

Haarslev Group Holding A/S

Bogensevej 85, 5471 Soendersoe

CVR.no. 33 96 93 76

Annual report for 2020

Adopted at the annual general meeting on
Soendersoe, April 29, 2021

Henrik Kofoed Petersen
Chairman at the general meeting

Contents

Group information	2
Statement of the Board of Directors and Executive Board on the annual report	3
Independent auditor's report.....	4
Management's review.....	7
Group financial highlights.....	17
Income statement	18
Balance sheet.....	19
Changes in equity.....	21
Consolidated cash flow	23
Notes	25
Accounting policies	40

Group information

The company

Haarslev Group Holding A/S

c/o Haarslev Industries A/S

Bogensevej 85

5471 Soendersoe

Website: www.haarslev.com

E-mail: DK-info@haarslev.com

Registered office: Nordfyns Kommune

CVR no.: 33 96 93 76

Financial year: 01.01 - 31.12

Executive Board

CEO Herman Hubertus Jacobus Defauwes

CFO Henrik Kofoed Petersen

Board of directors

Chairman Jørn Mørkeberg Nielsen (chairman)

David Hess

Ola Harald Erics

Paal Kristian Weberg

Torben Axelsen

Yasemin Merethe Celkan Phoenix (employee representative)

Rene Johansen (employee representative)

Søren Jakob Rasmussen (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 01.01.2020 - 31.12.2020.

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

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

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

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

Soendersoe, April 29, 2021

Executive Board

Herman Hubertus Jacobus
Defauwes

CEO

Henrik Kofoed Petersen

CFO

Board of directors

Jørn Mørkeberg Nielsen

Chairman

David Hess

Ola Harald Erci

Paal Kristian Weberg

Torben Axelsen

Yasemin Merethe Celkan Phoenix

Employee representative

Rene Johansen

Employee representative

Søren Jacob Rasmussen

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 01.01.2020 - 31.12.2020, which comprise of the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate, to provide a basis for our opinion.

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view, in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the 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 parent financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events, in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, April 29th 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Siggaard Hansen
State Authorised Public Accountant
Identification No (MNE) mne32208

Eskild Nørregaard Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne11681

Management's review

Who we are

Facts and numbers about us *(approximate numbers)*

No. 1	In protein recycling and world class equipment for drying of sludge, biomass & biofuel
4	Production sites worldwide
15	Sales and service centers globally
48	Agents and distributors
120	Countries sold to
181	EURm revenue
926	Employees globally
80.000	M ² 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.

Four key industry segments

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

- Poultry rendering
- Meat rendering
- Fish processing
- Industrial processing

With deeply rooted industry expertise across all four 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.

Poultry rendering and Meat rendering

For Poultry and 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.

Global Sales and Service network

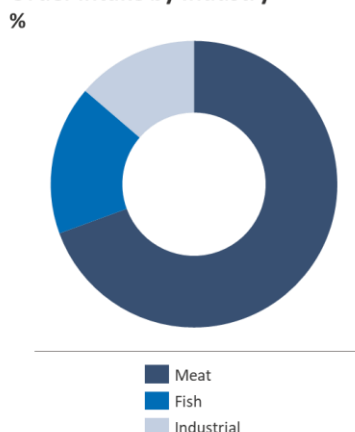
Our physical presence across the globe offers customers a local level of first line of contact, providing a swift response and first-class service from our skilled employees. We are continuously evaluating our network to optimize our skills and service levels and strengthen our connection with customers.

Revenue streams

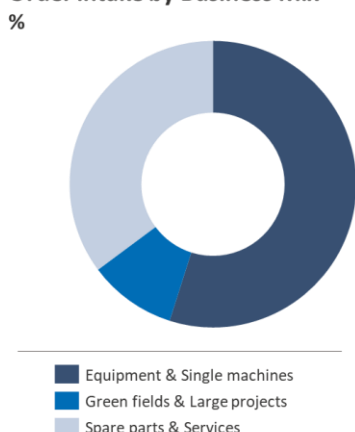
Our main revenue drivers are turnkey projects, encompassing brownfields, greenfields, modernization, and maintenance as well as the production of modular, standardized equipment and processing lines. The standalone, modular portfolio is the building block for larger projects and the entry point for new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

FY 2020

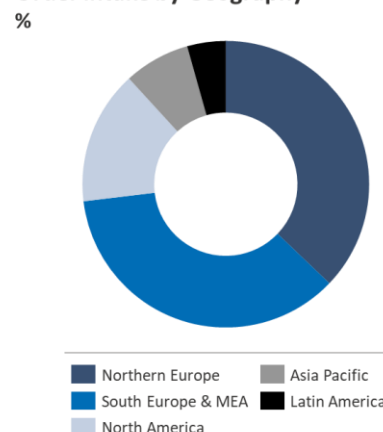
Order intake by Industry



Order intake by Business Mix



Order intake by Geography



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 2020 was uncertain and was depending on different scenarios of the Covid-19 impact. The unforeseen Covid-19 impact led to a challenging outlook and management decided in Q1 2020 to take significant mitigating actions by accelerating the transformation program including cost reduction initiatives. Several initiatives were planned for 2020 to improve the cash flow (e.g. through more focus on inventory management, customer payment terms, and supplier credit terms).

