068	-79.902			
<i>Balance</i>					
Total assets	1.769.350	1.632.634	1.726.797	1.762.125	1.985.582
Investments during the year in property, plant and equipment	19.138	32.255	9.338	34.193	20.869
Equity	269.463	233.298	313.200	397.922	592.626
<i>Cashflow</i>					
Net cash flow:					
Operating activities	100.987	-100.289	-52.769	-91.776	62.132
Investing activities	-12.254	-30.639	-10.039	-66.054	-18.447
Financial activities	-33.142	145.078	42.130	-15.336	-53.443
Cash flow for the year	55.591	14.150	-20.678	-173.166	-9.758
<b>Ratios</b>					
<i>Profitability</i>					
Return on equity	5%	-49%	-34%	-41%	-20%
Gross Margin	22%	21%	21%	15%	19%
Profit margin	6%	-2%	-2%	-9%	-4%
<i>Equity ratio</i>					
Equity ratio	15%	18%	18%	23%	30%
Equity and subordinated loan ratio	21%	21%	25%	23%	30%
<i>Others</i>					
Numbers of employees (average)	912	975	1.011	1.091	1.099
Return of equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$				
Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$				
Profit margin:	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Revenue}}$				
Equity ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$				
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).

## Statement of comprehensive income

Note	<i>Figures in DKK '000</i>	Group		Parent	
		2021	2020	2021	2020
6	<b>Revenue</b>	<b>1.430.045</b>	<b>1.359.466</b>		
7	Production costs	-1.122.164	-1.096.412		
	<b>Gross profit</b>	<b>307.880</b>	<b>263.054</b>		
	Other income	1.948	1.821		
7	Distribution costs	-103.094	-106.774		
7	Administration costs	-116.554	-115.806	-910	-318
	<b>Profit/loss before net financials</b>	<b>90.180</b>	<b>42.295</b>	<b>-910</b>	<b>-318</b>
	Result from equity investments in				
20	Group enterprises			14.473	-67.869
	Result from equity investments in				
18	associates	-482	-851		
10	Financial income	1.958	3.445	3.421	2.204
10	Financial expenses	-52.276	-46.909	-3.213	-2.169
	<b>Profit/loss before tax</b>	<b>39.380</b>	<b>-2.021</b>	<b>13.770</b>	<b>-68.152</b>
11	Tax on profit or loss for the year	-25.313	-20.949	296	62
	<b>Profit/loss for the year continuing activity</b>	<b>14.067</b>	<b>-22.970</b>	<b>14.067</b>	<b>-68.090</b>
12	Discontinuing activities		-45.120		
13	<b>Profit/loss for the year</b>	<b>14.067</b>	<b>-68.090</b>	<b>14.067</b>	<b>-68.090</b>
	<b>Other comprehensive income</b>				
	Exchange rate adjustments of investments in Group enterprises	22.001	-11.812	22.001	-11.812
	<b>Other comprehensive income, net of tax</b>	<b>22.001</b>	<b>-11.812</b>	<b>22.001</b>	<b>-11.812</b>
	<b>Total comprehensive income</b>	<b>36.068</b>	<b>-79.902</b>	<b>36.068</b>	<b>-79.902</b>

## Balance sheet 31 December

Note	Figures in DKK '000	Group			Parent		
		2021	2020	1 January 2020	2021	2020	1 January 2020
	Development project in progress	4.345	1.311	1.000			
	Acquired rights	2.002	1.416	1.325			
	Knowhow	12.596	15.681	18.766			
15	Goodwill	802.026	801.929	802.046			
14	<b>Total intangible assets</b>	<b>820.969</b>	<b>820.337</b>	<b>823.137</b>			
	Land and buildings	84.362	92.863	76.709			
17	Leases	57.393	50.301	54.668			
	Plant and machinery	21.212	26.399	33.410			
	Other fixtures and fittings, tools and equipment	27.201	24.985	24.839			
	Property, plant and equipment under construction	2.171	337	1.862			
16	<b>Total property, plant and equipment</b>	<b>192.340</b>	<b>194.885</b>	<b>191.488</b>			
20	Equity investments in Group enterprises				267.417	230.942	310.627
18	Equity investments in associates	16.010	17.483	18.334			
	Subordinated receivables group companies				110.051	105.853	44.850
24	Other receivables	2.982	3.131	5.450			
25	Deferred tax asset	32.446	33.555	41.705	462	313	251
	<b>Total investments</b>	<b>51.438</b>	<b>54.169</b>	<b>65.489</b>	<b>377.929</b>	<b>337.108</b>	<b>355.728</b>
	<b>Total non-current assets</b>	<b>1.064.747</b>	<b>1.069.391</b>	<b>1.080.114</b>	<b>377.929</b>	<b>337.108</b>	<b>355.728</b>
	Raw materials and consumables	83.680	64.870	99.384			
	Product in progress	105.560	55.531	66.731			
	Manufactured goods and goods for resale	107.380	100.472	110.766			
21	<b>Total inventories</b>	<b>296.620</b>	<b>220.873</b>	<b>276.881</b>			
22	Work in progress for third parties	73.546	72.854	93.712			
23	Trade receivables	181.941	168.653	194.459			
	Receivables from group enterprises		0	0	1.699	1.729	
	Income tax receivable	0	1.700	4.829	0	550	197
	Prepayments	21.825	13.980	17.245			
	Other receivables	36.240	30.017	29.948			
	<b>Total receivables</b>	<b>313.551</b>	<b>287.204</b>	<b>340.193</b>	<b>1.699</b>	<b>2.279</b>	<b>197</b>
	Cash	94.432	38.839	24.689	144	320	22.978
12	Asset classified as held for sale	0	16.327	59.588			
	<b>Total current assets</b>	<b>704.603</b>	<b>563.243</b>	<b>701.351</b>	<b>1.842</b>	<b>2.599</b>	<b>23.175</b>
	<b>Total assets</b>	<b>1.769.350</b>	<b>1.632.634</b>	<b>1.781.465</b>	<b>379.772</b>	<b>339.707</b>	<b>378.903</b>

## Balance sheet 31 December (continued)

Note	EQUITY AND LIABILITIES	Group			Parent		
		2021	2020	1 January 2020	2021	2020	1 January 2020
	<i>Figures in DKK '000</i>						
	Share capital	10.780	10.780	10.780	10.780	10.780	10.780
	Retained earnings	258.683	222.518	302.420	258.683	222.517	302.420
26	<b>Total equity</b>	<b>269.463</b>	<b>233.298</b>	<b>313.200</b>	<b>269.463</b>	<b>233.298</b>	<b>313.200</b>
25	Deferred tax	1.065	1.386	8.140			
	Payables to credit institutions	424.371	460.131	385.687			
	Subordinated loan from shareholder	109.880	105.853	44.850	109.880	105.853	44.850
	Other payables	22.147	22.032	8.222			
	Leases	49.342	44.045	40.823			
28	<b>Total long-term payables</b>	<b>606.804</b>	<b>633.447</b>	<b>487.722</b>	<b>109.880</b>	<b>105.853</b>	<b>44.850</b>
28	Payables to credit institutions	185.794	184.704	192.565			
	Leases	16.213	13.119	16.951			
	Prepayments received from work in progress for third parties	135.330	107.737	157.030			
22	Prepayments received from customers	176.637	115.160	131.526			
	Trade payables	251.552	231.716	298.060			
	Payable to group enterprises						19.698
	Payables to associates	1.072	2.616	100			
	Income taxes	11.514	5.179	17.917			
27	Provisions	18.535	23.364	37.086			
	Other payables	96.436	69.854	76.040	429	556	1.155
	<b>Total short-term payables</b>	<b>893.082</b>	<b>753.449</b>	<b>927.275</b>	<b>429</b>	<b>556</b>	<b>20.853</b>
12	Liabilities related to assets classified as held for sale	0	12.440	53.269			
	<b>Total payables</b>	<b>1.499.886</b>	<b>1.399.336</b>	<b>1.468.265</b>	<b>110.309</b>	<b>106.409</b>	<b>65.703</b>
	<b>Total equity and liabilities</b>	<b>1.769.350</b>	<b>1.632.634</b>	<b>1.781.465</b>	<b>379.772</b>	<b>339.707</b>	<b>378.903</b>
29	Contingent liabilities						
30	Security						
31	Related parties						