The revenue decreased by 10% to DKK 1.359.466k (2019: DKK 1.509.728k). Gross margin decreased from 21% in 2019 to 19% in 2020. Based on the outlook for 2020 (made in March 2020) post Covid-19 outbreak, a revenue decrease in the range of 5-10% was expected compared to 2019 while gross margin was also expected to decrease somewhat.

Following a strategic review in 2019, it was decided to initiate a close-down and restructuring of the Environment division and FFI (Food and Feed Industrial) activities and in 2020 also final implementation of discontinuation of FFI (Food and Feed Industrial), which therefore are recognized in a separate line in the Income Statement. The result from the discontinued operation has impacted the result for the year negatively by 38.147k (2019: 44.960k).

After a slow Order Intake (OI) in Q1-Q3, the Group had a high OI level in Q4. This gives a good start for revenue generation in 2021. The revenue in 2020 was impacted by the lower OI level during 2020 driven by Covid-19's impact on customer demand. The South Europe region had a strong OI whereas Asia Pacific and Latin America were more challenged. The North Europe region had lower OI in 2020 than in 2019.

The EBITDA including exceptional items in 2020 (DKK 65.232k) has improved by 9 % compared to 2019 (DKK 59.843k). The normalized EBITDA for the continued operation has decreased by DKK 34.048k or 28% compared to 2019. The reduction is mainly driven by the negative effects of Covid-19.

DKK'000	DKK'000		EUR'000	
	2020	2019	2020	2019
Loss before net financials cf. Income statement	-26.418	-33.963	-3.541	-4.553
Depreciation, amortization, impairment losses, and write-downs cf. adjustment to cash flow statement	91.650	93.806	12.286	12.575
EBITDA	65.232	59.843	8.744	8.022
Exceptional items	-24.387	-63.824	-3.269	-8.555
Normalised EBITDA, continued operations	89.619	123.667	12.013	16.577

Exceptional items in 2019 comprise consultant expenses and other expenses in connection with the implementation of a new ERP system, as well as cost for a strategic organizational change program and IP protections. Exceptional items in 2020 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 2020 shows a loss after tax of DKK 134.484k (2019: loss after tax DKK 172.453k) which is an improvement of 22%.

The Group's balance sheet as of 31 December 2020 shows equity of DKK 166.904k (2019: DKK 313.200 k) and total assets of DKK 1.514.657 (2019: DKK 1.726.797k).

Capital resources and funding

Cash flow is still not satisfactory and cash flow from operating activities was negative by DKK 89.404k (2019: negative DKK 52.769k).

Delayed customer payments and softer order intake put some pressure on near-term liquidity during parts of 2020.

Haarslev Group Holding A/S received 61.003k in subordinated loan granted from the main shareholder, Altor Fund III. An equal amount of postponed amortization of debt was provided by the Group's banks. Several initiatives were implemented in 2020 to improve the cash flow (e.g. more focus on Net Working Capital management, including reduction of inventory).

A new bank agreement covering the next 2.5 years (to 30 June 2023) was signed in December 2020. As part of the agreement with the Group's lenders, the Group must comply with certain financial covenants. For 2020 the Group has been in compliance with the financial covenants. The outlook for 2021 is also in compliance with the financial covenants based on the key assumptions that the Group will not experience any significant operational issues throughout 2021 and that the Covid-19 impact will gradually recover in 2nd half of 2021.

Based hereon and the budget for 2021, Group Management considers that the Group's capital resources and funding will be on an acceptable level throughout 2021.

Uncertainty relating to recognition and measurement

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

- Revenue related to contract work in progress (projects), which are measured at the selling price of work performed, are recognized based on the stage of completion of work performed.
- Goodwill is measured at cost less accumulated amortisation and impairment. Management has assessed indication of impairment of goodwill based on expected earnings.
- Deferred tax assets, including the tax base of tax losses carried forward, are measured at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets. The estimated realisable value is based on expected earnings.

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

Outlook

The outlook for 2021 is uncertain and depends on different scenarios of the Covid-19 impact. In general end-market food producers/renderers expect to be less affected by the virus crisis and we expect Haarslev's main markets to have a strong recovery.

DK and CN manufacturing sites have been running close to full capacity in Q1 2021. Due to our strong order backlog, the production continues, and the order intake is in line with budget. Our Sales & Installation teams are still facing difficulties being on site at our customers' plants which is in line with 2021 budget assumptions.

For 2021, we expect a revenue of 1,400m - 1,500m DKK and a normalized EBITDA% in the range of 8%-11% compared to 7% DKK in 2020.

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. Because of the historically low risk, the Group seldomly enters 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 975 (2019: 1.011). Total number of employees end of 2020 was 941 (hereof 427 in Denmark), compared to 1027 (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 will be started in 2021 in order to get a baseline of the CO2 footprint. This will help prioritizing and targeting areas with the highest impact in relation to reducing the CO2 impact.

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

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

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

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

Research and development activities

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

Statutory report on corporate social responsibility, diversity and underrepresented gender

Haarslev has decided to publish the statutory CSR and Diversity statements on the Company's website, see the Danish Financial Statements Act, § 99a and § 99b. The CSR and Diversity statements are developed for Haarslev Industries A/S only and do therefore not include any subsidiaries. To read the statements please visit <http://haarslev.com/CSR-performance>.

In addition to the CSR report, Haarslev has initiated the work to prepare an annual ESG (Environmental, Social, Governance) report. This report will be publicly available and will be made in accordance to the "Responsible Investment and ownership policy" outlined by Altor Equity Partners. The report will include specific measurements and actions for each of the 3 areas outlined in ESG. The report will also contain specific SDG (Sustainable Development Goals) that Haarslev actively will work on. The plan is to deliver the first report at the end of 2021.

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)), the Haarslev Group in all material respects also complies with the guidelines for responsible ownership and corporate governance of Aktive Ejere (previous DVCA).

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

Operational risk management

The main operational risks in the Group 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 c. 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 2020 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, Member of the Board of Navico AS

Ola Harald Eriç

Elected by the General Assembly. Member of the Board of Directors in 2012.

Chairman of the Board of Midsona AB, Geveko Markings AB, Dynasafe Demil Systems AB and Arendalis AB. Member of the Board of Haarslev Group A/S, Haarslev Industries A/S, Solix Group AB and Tresu 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.

Søren Jacob Rasmussen (employee representative)

Elected by employees. Member of the Board of Directors since 2018.

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 2020.

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.

Group financial highlights

Figures in DKK '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Revenue	1.359.466	1.509.728	1.492.774	1.440.730	1.559.368
Gross profit	263.054	311.041	224.052	272.330	362.341
Profit/loss before net financials, tax and discontinuing activities	-26.418	-33.963	-137.416	-58.942	65.640
Total net financials	-41.998	-50.934	-43.676	-44.854	-35.193
Profit/loss for the year	-134.484	-172.453	-200.750	-136.098	-290
<i>Balance</i>					
Total assets	1.514.657	1.726.797	1.762.125	1.985.582	2.048.979
Investments during the year in property, plant and equipment	32.255	9.338	34.193	20.869	14.384
Equity	166.904	313.200	397.922	592.626	743.130
<i>Cashflow</i>					
Net cash flow:					
Operating activities	-89.904	-52.769	-91.776	62.132	107.332
Investing activities	-26.620	-10.039	-66.054	-18.447	-37.149
Financial activities	108.094	42.130	-15.336	-53.443	-41.873
Cash flow for the year	-8.430	-20.678	-173.166	-9.758	28.310
Ratios					
<i>Profitability</i>					
Return on equity	-46%	-49%	-41%	-20%	0%
Gross Margin	19%	21%	15%	19%	23%
Profit margin	-2%	-2%	-9%	-4%	4%
<i>Equity ratio</i>					
Equity ratio	11%	18%	23%	30%	36%
Equity and subordinated loan ratio	18%	21%	23%	30%	36%
<i>Others</i>					
Numbers of employees (average)	975	1.011	1.091	1.099	1.147
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:	$\frac{(\text{Equity, end of year} + \text{subordinated loan}) \times 100}{\text{Total assets}}$				

Income statement

Note	<i>Figures in DKK '000</i>	Group		Parent	
		2020	2019	2020	2019
1.	Revenue	1.359.466	1.509.728		
	Production costs	-1.096.412	-1.198.687		
	Gross profit	263.054	311.041		
	Other income	1.821	3.723		
	Distribution costs	-106.774	-120.078		
	Administration costs	-184.519	-228.649	-319	-1.130
	Profit/loss before net financials	-26.418	-33.963	-319	-1.130
4.	Result from equity investments in group enterprises		0	-134.263	-171.563
5.	Result from equity investments in associates	-851	-2.056		
6.	Financial income	3.445	4.758	2.204	27
7.	Financial expenses	-44.591	-53.636	-2.169	-38
	Profit/loss before tax	-68.415	-84.897	-134.546	-172.704
8.	Tax on profit or loss for the year	-20.949	-42.596	62	251
	Profit/loss for the year continuing activity	-89.365	-127.493	-134.484	-172.453
9.	Discontinuing activities	-45.120	-44.960	0	0
10.	Profit/loss for the year	-134.484	-172.453	-134.484	-172.453