## Consolidated cashflow statement

Note	Group <i>Figures in DKK '000</i>	2021	2020
	<b>Net profit/loss for the year</b>	<b>14.067</b>	<b>-68.090</b>
33	Adjustments	117.378	76.392
	Change in working capital		
	Inventories	-75.747	56.008
	Receivables	-28.047	49.860
	Trade payables and other prepayments received	107.362	-129.487
	Other payables relating to operating activities	21.752	-19.908
	Cashflow from discontinued operations	3.887	2.432
	<b>Cash flows from operating activities before net financials</b>	<b>160.652</b>	<b>-32.792</b>
	Interest income and similar income received	1.958	3.445
	Interest expenses and similar expenses paid	-48.250	-45.346
	Income tax paid	-13.373	-25.595
	<b>Cash flows from operating activities</b>	<b>100.987</b>	<b>-100.289</b>
	Purchase of intangible assets	-3.968	-2.034
	Sale of intangible assets	4	981
	Purchase of property, plant, and equipment	-19.138	-32.255
	Sale of property, plant, and equipment	9.708	350
	Other receivables	149	2.319
	Dividend received from associate	990	
	<b>Cash flows from investing activities</b>	<b>-12.254</b>	<b>-30.639</b>
	Warrants issued	97	
	Payment to credit institutions	-25.066	
	Payment from credit institutions	9.114	85.954
	Subordinated loan from shareholder	0	59.440
	Other payable	115	13.810
	Lease installments	-17.402	-14.126
	<b>Cash flows from financing activities</b>	<b>-33.142</b>	<b>145.078</b>
	<b>Total cash flows for the year</b>	<b>55.591</b>	<b>14.150</b>
	Cash beginning of year	38.839	24.689
	<b>Total cash</b>	<b>94.432</b>	<b>38.839</b>

## Cashflow statement parent

Note	Parent <i>Figures in DKK '000</i>	2021	2020
	<b>Net profit/loss for the year</b>	<b>14.067</b>	<b>-68.091</b>
33	Adjustments	-15.117	68.760
	Change in working capital		
	Other payables relating to operating activities	-128	-596
	<b>Cash flows from operating activities before net financials</b>	<b>-1.178</b>	<b>73</b>
	Interest income and similar income received	432	518
	Interest expenses and similar expenses paid	-227	-481
	Income tax paid	698	-353
	<b>Cash flows from operating activities</b>	<b>-274</b>	<b>-243</b>
	Receivables from Group enterprises		-22.415
	Group companies , subordinated loan		-59.440
	<b>Cash flows from investing activities</b>		<b>-81.855</b>
	Warrants issued	97	
	Subordinated loan from shareholder		59.440
	<b>Cash flows from financing activities</b>	<b>97</b>	<b>59.440</b>
	<b>Total cash flows for the year</b>	<b>-177</b>	<b>-22.658</b>
	Cash beginning of year	320	22.978
	<b>Total cash</b>	<b>144</b>	<b>320</b>

## Statement of changes in equity

### Group

<i>Figures in DKK '000</i>	Share capital	Reserve for exchange rate adjustment	Retained earnings	Total Equity
Statement of changes in equity for 01.01.2020 -31.12.2020				
Balance as of 01.01.2020	10.780		302.420	313.200
Net profit/loss for the year			-68.090	-68.090
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises		-11.812		-11.812
<i>Total comprehensive income</i>		-11.812	-68.090	-79.902
Balance as of 31.12.2020	10.780	-11.812	234.330	233.298
Statement of changes in equity for 01.01.2021 -31.12.2021				
Balance as of 01.01.2021	10.780	-11.812	234.330	233.298
Net profit/loss for the year			14.067	14.067
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises		22.001		22.001
<i>Total comprehensive income</i>		22.001	14.067	36.068
Warrants issued			97	97
Balance as of 31.12.2021	10.780	10.189	248.494	269.463

## Statement of changes in equity, continued

**Parent**

	Share capital	Reserve for exchange rate adjustment	Retained earnings	Total Equity
<i>Figures in DKK '000</i>				
Statement of changes in equity for 01.01.2020 - 31.12.2020				
Balance as of 01.01.2020	10.780		302.420	313.200
Net profit/loss for the year			-68.091	-68.091
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises		-11.811		-11.811
<i>Total comprehensive income</i>		-11.811	-68.091	-79.902
<b>Balance as of 31.12.2020</b>	<b>10.780</b>	<b>-11.811</b>	<b>234.329</b>	<b>233.298</b>
Statement of changes in equity for 01.01.2021 - 31.12.2021				
Balance as of 01.01.2021	10.780	-11.811	234.329	233.298
Net profit/loss for the year			14.067	14.067
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises		22.000		22.000
<i>Total comprehensive income</i>		22.000	14.067	36.067
Warrants issued			97	97
<b>Balance as of 31.12.2021</b>	<b>10.780</b>	<b>10.189</b>	<b>248.494</b>	<b>269.463</b>

## Overview of notes and accounting policies

### 1 Introduction

#### Reporting entity

Haarslev Group Holding A/S (parent company) is the reporting entity. Haarslev Group Holding A/S is a limited liability company incorporated in Denmark. The 2021 Consolidated Financial Statements include the Parent Company Financial Statements of Haarslev Group Holding A/S and its subsidiaries (together referred to as "the Group" or "Haarslev Group" or "Haarslev").

On 28 April 2022, the Board of Directors and the Executive Management Board considered and approved the 2021 Financial Statements of Haarslev Group Holding A/S. The Financial Statements will be presented to the shareholders of Haarslev Group Holding 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 Consolidated Financial Statements and the financial statements of the Parent Company have been consistently applied to all the years presented, unless otherwise stated.

The Group and parent 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 consolidated financial statements and 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

Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements are presented in Danish Kroner (DKK) which is the Parent 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 Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at the balance sheet date and the operations and cash flows for the financial year.

The Consolidated Financial Statements and the Parent Company 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 Group:

- Revenue
- Work in Progress
- Inventory
- Goodwill

### Significant estimates

In the preparation of the Consolidated Financial Statements, Management undertakes several accounting estimates and judgements and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent 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, 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 Group 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 Consolidated Financial Statements:

Key accounting estimate	Note	Estimation risk
Work in progress (and thereby revenue and production costs)	22	Medium
Inventory (and thereby production costs)	21	Medium
Goodwill	15	High

### 3 Consolidated financial statements

The consolidated financial statements include Haarslev Group Holding A/S (parent company) and the subsidiary enterprises in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise maintains control.

Enterprises, which are not subsidiaries, over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

The Consolidated Financial Statements are based on the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances, and inter-company gains and losses. The Consolidated Financial Statements are prepared by applying the Group's accounting policies. Investments in subsidiaries are eliminated against the proportionate share of the subsidiaries' net asset value at the acquisition date.

The Group's investments in associates are recognised in the Consolidated Financial Statements at the Group's proportionate share of the associate's net asset value. Unrealised intercompany gains and losses from transactions with associates are eliminated by the Group's interest in the respective associate enterprise. Unrealised losses are eliminated to the extent that there is no evidence of impairment.

### 4 Translation of foreign currencies

#### Functional and presentation currency

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

The currency exchange rates that were used in preparing the Consolidated 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 Consolidated Financial Statements, the Income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, 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.

## 5 Effect of transition to IFRS

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

Group kDKK	1 January 2020			Result 2020	31. December 2020		
	Asset	Liability	Equity		Asset	Liability	Equity
<b>In accordance with the Danish Financial Statement Act:</b>	<b>1.726.797</b>	<b>1.413.597</b>	<b>313.200</b>	<b>-134.484</b>	<b>1.481.103</b>	<b>1.347.753</b>	<b>166.904</b>
Goodwill				67.675	67.675		67.675
Lease	56.106	56.106		-1.281	50.301	51.495	-1.281
<b>Total adjustments</b>	<b>56.106</b>	<b>56.106</b>		<b>66.394</b>	<b>117.976</b>	<b>51.495</b>	<b>66.394</b>
<b>In accordance to IFRS</b>	<b>1.782.903</b>	<b>1.469.703</b>	<b>313.200</b>	<b>-68.090</b>	<b>1.599.079</b>	<b>1.399.248</b>	<b>233.298</b>

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 Group and parent company use 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.



Parent kDKK	1 January 2020			31. December 2020			
	Asset	Liability	Equity	Result 2020	Asset	Liability	Equity
<b>In accordance with the Danish Financial Statement Act:</b>	<b>378.903</b>	<b>65.703</b>	<b>313.200</b>	<b>-134.484</b>	<b>273.313</b>	<b>106.409</b>	<b>166.904</b>
Investment in Group enterprises				66.394	66.394		66.394
<b>Total adjustments</b>				<b>66.394</b>	<b>66.394</b>	<b>0</b>	<b>66.394</b>
<b>In accordance to IFRS</b>	<b>378.903</b>	<b>65.703</b>	<b>313.200</b>	<b>-68.090</b>	<b>339.707</b>	<b>106.409</b>	<b>233.298</b>

1. Goodwill as part of investment in Group enterprises is no longer amortised in the income statement in the parent company. Until this point in time, goodwill has been amortised on a straight-line basis over its economic life.

### Applied exemptions

In connection with the transition to IFRS, the Group has applied the following exemptions 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 using 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 Group has adopted standards and interpretations effective as of 1 January 2021. The Group 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 Group 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 Consolidated Statement of Income

Haarslev Group Holding A/S presents expenses in the Consolidated Statement of Income in accordance with their function. This allows the presentation of gross profit in the Consolidated 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:

- Production costs encompasses all manufacturing costs (including raw materials, employee benefits, and depreciation and amortization) related to goods and services captured in revenues. They are measured at their actual cost based on "first in, first out" or weighted average cost;
- Selling and marketing expenses relate to the selling and marketing of goods and services;
- Administration cost 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.

## 6 Revenue

Haarslev reports its revenue in the following parameters:

- Activities (Capital Sales or Global Services)
- Industries (Fish, Meat, Industrial)
- Geography

### Activities

Our revenue comprises of two activities, Capital sales and global services. In the following table revenue is disaggregated by capital sales (comprised of revenue from greenfield and large projects, standard equipment and modernization equipment) and global service (comprised of maintenance, service and spare parts).

<i>Figures in DKK '000</i>	Group		Group	
	2021	2020	2021	2020
Revenue comprises of the following activities:				
Capital sales	984.490	918.600	69%	68%
Global service	445.555	440.866	31%	32%
Total revenue	1.430.045	1.359.466	100%	100%

Capital sales revenue consist of DKK 656.348k (2020: 742.949) recognized over time and DKK 328.142k (2020: DKK 175.651) of revenue is recognized at a point in time. All Global service revenue is recognized at a point in time.

### Industries

The following summary describes the operations in each of the Group's areas:

- Industrial rendering
- Meat rendering
- Fish processing

<i>Figures in DKK '000</i>	Group		Group	
	2021	2020	2021	2020
Revenue comprises of the following areas:				
Industrial	295.309	124.867	21%	9%
Meat	884.373	1.001.953	62%	74%
Fish	250.363	232.646	18%	17%
Total	1.430.045	1.359.466	100%	100%

With deeply rooted industry expertise across all three areas, our team of industry professionals are able to anticipate market developments and changes in the industry, allowing us to adjust our business accordingly and serve our customers to the highest standard.

In all industry areas, our offerings cover the full product life cycle – from design & manufacturing to service & installation and, ultimately, de-commissioning of the solutions.

## Industrial

Conversion of industrial biproducts such as industrial and municipal sludge into biofuels, fertilizer and other purposeful elements.

## Meat

For Meat rendering, we offer processing of meat, bones, and offal.

The poultry rendering industry has its own specific needs and requirements when it comes to the processing of meat, bones, offal, feathers, and blood.

Haarslev designs, develops, and supplies both processes and equipment that help our customers face their challenges. Our solutions focus on efficient utilization of raw materials and energy, as well as on product quality, regulatory conformance, and environmental impact.

### Feather processing

Feather meal is made from poultry feathers by hydrolyzing under elevated heat and pressure and then drying and grinding. The pressure hydrolysis process is necessary to convert the hard, fibrous proteins called keratin, which is the principal component of feathers and hog hair, into feather meal that contains amino acids.

Hydrolyzation of the feathers, prior to drying, breaks down the protein bonds in the raw material and makes the feather meal more digestible. Hydrolyzed feather meal is a good source of natural protein for most animal diets. It can be used to replace a significant portion of other protein sources in livestock and aquaculture diets.

### Blood processing

Blood contains 16-18 percent protein solids and dried blood meal is a valuable ingredient in feed for non-ruminant animals because it has a high lysine content. Blood meal is also used as a high-nitrogen fertilizer.

The blood is fed into a blood coagulator. The coagulated blood solids and water are separated in a decanter and the blood solids are dried in either a Continuous Cooker or a Batch Cooker.

This method is very energy efficient, as more than half of the water is removed mechanically before drying.

## Fish Processing

Although fish meal processing generally follows the same principles, the process requirements vary from one area to another and from one plant to another. Freshness of the catch, type of fish, requirements for meal and oil quality and environmental issues dictate the need for individual plant solutions. We offer a full delivery program to meet such challenges. Fish meal plants from Haarslev operate all over the world. Our product range goes from small land-based or ship-based units and up to the largest fish meal plants in the world. Our plants are known for maximum energy efficiency, reliability, safety, and compliance with local environmental standards.

High-grade fish meal sells at high market prices because this type of meal has shown significant advantages in aquaculture and animal breeding. This is difficult to replace with proteins of other origin. Haarslev develops special cooking and drying equipment, which limits the exposure of the fish to high temperatures. The result is a better preservation of essential amino acids, and that digestibility remains as high as possible. Our plant design focuses on optimum utilization of both raw materials and energy.

In all industry areas, our offerings cover the full product life cycle – from design & manufacturing to service & installation and, ultimately, de-commissioning of the solutions.

### 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>	Group		Group	
	2021	2020	2021	2020
Revenue comprises of the following geographical markets:				
Revenue, Denmark	94.350	95.200	7%	7%
Revenue, other EU countries	525.200	436.221	37%	32%
Revenue, non-EU countries	810.496	828.045	57%	61%
<b>Total</b>	<b>1.430.045</b>	<b>1.359.466</b>	<b>100%</b>	<b>100%</b>

Revenue can be split into three large geographical areas, Denmark, other EU countries and non-EU countries.

### Accounting policies

The Group recognises revenue from the following major sources:

#### Capital Sales

- sale of specialised manufactured machines
- installation of manufactured machines for specialised business machines
- sales-related warranties associated with sale of manufactured goods
- sale of standard machines

#### Global Services

- maintenance and spare parts

Revenue is recognised based on the considerations specified in contracts with customers based on the five-step process as described in IFRS 15. Revenue is recognised, when or as control over distinct goods or services is transferred to the customer, i.e. when the customer is able to direct the use of the transferred goods or 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. Revenue is the transaction price Haarslev expects to be entitled to.

#### Capital Sales

##### *Sale of specialised manufactured machines*

The Group constructs and sells **specialised (to customers' needs)** manufactured machines under long-term contracts with customers. Under the terms of the contracts, the Group is **contractually restricted from redirecting the properties (machines) to another customer and has an enforceable right to payment for work done**. Therefore, the specialised machines in its complete state will have no alternative use to Haarslev as Haarslev will incur significant costs to rework the design and function of the specialised machine to direct to another customer. Revenue from sale of specialised manufactured machines is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. An expected loss on the contract is recognized as an

expense immediately. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

The Group becomes entitled to invoice customers for sale of specialised manufactured machines based on achieving a series of performance-related milestones, among others the time of delivery and the time of finalising installation. The Group will previously have recognised a contract asset for any work performed “Work In Progress” (WIP) recognised at sales price. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference “Prepayment from customers”. There is not considered to be a significant financing component in sale of specialised manufactured machines as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is normally less than one year.

#### ***Installation of manufactured machines for specialised business machines***

Haarslev can sell manufactured machines for specialised business operations with or without installation.

The delivery of machines and installation are seen as two separate performance obligations – even that the two services can be sold at the same time. This is due to:

- Haarslev identifies two deliverables in the customer contract: (a) machines and (b) installation.
- The promise to transfer machines and service to the customer is separately identifiable.
- The installation service is routinely performed by other providers and does not significantly modify the machines.
- Machines are often sold at a fix price whereas the installation is sold on time & material.
- Installation services are recognised as a performance obligation satisfied over time.

Revenue is recognised for these installation services based on the stage of completion of the contract. The management have assessed that the stage of completion determined as the proportion of the total cost expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations. Payment for installation is not due from the customer until the installation services are complete. Therefore, a contract asset “Work In Progress” (WIP) is recognised (at sales price) over the period in which the installation services are performed representing the entity’s right to consideration for the services performed to date.

#### ***Sales-related warranties associated with sale of manufactured goods***

**Sales-related warranties** associated with sale of manufactured goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 (refer to note 22).