Balance sheet

Note	ASSETS	Group		Parent	
		2020	2019	2020	2019
	<i>Figures in DKK '000</i>				
	Development project in progress	1.311	1.000		
	Acquired rights	1.416	1.325		
	Goodwill	749.935	820.812		
11.	Total intangible assets	752.662	823.137		
	Land and buildings	92.863	76.709		
	Plant and machinery	26.399	33.410		
	Other fixtures and fittings, tools and equipment	24.985	24.839		
	Property, plant and equipment under construction	337	1.862		
12.	Total property, plant and equipment	144.583	136.820		
13.	Equity investments in group enterprises		-	164.548	310.627
14.	Equity investments in associates	17.483	18.334		
	Subordinated receivables group companies		-	105.853	44.850
15.	Other receivables	3.131	5.450		
	Total investments	20.614	23.784	270.401	355.477
	Total non-current assets	917.859	983.741	270.401	355.477
	Raw materials and consumables	64.870	99.384		
	Work in progress	55.531	66.731		
	Manufactured goods and goods for resale	100.472	110.766		
	Total inventories	220.872	276.881		
16.	Work in progress for third parties	72.854	93.712		
	Trade receivables	168.653	194.459		
	Receivables from group enterprises			1.729	
18.	Deferred tax asset	33.555	41.705	313	251
	Income tax receivable	1.700	4.829	550	197
	Prepayments	13.980	17.245		
	Other receivables	30.017	29.948		
	Total receivables	320.759	381.898	2.592	447
	Cash	38.839	24.689	320	22.978
	Total current assets	580.470	683.468	2.912	23.425
9.	Discontinued activities	16.327	59.588		
	Total assets	1.514.657	1.726.797	273.313	378.903

Balance sheet

Note	EQUITY AND LIABILITIES	Group		Parent	
		2020	2019	2020	2019
	<i>Figures in DKK '000</i>				
	Share capital	10.780	10.780	10.780	10.780
	Profit/loss for the year	156.124	302.420	156.124	302.420
17.	Total equity	166.904	313.200	166.904	313.200
18.	Provisions for deferred tax	1.386	8.140		
19.	Other provisions	23.364	37.086		
	Total provisions	24.750	45.226		
	Payables to credit institutions	460.131	385.687		
	Subordinated loan from shareholder	105.853	44.850	105.853	44.850
	Other payables	22.032	8.222		
	Lease commitments	4.079	2.599		
20.	Total long-term payables	592.095	441.358	105.853	44.850
20.	Short-term portion of long-term payables	13.908	42.741		
22.	Payables to credit institutions	173.194	150.614		
16.	Prepayments received from work in progress for third parties	107.737	157.030		
	Prepayments received from customers	115.160	131.526		
	Trade payables	231.716	298.060		
	Payable to group enterprises				19.698
	Payables to associates	2.616	100		
	Income taxes	5.179	17.917		
	Other payables	68.959	75.756	556	1.153
	Total short-term payables	718.469	873.744	556	20.852
	Total payables	1.310.564	1.315.102	106.409	65.702
9.	Discontinued activity	12.440	53.269		
	Total equity and liabilities	1.514.657	1.726.797	273.313	378.903
21.	Contingent liabilities				
22.	Charges and security				
23.	Related parties				

Changes in equity

Group

<i>Figures in DKK '000</i>	Share capital	Reserve for exchange rate adjustment	Retained earnings	Total Equity
Balance as at 01.01.2019	9.143	0	388.779	397.922
Foreign currency translation adjustment of foreign enterprises	0	7.783	0	7.783
Transferred to/from other reserves	0	-7.783	7.783	0
New shares issued	1.637	0	77.537	79.174
Fair value adjustments of hedging	0	0	61	61
Purchase of treasury shares	0	0	-203	-203
Sale of treasury shares	0	0	916	916
Net profit/loss for the year	0	0	-172.453	-172.453
Balance as at 31.12.2019	10.780	0	302.420	313.200
				0
Statement of changes in equity for 01.01.2020 -31.12.2020				
Balance as at 01.01.2020	10.780	0	302.420	313.200
Foreign currency translation adjustment of foreign enterprises	0	-11.812	0	-11.812
Net profit/loss for the year	0	0	-134.484	-134.484
Balance as at 31.12.2020	10.780	-11.812	167.936	166.904