#### ***Sale of standard machines***

For **sale of standard machines**, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer’s specific location (delivery). The standard machines have an alternative use for Haarslev and the contract does not preclude Haarslev from directing the completed standard machine to another customer. Standard Machines in progress are recognised as part of inventory until delivery. A receivable is recognised by the Group when the goods are delivered to the customer, as only the passage of time is required before payment is due.

## Global Services

### Maintenance and spare parts

**Maintenance relating to sale of manufactured machines** is not included in the transaction price for the sale of manufactured goods. The maintenance service is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Revenue relating to the maintenance services is recognised at the time of invoicing.

**For spare parts**, revenue is recognised when control of the spare parts has transferred, being when the spare parts have been shipped to the customer's specific location (delivery). Delivery occurs when the spare parts have been shipped to the customer's specific location. A receivable is recognised by the Group when the spare parts are delivered to the customer, as only the passage of time is required before payment is due.

### Accounting estimates

Sales of goods In Haarslev's business model, relate to sales of standard equipment and sales of complete solutions or systems (*Sale of specialised manufactured machines*). Standard equipment requires no or minor modifications as requested by customers. Sales of complete solutions or systems (*Sale of specialised manufactured machines*) require significant modifications either requested by the customer or required to fulfil the customer's needs.

The Company uses the **percentage-of-completion method in accounting for its revenues for complete solutions or systems**. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total estimated costs, total estimated revenues, contract risks, including technical, political, and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue.

## 7 Costs

### Accounting policies

#### Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, amortization, depreciation, and impairment losses relating to intangible assets and property, plant and equipment included in the production process. Production costs includes ordinary write-down of inventories. Furthermore, provisions for losses on contract work are recognized.

Production 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 4.316k (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 Group's development activities. Capitalisation 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 utilisation, 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 recognised 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 capitalisation in the balance sheet and research costs are recognised in the income statement on an ongoing basis.

**Sales and Distribution costs**

Distribution costs comprise costs incurred for sale and distribution, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amortization, depreciation, and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

**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.

**8 Employee benefits****Personnel costs**

*Figures in DKK '000*

	Group		Parent	
	2021	2020	2021	2020
Personnel costs - type				
Wages and Salaries	332.973	384.601	725	81
Pensions	12.574	18.990		
Other personnel costs	21.796	24.313		
<b>Total</b>	<b>367.343</b>	<b>427.904</b>	<b>725</b>	<b>81</b>

## Personnel costs - function

Production costs	245.264	280.928		
Distribution costs	70.126	87.420		
Administrative costs	51.953	59.557	725	81
<b>Total</b>	<b>367.343</b>	<b>427.905</b>	<b>725</b>	<b>81</b>

Average number of employees during the year,  
continuing activities

	912	975		
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Salaries, Board of Executives

	6.471	5.403		
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Remuneration for the Board of Directors

	1.313	601	725	81
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Remuneration for the Executive Board and Board  
of Directors

	7.784	6.004	725	81
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Key management personnel

Wages and Salaries	11.194	8.584		
Pensions	559	499		
Other personnel costs	720	563		
<b>Total remuneration for key management personnel</b>	<b>12.473</b>	<b>9.646</b>		

Group management is considered to be key management personnel.

### Accounting policies

The employee benefit expenses relate to employees who are employed at Haarslev, both with permanent and temporary contracts.

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

The Company has issued 51,027 warrants to Executive Management and Management personnel of the Group 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 the Company's existing shareholders) to subscribe shares in the Company 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.

The Company'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
<b>Outstanding 31 December</b>	<b>51.027</b>	<b>42.924</b>
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



## 9 Fees to Auditors

The following table shows the fees to Deloitte attributable to the fiscal years 2020 and 2021.

<i>Figures in DKK '000</i>	Group		Parent	
	2021	2020	2021	2020
Statutory audit of the financial statement	2.211	3.480	177	185
Tax advice	473	1.940		110
Other services	557	439		
<b>Total</b>	<b>3.241</b>	<b>5.859</b>	<b>177</b>	<b>295</b>

Statutory audit of the financial statement is annual audit fee paid to Deloitte. Tax services relate to tax compliance and transfer pricing, educational training, and other tax advisory services.

### Accounting policies

Accounting policies for annual audit is cost related to the income statement in the Group. Fee to auditor consist of actual and provision for cost related to the fiscal year.

## 10 Net finance cost

### Financial income

<i>Figures in DKK '000</i>	Group		Parent	
	2021	2020	2021	2020
Interest income	1.958	3.445		471
Interest group companies			3.200	1.733
Foreign currency translation adjustments			221	
<b>Total</b>	<b>1.958</b>	<b>3.445</b>	<b>3.421</b>	<b>2.204</b>

### Financial expenses

<i>Figures in DKK '000</i>	Group		Parent	
	2021	2020	2021	2020
Interest expenses	31.510	32.382	4	16
Foreign currency translation adjustments	10.736	6.048		
Interest group companies			2.989	1.686
Lease interests	2.344	2.318		
Other financial expenses	7.686	6.161	221	467
<b>Total</b>	<b>52.276</b>	<b>46.909</b>	<b>3.213</b>	<b>2.169</b>

### 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.

## 11 Income tax

<i>Figures in DKK '000</i>	Group		Parent	
	2021	2020	2021	2020
Tax on profit or loss for the year	-16.059	-10.334		
Other taxes	-8.044	-10.916		
Adjustment of deferred tax for the year	-3.905	870	148	62
Adjustment of tax in respect to previous years	2.695	-569	148	
<b>Total</b>	<b>-25.313</b>	<b>-20.949</b>	<b>296</b>	<b>62</b>
Tax rate in DK	22%	22%	22%	22%
Calculated tax of the result	-8.664	10.371	-3.029	14.993
Non-taxable income less non-tax deductible expenses (net)	-11.406	-20.022		
Result in Group enterprises and Associates	106	187	3.184	-14.931
Taxes related to previous years	2.695	-569	148	0
Other taxes	-8.044	-10.916	-6	0
<b>Total</b>	<b>-25.313</b>	<b>-20.949</b>	<b>297</b>	<b>62</b>
Effective tax rate	64%	44%	2%	0%

### 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 parent 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 in Group entities. Adjustment of tax previous years is related to local adjustments after year-end report to parent entity.

### 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.

## 12 Discontinued activities and assets classified as held for sale

### Group

<i>Figures in DKK '000</i>	<b>2020</b>	<b>Balance</b>	<b>2020</b>
<b>Revenue</b>	<b>75.814</b>		
Production costs	- 100.491	<b>Assets</b>	<b>16.327</b>
<b>Gross profit</b>	<b>- 24.677</b>		
Distribution costs	- 2.745	<b>Liabilities</b>	<b>12.440</b>
Administration costs	- 19.057		
<b>Profit/loss before net financials</b>	<b>- 46.479</b>	<b>Net assets</b>	<b>3.887</b>
Financial expenses	- 1.513		
<b>Profit/loss before tax</b>	<b>- 47.992</b>		
Tax on profit or loss for the year	2.872		
<b>Profit/loss for the year discontinuing activity</b>	<b>- 45.120</b>		

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.

Short term assets consist of receivable DKK 4.457k, inventory DKK 3.553k, cash DKK 4.962k and work in progress DKK 3.355k. Liabilities consist of warranties DKK 3.423k, trade payable DKK 7.201k prepayment received from work in progress DKK 1.815k.

## 13 Distribution of net profit

<i>Figures in DKK '000</i>	Group		Parent	
	2021	2020	2021	2020
Retained earnings	14.067	-68.090	14.067	-68.090
<b>Total</b>	<b>14.067</b>	<b>-68.090</b>	<b>14.067</b>	<b>-68.090</b>

## 14 Intangible asset

### Group

<i>Figures in DKK '000</i>	Development project in progress	Knowhow	Acquired rights	Total 2021
Cost as of 01.01.	1.311	70.016	30.692	102.022
Foreign currency translation adjustment of foreign enterprises	0	0	353	353
Additions during the year	3.034	0	934	3.968
Disposals during the year	0	0	-5.565	-5.565
<b>Cost as of 31.12.</b>	<b>4.342</b>	<b>70.016</b>	<b>26.414</b>	<b>100.775</b>
Adjustment to cost 01.01.		-54.335	-29.276	-83.614
Foreign currency translation adjustment of foreign enterprises	0	0	-259	-259
Depreciation during the year	0	-3.085	-437	-3.522
Reversal of amortisation of and impairment losses on disposed assets	0	0	5.561	5.561
<b>Adjustments to cost 31.12.</b>		<b>-57.420</b>	<b>-24.412</b>	<b>-81.835</b>
<b>Carrying amount as of 31.12.</b>	<b>4.345</b>	<b>12.596</b>	<b>2.002</b>	<b>18.940</b>

### Depreciation & impairment loss shared in functions

Production	-3.198
Administration	-323
<b>Total</b>	<b>-3.521</b>

**Group**

<i>Figures in DKK '000</i>	Development project in progress	Knowhow	Acquired rights	Total 2020
Cost as of 01.01.	1.000	70.016	33.405	104.424
Foreign currency translation adjustment of foreign enterprises			-648	-648
Additions during the year	1.292		742	2.034
Disposals during the year	-981		-2.807	-2.807
<b>Cost as of 31.12.</b>	<b>1.311</b>	<b>70.016</b>	<b>30.692</b>	<b>103.003</b>
Adjustment to cost 01.01.		-51.250	-32.072	-83.325
Foreign currency translation adjustment of foreign enterprises			516	516
Depreciation during the year		-3.085	-527	-3.612
Reversal of amortisation of and impairment losses on disposed assets			2.807	1.826
<b>Adjustments to cost 31.12.</b>		<b>-54.335</b>	<b>-29.276</b>	<b>-84.595</b>
<b>Carrying amount as of 31.12.</b>	<b>1.311</b>	<b>15.681</b>	<b>1.416</b>	<b>18.408</b>

**Depreciation & impairment loss shared in functions**

Production	-3.247
Administration	-365
<b>Total</b>	<b>-3.612</b>

**Accounting policies**

**Acquired rights** are 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.

**Knowhow** is recognised as intangible assets if the recognition criteria are met, for example a significant business knowhow where the expenditure leads to the creation of a durable asset. Amortisation is based on the straight-line method over the estimated useful life of 20 years. The amortisation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

**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.

## 15 Goodwill

<i>Figures in DKK '000</i>	Total 2021	Total 2020
<b>Cost as of 01.01.</b>	<b>801.929</b>	<b>804.446</b>
Foreign currency translation adjustment of foreign enterprises	97	-2.517
<b>Carrying amount as of 31.12.</b>	<b>802.026</b>	<b>801.929</b>

### Accounting policies

Goodwill is not amortised in the income statement. Instead, the Group performs annual impairment tests and tests when there are indications of a need for impairments. Goodwill is also tested at the transition to IFRS.

At initial recognition goodwill is recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition.

### Accounting estimates

The annual impairment test includes property, plant and equipment, right of use assets, goodwill, other intangible assets and net working capital allocated to the CGUs to determine the final recoverable amount. The Haarslev Group is seen as one CGU.

The purpose of impairment testing is to determine whether the recoverable amount exceeds the carrying amount of the above-mentioned assets. The recoverable amount of an operating area is determined as the present value of the future cash flows expected to be derived from a CGU, based on amongst others:

- the estimated future cash flows that the Group expects the CGU to earn;
- possible variations in the amount or timing of those future cash flows;
- the time value of money, which is reflected by using a discount rate based on the current market risk-free rate of interest; and
- the price for the uncertainty inherent in the CGU.

Key assumptions used in the impairment tests for the CGUs were sales growth rates, EBITDA and the rates used for discounting the projected cash flows.

These cash flow projections were determined using managements internal forecasts that cover an initial period until 2025. Projections were extrapolated with stable growth rates for the years, which is in accordance with the business strategy. The weighted growth rate for 2024 and 2025 of forecast cash flows is 7.5%, which is management's best estimate. The weighted growth rate for 2022 is 10% and 2023 is 7%. These growth rates are in line with external market predictions of the worldwide industry for providing equipment and solutions for the industry, and a general raise in the market.

The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The terminal rate used is 1%.

The sales growth rates and EBITDA used to estimate cash flows are based on past performance, external market growth assumptions and industry long-term growth averages. EBITDA in all areas mentioned in this note is expected to increase over the projected period as a result of volume growth and cost efficiencies.

The time value of money and price of uncertainty, calculated as the Weighted Average Cost of Capital ("WACC"), are based on external market information about market risk, interest rates and CGU specific elements. WACC rate used is 10,5%.

The key assumptions used for the impairment tests are listed below.

Taking into account increased uncertainty due to Russia/Ukraine crisis, sensitivity tests were performed on growth assumptions. Revenue used in forecast, include the impact of cancelled orders to RU. The high order intake, and general demand in the market, has a positive impact on the coming order intake. All sensitivity tests showed that the conclusions would not have differed if significant adverse changes in key parameters had been assumed.

No impairment loss was recognised in 2021 or 2020.

## 16 Property, plant and equipment

### Group

<i>Figures in DKK '000</i>	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Buildings, plant and machinery in progress	Total 2021
Cost as of 01.01.	179.511	142.209	75.972	337	398.029
Foreign currency translation adjustment of foreign enterprises	1.562	3.597	2.173	-0	7.333
Additions during the year	6.212	4.476	6.617	1.834	19.138
Disposals during the year	-19.829	-19.000	-16.042		-54.871
<b>Cost as of 31.12.</b>	<b>167.456</b>	<b>131.282</b>	<b>68.720</b>	<b>2.170</b>	<b>369.628</b>
Adjustments to cost 01.01.	-86.649	-115.810	-50.988		-253.447
Foreign currency translation adjustment of foreign enterprises	-643	-2.467	-1.584		-4.695
Depreciation during the year	-5.845	-9.315	-4.608		-19.768
Reversal of amortisation of and impairment losses on disposed assets	10.045	17.537	15.624		43.206
<b>Adjustments to cost 31.12.</b>	<b>-83.093</b>	<b>-110.069</b>	<b>-41.519</b>		<b>-234.682</b>
<b>Carrying amount as of 31.12.</b>	<b>84.363</b>	<b>21.213</b>	<b>27.201</b>	<b>2.170</b>	<b>134.946</b>
<b>Depriciation shared in functions</b>					
Production					-16.966
Administration					-2.685
Distribution					-117
<b>Total</b>					<b>-19.768</b>



## Group

<i>Figures in DKK '000</i>	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Buildings, plant and machinery in progress	Total 2020
Cost as of 01.01.	158.707	141.790	75.367	1.862	377.727
Foreign currency translation adjustment of foreign enterprises	-2.369	-3.184	-3.561	-96	-9.210
Additions during the year	23.173	4.644	5.867		32.255
Disposals during the year		-1.042	-1.701	-1.429	-2.743
<b>Cost as of 31.12.</b>	<b>179.511</b>	<b>142.209</b>	<b>75.972</b>	<b>337</b>	<b>398.029</b>
Adjustments to cost 01.01.	-82.007	-108.380	-50.525		-240.912
Foreign currency translation adjustment of foreign enterprises	1.050	2.404	2.509		5.965
Depreciation during the year	-5.630	-10.632	-4.629		-20.891
Reversal of amortisation of and impairment losses on disposed assets	-61	798	1.657		2.393
<b>Adjustments to cost 31.12.</b>	<b>-86.649</b>	<b>-115.810</b>	<b>-50.988</b>	<b>0</b>	<b>-253.445</b>
<b>Carrying amount as of 31.12.</b>	<b>92.862</b>	<b>26.399</b>	<b>24.984</b>	<b>337</b>	<b>144.584</b>
<b>Depreciation shared in functions</b>					
Production					-17.836
Administration					-2.901
Distribution					-154
<b>Total</b>					<b>-20.891</b>

Depreciation of property, plant and equipment as above are included in the Statement of Income. The Group has through 2021 initiated a clean up of fixed assets, which results in high disposals through the year. Furthermore, a building in one entity has been sold, and the entity has been transferred to leased facilities.

For further information for land and buildings and securities, refer to note 30.

### Accounting policy

Buildings, plant and machinery as well as other fixtures and fittings, tools and equipment 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 costs of 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 the scrap value. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings 25 years

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 Industries A/S Buildings, plant and 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.