Parent

<i>Figures in DKK '000</i>	Share capital	Reserve for exchange rate adjustment	Retained earnings	Total Equity
Balance as at 01.01.2019	9.143		388.779	397.922
Foreign currency translation adjustment of foreign enterprise	0	7.783	0	7.783
Transferred to/from other reserves	0	-7.783	7.783	0
Fair value adjustment of hedging instruments	0	0	61	61
New shares issued	1.637	0	77.537	79.174
Purchase of treasury shares	0	0	-203	-203
Sale of treasury shares	0	0	916	916
Net profit/loss for the year	0	0	-172.453	-172.453
Balance as at 31.12.2019	10.780	0	302.420	313.200
Statement of changes in equity for 01.01.2020 -31.12.2020				
	10.780	0	302.420	313.200
Balance as at 01.01.2020				
Foreign currency translation adjustment of foreign enterprise	0	-11.812	0	-11.812
Net profit/loss for the year	0	0	-134.484	-134.484
Balance as at 31.12.2020	10.780	-11.812	167.936	166.904

Consolidated cash flow

Group	2020	2019
<i>Figures in DKK '000</i>		
		0
Net profit/loss for the year	-134.484	-172.453
Adjustments	154.597	187.336
Change in working capital		0
Inventories	56.009	-16.755
Receivables	49.861	-43.714
Trade payables	-115.677	114.320
Other payables relating to operating activities	-29.900	-41.347
Cash flows from operating activities before net financing	-19.595	27.387
		0
Interest income and similar income received	3.445	4.758
Interest expenses and similar expenses paid	-44.591	-53.636
Income tax paid	-29.163	-31.278
Cash flows from operating activities	-89.904	-52.769
Purchase of intangible assets	-2.034	-1.481
Sale of intangible assets	1.765	697
Purchase of property, plant, and equipment	-32.255	-9.338
Sale of property, plant, and equipment	3.585	145
Other receivables	2.319	-62
Cash flows from investing activities	-26.620	-10.039
New shares issue	0	79.174
Payment to/from credit institutions	45.611	-81.489
Subordinated loan from shareholder	61.003	44.850
Lease commitments increase and reduction	1.480	-406
Cash flows from financing activities	108.094	42.129
Total cash flows for the year	-8.430	-20.679
Cash beginning of year	24.689	93.300
Short-term payables to credit institutions, beginning of year	-150.614	-198.546
Total cash beginning of the year	-125.925	-105.246
Total cash flows for the year	-8.430	-20.679
Cash, end of year, comprises:		
Cash	38.839	24.689
Short-term payables to credit institutions	-173.194	-150.614
Total cash	-134.355	-125.925

Adjustments for cash flow statement

<i>Figures in DKK '000</i>	2020	2019
Depreciation, amortisation, impairment losses and write-downs	91.650	93.806
Result from equity investments in associate	851	2.056
Financial income	-3.445	-4.758
Financial expenses	44.591	53.636
Tax on profit or loss for the year	20.949	42.596
Total	154.597	187.336

Other adjustments in cashflow

<i>Figures in DKK '000</i>	2020	2019	Change
Inventories	220.872	276.881	56.009
Receivables	285.503	335.364	49.861
Trade payables	479.261	594.938	-115.677
Other payables relating to operating activities	76.623	106.523	-29.900

Notes

1. Revenue

Figures in DKK '000

	Group	
	2020	2019
Revenue comprises of the following activities		
Capital sales	918.600	1.112.496
Global service	440.866	435.462
Total revenue	1.359.466	1.509.728
Revenue comprises of the following geographical markets:		
Revenue, Denmark	95.200	31.990
Revenue, other EU countries	436.221	383.429
Revenue, non-EU countries	828.045	1.094.308
Total	1.359.466	1.509.728

2. Personnel costs

Figures in DKK '000

	Group		Parent	
Personnel costs - type	2020	2019	2020	2019
Wages and Salaries	384.601	403.896	81	601
Pensions	18.990	25.753		
Other personnel costs	24.313	26.161		
Total	427.904	455.810	81	601

Personnel costs - function				
Production costs	280.928	312.468		
Distribution costs	87.420	83.219		
Administrative costs	59.557	60.124	81	601
Total	427.904	455.811	81	601

Average number of employees during the year, continuing activities

Salaries, Board of Executives	4.737	5.403		
Remuneration for the Board of Directors	747	601	601	275
Remuneration for the Executive Board and Board of Directors	5.484	6.004	601	275

2. Personnel costs (continuing)

Management incentives programme:

At the Company's Annual General Meeting on 25 May 2018 a decision was made to grant share options. The Executive Board and other are authorized to grant A shares options to management and employees through one or more allocations. The authorization is valid until 24 May 2023. Share options were issued on 7 August 2018 and give the right to subscribe for shares up to nominal DKK 42,924 in the Company. The share options can be exercised between 1 December to 31 December 2022 and before that under specific circumstances. The subscription price varies between DKK 218.43 to DKK 322.91 for each share. However, the share options may be exercised at a lower price if specific circumstances occur before 1 December 2022. The capital increase is performed through cash payments in connection with the exercising of the share options.