## 17 Leases

### Group

<i>Figures in DKK '000</i>	Buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total 2021
Cost as of 01.01.	46.389	3.490	15.829	65.708
Foreign currency translation adjustment of foreign enterprises	2.946	-2	8	2.953
Additions during the year	21.016	314	1.745	23.075
Disposals during the year	-3.627	-181	-2.359	-6.167
<b>Cost as of 31.12.</b>	<b>66.725</b>	<b>3.622</b>	<b>15.223</b>	<b>85.569</b>
Adjustments to cost 01.01.	-9.810	-814	-4.783	-15.407
Foreign currency translation adjustment of foreign enterprises	-623	0	-3	-626
Depreciation during the year	-12.385	-928	-4.998	-18.311
Reversal of amortisation of and impairment losses on disposed assets	3.627	181	2.359	6.167
<b>Adjustments to cost 31.12.</b>	<b>-19.191</b>	<b>-1.561</b>	<b>-7.424</b>	<b>-28.176</b>
<b>Carrying amount as of 31.12.</b>	<b>47.534</b>	<b>2.061</b>	<b>7.799</b>	<b>57.393</b>
<b>Depreciation shared in functions</b>				
Production				
Administration				-18.311
Distribution				
<b>Total</b>				<b>-18.311</b>

## Group

<i>Figures in DKK '000</i>	Buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total 2020
Cost as of 01.01.	41.213	1.665	11.790	54.668
Foreign currency translation adjustment of foreign enterprises	-1.217	-54	-72	-1.343
Additions during the year	6.393	1.879	4.111	12.383
Disposals during the year	0	0	0	0
<b>Cost as of 31.12.</b>	<b>46.389</b>	<b>3.490</b>	<b>15.829</b>	<b>65.708</b>
Depreciation during the year	-9.810	-814	-4.783	-15.407
<b>Adjustments to cost 31.12.</b>	<b>-9.810</b>	<b>-814</b>	<b>-4.783</b>	<b>-15.407</b>
<b>Carrying amount as of 31.12.</b>	<b>36.579</b>	<b>2.676</b>	<b>11.046</b>	<b>50.301</b>
<b>Depreciation shared in functions</b>				
Production				
Administration				-15.407
<b>Total</b>				<b>-15.407</b>

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

As Haarslev has changed accounting policy to IFRS, 2021 is the first year where the Group 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 Consolidated Financial Statement of Income is illustrated above.

### Accounting policy

Haarslev Group mainly leases buildings, trucks and vehicles. 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.

## 18 Equity investments in associates

The investments in associates relate to a 49% interest in the Danish company Core A/S. Result hereof:

### Group

<i>Figures in DK '000</i>	2021	2020
Cost as of 01.01.	22.050	22.050
Cost as of 31.12.	22.050	22.050
Adjustment to cost per 01.01.	-4.567	-3.716
Net profit/loss from associate	-483	-851
Dividend relating to associate	-990	
Adjustments to cost, ultimo	-6.040	-4.567
<b>Carrying amount as of 31.12.</b>	<b>16.010</b>	<b>17.483</b>

Associates	Registered in	Equity interest in percent
Group enterprises		
Core A/S	Herlev, Denmark	49

### Accounting policy

Investments in associates are recognized and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value and minus or plus unrealized pro rata internal profits and losses. Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

## 19 Business combinations

Haarslev acquired the remaining 51% of shares in the associated company Core A/S on 1 January 2022. The purpose for the acquisition is to further integrate the digital products from Core into the Groups products. The purchase price was DKK 15 mln. Purchase price allocation has not been finalized due to acquisition date 1 January 2022.

The purchase price is paid via cash (DKK 1 mln), shares in Haarslev Group Holding A/S equity (DKK 24.451 A-shares) (DKK 2.8 mln) and vendor loan (DKK 11.2 mln) on the acquisition date 1 January 2022. Costs related to the acquisition amount to DKK 152k.

**Allocation of aquisition of Core A/S**

Intangible assets including goodwill	28.873
Receivable	244
Work in progress	2.529
Inventory	73
<b>Acquired asset</b>	<b>31.719</b>
Payable	-715
Bank	-455
Other payable	-3.126
Taxes	
<b>Acquired debt</b>	<b>-4.296</b>
<b>Acquired net asset</b>	<b>27.423</b>
Cash	1.989
<b>Aquisition price</b>	<b>29.412</b>
Cash	991
Shares	2.802
Vendor loan	11.207
Existing shareholding	14.412
<b>Total consideration</b>	<b>29.412</b>

The number of employees in Core A/S is 7.

No business combinations were completed in 2021 and 2020.

**Accounting policy**

The purchase price for a business comprises the fair values of the assets transferred, liabilities incurred to the former owners including shareholders of the acquired business and the fair value of any asset or liability resulting from a contingent consideration arrangement. Any amount of the purchase price which effectively comprises a settlement of a pre-existing relationship is not part of the exchange for the acquiree and is therefore not included in the consideration for the purpose of applying the acquisition method. Settlements of pre-existing relationships are accounted for as separate transactions in accordance with the relevant IFRS. Identifiable assets and liabilities and contingent liabilities assumed are measured at fair value at the date of acquisition by applying relevant valuation methods. Acquisition-related costs are expensed as incurred.

## 20 Equity investment in Group enterprises

<i>Figures in DKK '000</i>	2021	2020
Cost as of 01.01.	881.849	881.849
Cost as of 31.12.	881.849	881.849
Revaluation to cost per 01.01.	-650.907	-571.227
Foreign currency translation adjustment of foreign enterprises	22.002	-11.817
Net profit/loss from equity investments	14.473	-67.869
Other adjustments relating to equity investments		6
Revaluation to cost, ultimo	-614.432	-650.907
<b>Carrying amount as of 31.12.</b>	<b>267.417</b>	<b>230.942</b>

Subsidiaries	Registered in	Equity interest in percent
Group enterprises		
Haarslev Group A/S	Søndersø, Denmark	100

Subsidiaries	Registered in	Equity interest in percentage
Group enterprises		
* Haarslev Group A/S	Søndersø, Denmark	100
* 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, India	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
* KMG UK Limited	Skelmersdale, UK	100
Haarslev UK Limited	Skelmersdale, UK	100
Food Processing Equipment UK Limited	Skelmersdale, UK	100
Haarslev Industries PTY Ltd.	Melbourne, Australia	100

\* The entity is obligor in the group, for debt in credit institutions.

For further information regarding Group enterprises and obligor placed as security, refer to note 30.

### Accounting policy

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.

## 21 Inventories

### Group

<i>Figures in DKK '000</i>	2021	2020
	DK '000	DK '000
Raw materials and consumables	83.680	64.870
Product in progress	105.560	55.531
Manufactured goods and goods for resale	107.380	100.472
<b>Total inventories</b>	<b>296.620</b>	<b>220.873</b>
Write down beginning of the year	-38.787	-33.950
Write down/reversal during the year, net	5.367	-4.837
Write down at the end of the year	-33.419	-38.787

In 2021 the reversal of write down (net) of inventories to net-realizable value amounted to DKK 5.3 mln (2020: DKK 4.8 mln write down).

The write-downs recognized following a recoverability analysis are included in cost of sales. Through 2021, items in the inventory have been scrapped. In 2021 there have been additional focus on inventory clean up.

Costs which are included in the income statement as production costs are DKK 785.515k (2020: DKK 767.488k).

### Accounting policy

Inventories are measured at the lower of cost using the FIFO method or net realizable value if this is lower. Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labor costs and indirect production costs.

Indirect production costs comprise indirect materials and labor costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost. The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

If the expected sales price less completion costs to execute sales (net realizable value) is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

### Accounting estimates

Indirect production costs are measured using a standard cost method. This is reviewed regularly to ensure relevant measures of capacity utilisation, production lead time, cost base and other relevant factors, hence inventory is valued at actual cost. When calculating total inventory, Management must make judgements about cost of production, standard cost variances and idle capacity in estimating indirect production costs for capitalisation. Changes in the parameters for calculation of indirect production costs could have an impact on the gross margin and the overall valuation of inventories.



## 22 Work in progress for third parties

### Group

Figures in DKK '000

	2021 DKK '000	2020 DKK '000
Work in progress for third parties	961.857	861.338
On-account invoicing	-1.023.641	-896.221
<b>Work in progress for third parties, total</b>	<b>-61.785</b>	<b>-34.883</b>
Work in progress for third parties (contract assets)	73.546	72.854
Work in progress for third parties (contract liabilities)	-135.330	-107.737
<b>Total</b>	<b>-61.785</b>	<b>-34.883</b>
Value of performance obligation already recognised	961.857	861.338
Value of performance obligations will be recognised within 12 months	437.683	344.787
Value of performance obligations will be recognised after 12 months	105.610	49.575
The value of performance obligations is	1.505.150	1.255.700

Work in progress for third parties (contract liabilities) consist of projects where on account invoicing/payment from customer exceeds the work in progress (contracts assets).