Figures in DKK '000	Executive Board and other
Outstanding share options as at 01.01.2020	840.504
Expired during the year	-797.580
Outstanding share options as at 31.12.2020	42.924
Total Cash payments for issued shareoptions (number 42,924), DKK	451.417
Average rate pr share at point of issue of outstanding share options; DKK	11
Outstanding share options expires end 2022	
Average exercise rate for outstanding share options pr share; DKK	305

Own shares:

	Nom. Value	Trade value kDKK
Own shares as at 01.01.2019	19.154	1.388
Purchased during the year	4.168	203
Sold during the year	-23.322	-916
Loss on own shares transactions	0	-675
Own shares as at 01.01.2020	0	0

Transactions during 2019 regarding employee purchase and sale of own shares, is regarding the companys incentive programme for executive board and other managing employees. No own share transactions have been recognised in 2020.

3. Fees to auditors

<i>Figures in DKK '000</i>	Group		Parent	
	2020	2019	2020	2019
Statutory audit of the financial statement	3.480	3.343	185	285
Tax advice	1.940	1.292	110	54
Other services	439	5.431	-	-
Total	5.859	10.066	295	339

4. Result from equity investments in group enterprises

<i>Figures in DKK '000</i>	Parent	
	2020	2019
Result from equity investments in group enterprises, continuing activities	-95.313	-126.591
Result from equity investments in group enterprises, discontinuing activities	-38.950	-44.972
Total	-134.263	-171.563

5. Result from equity investments in associates

<i>Figures in DKK '000</i>	Group	
	2020	2019
Result from equity investments in associates	113	-1.092
Amortisation of goodwill	-964	-964
Total	-851	-2.056

6. Financial income

Figures in DKK '000

	Group		Parent	
	2020	2019	2020	2019
Other interest income	3.445	4.758		7
Interest group companies		0	1.733	20
Foreign currency translation adjustments	0	0	472	0
Total	3.445	4.758	2.204	27

7. Financial expenses

Figures in DKK '000

	Group		Parent	
	2020	2019	2020	2019
Other interest expenses	32.382	41.165	16	13
Foreign currency translation adjustments	6.048	6.065		
Interest group companies	0	0	1.686	20
Other financial expenses	6.162	6.406	467	5
Total	44.591	53.636	2.169	38

8. Tax on profit or loss for the year

Figures in DKK '000

	Group		Parent	
	2020	2019	2020	2019
Tax on profit or loss for the year	-10.334	-33.635		0
Other taxes/revaluations tax assets	-10.916	-10.378		
Adjustment of deferred tax for the year	870	1.194	62	251
Adjustment of tax in respect to previous years	-569	223		
Total	-20.949	-42.596	62	251

9. Discontinued activities

Group

<i>Figures in DKK '000</i>	2020	2019	Balance	2020	2019
Revenue	75.814	38.231			
Production costs	- 100.491	- 65.606	Assets	16.327	59.588
Gross profit	- 24.677	- 27.375	Liabilities	12.440	53.269
Distribution costs	- 2.745	- 6.443	Net assets	3.887	6.319
Administration costs	- 19.057	- 10.821			
Profit/loss before net financials	- 46.479	- 44.639			
Financial expenses	- 1.513	- 1.097			
Profit/loss before tax	- 47.992	- 45.737			
Tax on profit or loss for the year	2.872	776			
Profit/loss for the year continuing activity	- 45.120	- 44.960			

Comments:

Discontinued operations comprises the companys 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

10. Distribution of net profit

<i>Figures in DKK '000</i>	Group		Parent	
	2020	2019	2020	2019
Retained earnings	-134.484	-172.453	-134.484	-172.453
Total	-134.484	-172.453	-134.484	-172.453

11. Intangible assets

Group

<i>Figures in DKK '000</i>	Completed development project	Development project in progress	Acquired rights	Goodwill	Total 2020	Total 2019
Cost as of 01.01.	3	1.000	33.405	1.398.773	1.433.180	1.452.565
Foreign currency translation adjustment of foreign enterprises	0	0	-648	-1.303	-1.951	261
Additions during the year	0	1.292	742	0	2.034	1.481
Disposals during the year	0	0	-2.807	0	-2.807	-6.386
Cost as of 31.12.	3	2.292	30.692	1.397.470	1.430.457	1.447.921
Adjustment to cost 01.01.	-3	0	-32.072	-577.953	-610.028	-558.793
Foreign currency translation adjustment of foreign enterprises	0	0	516	651	1.167	-138
Depreciation during the year	0	0	-527	-70.233	-70.760	-71.420
Reversal of amortisation of and impairment losses on disposed assets	0	-981	2.807	0	1.826	5.566
Adjustments to cost 31.12.	-3	-981	-29.276	-647.535	-677.795	-624.785
Carrying amount as at 31.12.	0	1.311	1.416	749.935	752.662	823.136
Depreciation shared in functions						
Production					-162	-146
Administration					-70.598	-71.274
Distribution					0	0
Total					-70.760	-71.420

12. Buildings, plant, and machinery 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	Total 2019
Cost as of 01.01.	158.707	141.790	75.367	1.862	377.727	375.511
Foreign currency translation adjustment of foreign enterprises	-2.369	-3.184	-3.561	-96	-9.210	1.050
Additions during the year	23.173	4.644	5.867	-1.429	32.255	9.233
Disposals during the year	0	-1.042	-1.701	0	-2.743	-8.067
Cost as of 31.12.	179.511	142.209	75.972	337	398.029	377.727
Adjustments to cost 01.01.	-82.007	-108.380	-50.525	0	-240.912	-225.643
Foreign currency translation adjustment of foreign enterprises	1.050	2.404	2.509	0	5.963	-446
Depreciation during the year	-5.630	-10.632	-4.629	0	-20.891	-22.387
Reversal of amortisation of and impairment losses on disposed assets	-61	798	1.657	0	2.393	7.568
Adjustments to cost 31.12.	-86.649	-115.810	-50.988	0	-253.446	-240.908
Carrying amount as at 31.12.	92.863	26.399	24.984	337	144.583	136.819
Carrying amount of assets held under finance leases as of 31.12.	0	6.419	3.968	0	10.388	4.561
Depriciation shared in functions						
Production					-17.836	-19.513
Administration					-2.901	-2.650
Distribution					-154	-225
Total					-20.891	-22.387

For further information for Land and buildings and securities, refer to note 22.

13. Equity investments in group enterprises, Parent

<i>Figures in DKK '000</i>	Equity investments in group enterprises 2020	Equity investments in group enterprises 2019
Cost as of 01.01.	881.849	804.288
Additions during the year	0	77.494
Cost as of 31.12.	881.849	881.782
Revaluation to cost per 01.01.	-571.227	-407.442
Foreign currency translation adjustment of foreign enterprises	-11.817	7.783
Net profit/loss from equity investments	-134.263	-171.563
Other adjustments relating to equity investments	6	66
Revaluation to cost, ultimo	-717.301	-571.156
Carrying amount as of 31.12.	164.548	310.626
The item comprises goodwill as of 31.12.	0	0

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

13. Equity investments in group enterprises (cont.)

Subsidiaries	Registered in	Equity interest in percent
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 AU		100

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

For further information regarding equity investments placed as security, refer to note 22.

14. Equity investments in associates

Group

<i>Figures in DK '000</i>	EQ investments in associates 2020	EQ investments in associates 2019
Cost as of 01.01.	22.050	22.050
Cost as of 31.12.	<i>22.050</i>	<i>22.050</i>
Adjustment to cost per 01.01.	-3.716	-1.660
Net profit/loss from equity investments	-851	-2.056
Adjustments to cost, ultimo	<i>-4.567</i>	<i>-3.716</i>
Carrying amount as of 31.12.	17.483	18.334
The item comprises goodwill as of 31.12.	15.587	15.587

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

15. Other receivables

Group

<i>Figures in DKK '000</i>	Other receivables
Cost as of 01.01.2020	5.450
Additions during the year	104
Disposals during the year	-2.423
Cost as of 31.12.2020	<i>3.131</i>

16. Work in progress for third parties

Figures in DKK '000

	Group	
	2020	2019
	DK '000	DK '000
Work in progress for third parties	861.338	698.951
On-account invoicing	-896.221	-762.269
Work in progress for third parties, total	-34.883	-63.318
Work in progress for third parties (receivables)	72.854	93.712
Prepayments received from work in progress for third parties, short-term payables (liabilities)	-107.737	-157.030
Total	-34.883	-63.318

17. Share capital

The share capital consists of:

Shares capital as of 01.01.2015	9.077
Increase in share capital 01.01.2015-31.12.2015	9
Increase in share capital 01.01.2016-31.12.2016	16
Increase in share capital 01.01.2017-31.12.2017	41
Increase in share capital 01.01.2018-31.12.2018	
Increase in share capital 01.01.2019-31.12.2019	1.637
Total	10.780

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. There have been no changes through year 2020.

18. Deferred tax	Group		Parent	
<i>Figures in DKK '000</i>	2020	2019	2020	2019
Deferred tax comprises				
Deferred tax asset	33.555	41.705	313	251
Deferred tax liability	-1.386	-8.140	0	0
Total	32.169	33.565	313	251
Deferred tax comprises				
Intangible assets	-23	-19	0	0
Property, plant, and equipment	2.717	-387	0	0
Provision of receivables	-27.734	-19.564	0	0
Securities and equity investments	1.679	-71	0	0
Provisions	4.873	9.033	0	0
Liabilities	4.057	6.439	0	0
Tax losses	46.601	38.134	313	251
Total	32.169	33.565	313	251
Changes during the year				
Beginning of the year	33.565	24.017	251	0
Recognised in the income statement	870	1.194	62	251
Other changes	-2.258	8.354		
Equity changes	0	0	0	0
End of year	32.177	33.565	313	251

As at 31.12.2020, the group has recognised a deferred tax assets of tDKK 33.555, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the bases of expectations of positive operating results for the coming years.