### Accounting policies

The Group becomes entitled to invoice customers for sale of specialised manufactured machines based on achieving a series of performance-related milestones, among others the time of delivery and the time of finalising installation. The Group will previously have recognised a contract asset for any work performed "Work In Progress" (WIP) recognised at sales price. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference "Prepayment from customers".

### Accounting estimates

"Work In Progress" (WIP) recognised at sales price The Group uses the **percentage-of-completion method in accounting for its revenues for complete solutions or systems**. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total estimated costs, total estimated revenues, contract risks, including technical, political, and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, Haarslev needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

The Group has a significant contract where there has been loss allowance for contract assets, where the accounting value has been reduced with DKK 34,3 mln. (2020: DKK 2,2 mln).

Contingency provision development is illustrated below for the Group.

	2021	2020
<i>Figures in DKK '000</i>	DK '000	DK '000
Beginning of the year	39.531	42.131
Addition	8.307	4.090
Spend	-8.416	-6.690
End of the year	<b>39.422</b>	<b>39.531</b>

## 23 Trade receivables

	Group	
<i>Figures in DKK '000</i>	2021	2020
Not Due	156.810	131.881
OverDue days <30	18.247	13.364
OverDue days (>30 & <60)	6.664	8.493
OverDue days (>60 & <90)	3.187	10.505
OverDue days (>90 & <180)	2.372	2.908
OverDue days >180	243	19.103
Provisioned for loss	-5.582	-17.600
Trade receivable as of 31.12.2021	<b>181.941</b>	<b>168.653</b>

	Group	
<i>Figures in DKK '000</i>	2021	2020
Carrying amount beginning of the year	-17.600	-14.733
Impairment, net		-2.867
Reversal of allowance on realised losses, net	12.018	
Total provision for loss end of the year	<b>-5.582</b>	<b>-17.600</b>

Through 2021, one significant debtor has been settled, which impact the high reversal amount 2021.

### Accounting policy

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

General invoices are due for payment after 30 days from shipment of goods, down payments for projects after 7 days. Loss allowance is based on expected credit losses. Loss for disputes is recognized against revenue, loss for doubtful receivables is recognized in distribution cost in Statement of comprehensive income.

### Accounting estimates

Management makes allowance for doubtful trade receivables based on the simplified approach, which means that lifetime expected losses are provided for. The allowance is an estimate based on shared credit risk characteristics and the days past due.

For trade receivables with objective evidence of impairment, expected credit losses are based on individual assessment and amounts to DKK 5.428k as of 31 December 2021 (2020: DKK 17.328k). Objective evidence is mainly related to disputes.

For trade receivables with no objective evidence of impairment, Haarslev provides 0,5% of the total trade receivable amount overdue. The 0,5% is based on historical evidence from the past 4 years with very limited losses related to credit risk. Provision for doubtful receivables with no objective evidence of impairment at 31 December 2021 is DKK 153k (2020: DKK 272k).

## 24 Other receivables, long term

Group		
<i>Figures in DKK '000</i>	2021	2020
Cost as of 01.01.2021	3.131	5.450
Additions during the year	-18	104
Disposals during the year	-131	-2.423
Cost as of 31.12.2021	2.982	3.131
Fall due more than 5 years	2.982	3.131
Total	2.982	3.131

Other receivables are deposit paid for leased buildings.

### Accounting policy

Other Receivables are measured at amortized cost, usually equalling nominal value less write downs for bad and doubtful debts.

## 25 Deferred tax assets

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:

<i>Figures in DKK '000</i>	Group		Parent	
	2021	2020	2021	2020
Deferred tax comprises				
Deferred tax asset	32.446	33.555	462	313
Deferred tax liability	-1.065	-1.386	0	0
<b>Total</b>	<b>31.381</b>	<b>32.169</b>	<b>462</b>	<b>313</b>
Deferred tax comprises				
Intangible assets	-653	-23	0	0
Property, plant, and equipment	-2.708	2.717	0	0
Provision of receivables	-28.694	-27.734	0	0
Securities and equity investments	1.723	1.679	0	0
Provisions	10.240	4.873	0	0
Liabilities	2.397	4.057	0	0
Tax losses	49.075	46.601	462	313
<b>Total</b>	<b>31.381</b>	<b>32.170</b>	<b>462</b>	<b>313</b>
Changes during the year				
Beginning of the year	32.169	33.565	313	0
Recognised in the income statement	-3.905	870	148	251
Other changes	3.116	-2.266		
<b>End of year</b>	<b>31.381</b>	<b>32.169</b>	<b>461</b>	<b>313</b>

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 Consolidated 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 carry forward is using an expiry date of 3-5 years.

## 26 Equity

Figures in DKK '000

The share capital consists of:	2021
Shares capital as of 01.01.2017	9.077
Increase in share capital 01.01.2017-31.12.2017	9
Increase in share capital 01.01.2018-31.12.2018	16
Increase in share capital 01.01.2019-31.12.2019	41
Increase in share capital 01.01.2020-31.12.2020	1.637
Increase in share capital 01.01.2021-31.12.2021	0
<b>Total</b>	<b>10.780</b>

Contributed capital consists of 10.780.083 share of nominal value of DKK 1. The shares are divided into 8.450.624 A shares and 2.329.459 B shares

Each B share (total 42,30 % of share capital) is granted economic rights, of the economic rights that accrue A shares in connection with distributions in case of dividend, liquidation and any other situation or case, where funds are paid from the company to its shareholders.

## 27 Other provisions

### Group

<i>Figures in DKK '000</i>	Warranty commitments	Other provisions	Total 2021	Warranty commitments	Other provisions	Total 2020
Provision as of 01.01.2021	20.990	2.373	23.363	34.609	2.477	37.086
Provision addition through the year	7.671		7.671	5.055		5.055
Provision release in the year	-12.726	227	-12.499	-18.674	-104	-18.778
Provision as of 31.12.2021	15.935	2.600	18.535	20.990	2.373	23.363

All provisions are classified as short term provisions and will be utilized within a period of 12 months.

### Accounting policy

The Group currently makes provisions for warranty commitments relating to both projects in progress and completed projects. The provisions for warranty commitments are calculated as an estimated percentage of revenue on a project-by-project basis.

Other provision comprise anticipated costs of non-recourses guarantee commitments, loss on contract work in progress, etc.

Once it is possible that the total costs will exceed total from a contract in progress, provisions are made for the total loss estimated to result from the relevant contract.

## 28 Borrowings and lease liabilities long term

Loan in balance sheet fall due as illustrated below:

Group	Fall due			Total long term payables at 31.12.2021	Interest
	Repayment first year	between 1-5 years	Fall due more than 5 years		
<i>Figures in DKK '000</i>					
Payables to other credit institutor	31.318	413.255	11.115	424.371	EURIBOR +2% Public index
Other interest bearing payable	987	1.623	20.524	22.147	(2021 1,5%)
Subordinated loan from shareholder		109.880		109.880	EURIBOR +2%
Leases	16.213	45.865	3.477	49.342	Variable
<b>Total</b>	<b>48.518</b>	<b>570.623</b>	<b>35.116</b>	<b>605.739</b>	

Payable for credit institutions will fall due 30 June 2023, hereof payable for credit institutions related to buildings, will fall due in year 2039 DKK 18.765k (2020: DKK 20.083k).

Group	Fall due			Total long term payables at 31.12.2020	Interest
	Repayment first year	between 1-5 years	Fall due more than 5 years		
<i>Figures in DKK '000</i>					
Payables to other credit institutions		11.510	460.131	460.131	EURIBOR +2% Public index
Other interest bearing payable		807	1.168	22.032	(2021 1,5%)
Subordinated loan from shareholder			105.853	105.853	EURIBOR +2%
Leases		13.119	39.234	44.045	Variable
<b>Total</b>		<b>25.436</b>	<b>606.386</b>	<b>632.061</b>	

Changes in interest bearing debt are illustrated below:

Group	2021			Non cash transactions	End of the year
	Beginning of the year	Addition	Paid		
<i>Figures in DKK '000</i>					
Payables to other credit institutions	471.641	9.114	-25.066		455.689
Other interest bearing payable	22.031	115			22.147
Subordinated loan from shareholder	105.853			4.027	109.880
Leases	57.164		-17.402	25.792	65.555
<b>Total</b>	<b>656.689</b>	<b>9.229</b>	<b>-42.467</b>	<b>29.819</b>	<b>653.270</b>

Group	2020			Non cash transactions	End of the year
	Beginning of the year	Addition	Paid		
<i>Figures in DKK '000</i>					
Payables to other credit institutions	385.687	85.954			471.641
Other long term payable	8.222	13.809			22.031
Subordinated loan from shareholder	44.850	59.440		1.563	105.853
Leases	57.267		-14.126	14.023	57.164
<b>Total</b>	<b>496.026</b>	<b>159.203</b>	<b>-14.126</b>	<b>15.586</b>	<b>656.689</b>

Loan in balance sheet fall due as illustrated below for parent entity:

<b>Parent</b>	Fall due between 1-5 years	Total long term payables at 31.12.2021	Fall due between 1-5 years	Total long term payables at 31.12.2020	Interest
<i>Figures in DKK '000</i>					
Subordinated loan from shareholder	109.880	109.880	105.853	105.853	EURIBOR +2%
<b>Total</b>	<b>109.880</b>	<b>109.880</b>	<b>105.853</b>	<b>105.853</b>	

### Parent

Subordinated loan from shareholder

<i>Figures in DKK '000</i>	2021	2020
Beginning of the year	105.853	44.850
Addition		59.440
Non cash transactions	4.027	1.563
<b>End of the year</b>	<b>109.880</b>	<b>105.853</b>

### Parent

Receivable from Group enterprises

<i>Figures in DKK '000</i>	2021	2020
Beginning of the year	-104.124	-64.548
Addition	-171	-59.440
Paid		22.415
Non cash transactions	-4.058	-2.551
<b>End of the year</b>	<b>-108.353</b>	<b>-104.124</b>

Haarslev has four main funding facilities:

#### Credit facility

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

#### 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.

## 29 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 the fair value but at 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.



## Group

<i>Figures in DKK '000</i>	Repayment first year	Fall due between 1- 5 years	Fall due more than 5 years	Total long term payables at 31.12.2021
Payables to other credit institutions	32.101	423.587	11.393	244.642
Other interest bearing payable	1.002	1.647	20.832	23.481
Subordinated loan from shareholder		112.627		112.627
Leases	13.869	41.176	2.305	43.481
Trade payable	251.552			
Other payable	95.471			
Work in progress For third parties (contract liability)*	135.330			
Prepayments received from customers*	176.637			
Payable to associates	1.072			
Income taxes	11.514			
<b>Total payable</b>	<b>718.548</b>	<b>579.037</b>	<b>34.530</b>	<b>424.230</b>
Trade receivables	-181.941			
Other receivable	-36.240			
Work in progress For third parties (contract assets)	-73.546			
<b>Total receivable</b>	<b>-291.727</b>			
<b>Total</b>	<b>426.821</b>	<b>579.037</b>	<b>34.530</b>	<b>424.230</b>

\*The payment of Work in progress for third parties (contract liability) and Prepayments received from customers will occur via the work on projects coming year. Payments from customers on new Order Intake will as well contribute to the cash flow. Combined with the other capital resources the liquidity situation in the coming year is sufficient.

## Group

<i>Figures in DKK '000</i>	Repayment first year	Fall due between 1- 5 years	Fall due more than 5 years	Total long term payables at 31.12.2020
Payables to other credit institutions	11.798	471.634		471.634
Other interest bearing payable	819	1.186	21.176	23.181
Subordinated loan from shareholder		108.499		108.499
Leases	10.800	34.597	3.651	38.249
Trade payable	231.716			
Other payable	69.854			
Work in progress For third parties (contract liability)*	107.737			
Prepayments received from customers*	115.160			
Payable to associates	2.616			
Income taxes	5.179			
<b>Total payable</b>	<b>555.679</b>	<b>615.917</b>	<b>24.827</b>	<b>641.563</b>
Trade receivables	-168.653			
Other receivable	-30.017			
Work in progress For third parties (contract assets)	-72.854			
<b>Total receivable</b>	<b>-271.524</b>			
<b>Total</b>	<b>284.155</b>	<b>615.917</b>	<b>24.827</b>	<b>641.563</b>

\*The payment of Work in progress for third parties (contract liability) and Prepayments received from customers will occur via the work on projects coming year. Payments from customers on new Order Intake will as well contribute to the cash flow. Combined with the other capital resources the liquidity situation in the coming year is sufficient.

### Risk management framework

The main financial risks faced by Haarslev relate to market risk and liquidity risk. Risk management is carried out by a central department 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.

#### Parent

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 exist.

#### Group

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

The EUR/DKK exchange rate is not considered a currency exposure due to the Danish fixed rate policy.

In 2021 the exposure on USD is considered limited and the net balance of USD equals zero. In 2020 the balance consisted of DKK 5 mln. Assuming a 10% increase in the USD exchange rate the exposure in 2020 could be calculated to DKK 500K.

### (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 mln (2020: DKK 6 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, 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.

## 30 Contingent liabilities

### Group

Haarslev Group 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.

As part of the Group's ordinary activities, the Groups bank and insurance company have issued guarantees for contracting projects totaling DKK 169.165k (2020: DKK 168.320k).

### Parent

The company is taxed jointly with Haarslev Group A/S and Haarslev Industries 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 companys financial statement.

## 31 Security

### Group

Haarslev Industries's shares in nine material subsidiaries with a carrying amount of DKK 267.417k (2020: DKK 230.942k) have been provided as security to credit institutions, as of 31 December 2021, amount to net DKK 693.830k (2020: DKK 727.484k).

Nine material Group enterprises have guaranteed for the engagement with credit institutions with a carrying amount of DKK 693.830k (2020: DKK 727.484k).

A mortgage deed to the mortgagor of DKK 48.290k (2020: DKK 30.500k ) and a letter of indemnity of DKK 4.500k (2020: DKK 4.500k) secured on land and buildings with a carrying amount of DKK 57.310k (2020: DKK 33.593k) at 31 December 2021 have been provided as security for credit institutions in the parent and Group enterprises amounting net to DKK 711.620k (2020: DKK 727.484k) as of 31 December 2021.

The Group 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).

### Parent

The parent company's shares in subsidiaries with a carrying amount of DKK 267.417k (2020: DKK 230.942k.) have been provided as security for payables in Group enterprises to banks, as of 31 December 2021, amount to net DKK 693.830k. (2020: DKK 727.484k.).

## 32 Related parties

Transactions with subsidiaries are eliminated in the Consolidated 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.

Related parties comprise associate company, refer to note for associate Group enterprise regarding received dividend in 2021.

The below mention shareholder exercise control.

<b>Controlling influence:</b>	<b>Basis of influence</b>
Altor Fund III GP Limited, Seaton Place 11-15 JH4 OQH St Helier Jersey	Principal shareholder
Haarslev Holding S.A.R.L., 9A Rue Gabriel Lippmann, L-5365 Munsbech, Luxembourg	Shareholder

### Parent

Transactions and balances with related parties

<i>Figures in DKK '000</i>	2021	2020
Financial income	3.200	1.733
Finance expenses	-2.989	-1.686
Total receivable from Group Enterprises	110.051	107.582
Total payable from Group Enterprises	-108.181	-105.853

### Group

Total payable to Altor Fund III GP Limited	-109.880	-105.853
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## 33 Cash flow statement

### Adjustments for cash flow statement

<i>Figures in DKK '000</i>	2021	2020
Depreciation, amortisation, impairment losses and write-downs	23.290	24.503
Result from equity investments in associate	482	851
Non cash transactions	17.974	-13.375
Financial income	-1.958	-3.445
Financial expenses	52.276	46.909
Tax on profit or loss for the year	25.313	20.949
<b>Total</b>	<b>117.378</b>	<b>76.392</b>

**Parent****Adjustments for cash flow statement**

<i>Figures in DKK '000</i>	2021	2020
Depreciation, amortisation, impairment losses and write-downs		
Result from equity investments in Group enterprises	-14.473	67.869
Non cash transactions	-140	988
Financial income	-3.421	-2.204
Financial expenses	3.213	2.169
Tax on profit or loss for the year	-296	-62
<b>Total</b>	<b>-15.117</b>	<b>68.760</b>

The statement of cash flows shows the Group's and parent 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.

**34 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.

**New Group entity; Core A/S**

Haarslev acquired the remaining 51% of shares in the associated company Core A/S on 1 January 2022.

The purpose for the acquisition is to further integrate the digital products from Core into the Groups products. As we expect high synergies the purchase price was DKK 15 mln (for the 51% shares).

Core A/S has been merged into Haarslev Industries A/S with the effective date of 1 January 2022.

### ***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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