19. Other provisions

<i>Figures in DKK '000</i>	Warranty commitments	Group Other provisions	Total 2020	Total 2019
Provision as of 01.01.2020	34.609	2.477	37.086	59.061
Change in provision in respect of previous year (net)	-13.619	-104	-13.722	-21.975
Provision as at 31.12.2020	20.990	2.373	23.364	37.086

Other provision are expected to be distributed as follows:

The company 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.

20. Long-term payables

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	Total long term payables at 31.12.2019
Payables to other credit institutor	11.510	460.131		460.131	385.687
Other long term payable	807	1.168	20.863	22.032	8.222
Subordinated loan from shareholder		105.853		105.853	44.850
Lease commitments	1.590	3.884	195	4.079	2.599
Total	13.908	571.036	21.059	592.095	441.358

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

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

Parent

<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	Total long term payables at 31.12.2019
Subordinated loan from shareholder		105.853		105.853	44.850
Total		105.853		105.853	44.850

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.

21. Contingent liabilities

Group:

Lease commitments

The Group has concluded lease agreements of a total of DKK 57.090k. (2019: DKK 51.818k).

Guarantee commitments

As part of the Group's ordinary activities, the Company's bank and insurance companies have issued guarantees for contracting projects totaling DKK 168.320k. (2019: DKK 117.862k).

Disputes and claims

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.

Parent:

Other contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1. July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies. Apart from this, the Company has no contingent liabilities.

22. Charges and security

Group:

A mortgage deed to the mortgagor of DKK 30.500k (2019: DKK 30.500k) and a letter of indemnity of DKK 4.500k (2019: DKK 4.500k) secured on land and buildings with carrying amount of DKK 33.593k (2019: DKK 37.124k) at 31.12.2020 have been provided as security for bank debt in the Parent and Group enterprises amounting net to DKK 727.484k (2019: DKK 672.142k) as of 31.12.2020.

Shares in 9 material group companies have guaranteed for the engagement with the credit institutions.

The parent company has found joint an unlimited surety for the group's cash pool with credit institutions with a net debt of DKK 173.194k (2019: DKK 150.584k).

Parent:

The company's shares in 8 material subsidiaries with a carrying amount of DKK 280.867k (2019: DKK 310.626k) have been provided as security to credit institutions, at 31.12.2020, amount to net DKK 727.484k (2019: DKK 672.142k). Furthermore, the parent company and 8 material subsidiaries have guaranteed for the engagement with the credit institutions.

The parent company has found joint an unlimited surety for the group's cash pool with credit institutions with a net debt of DKK 173.194k (2019: DKK 150.584k).

23. Related parties

Controlling influence:

Basis of influence

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

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Accounting policies

Reporting class

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

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

Certain reclassifications have been made in the comparative figures without having effect on profit or equity.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the entity's other operations.

Results from discontinued operations are presented in the income statement as a separate item consisting of profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets relating to discontinued operations are presented separately in the balance sheet as assets related to discontinued operations. Liabilities related to the discontinued operations are presented separately in the balance sheet as liabilities related to discontinued operations.

The comparative figures in the income statement and the balance sheet are not restated according to the Danish Financial Statement Act § 24 section 1.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item. Anticipated risks and losses that arise before the time of presentation of the annual report, that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated, using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the Haarslev Group Holding A/S payment date, or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates. When recognizing foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates, for the months that do not significantly deviate from the rates at the transactions date.

Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet

date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates, as well as out of transaction of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables. Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement, together with changes in the value of the hedged asset or the hedged liability. Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognized directly in equity. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts. Contract work in progress is included in revenue based on the stage of completion, so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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 as Haarslev Group Holding A/S as well as amortization, depreciation, and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Productions cost also include research and development cost that do not qualify for capitalization as well as amortization of capitalized development costs. Furthermore, amortization of goodwill is included to the extent that goodwill relates to production activities. Finally, provisions for losses on contract work are recognized.

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.

Result from investments in group enterprises

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

Result from investments in associates

Result from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Financial income

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

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.

Tax on profit or loss for the year

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 Entity is jointly taxed with all of 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).

Balance sheet**Development projects in progress and acquired rights**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets. Intellectual property rights acquired are measured at cost less accumulated amortization. Patents are amortized over their remaining duration, and licenses are amortized over the term of the agreement. Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Goodwill

Goodwill is measured at cost less accumulated amortization and impairment. Goodwill is amortized over the expected economic life, measured by reference to an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff. The amortization period is 20 years. Haarslev's investments in businesses are of strategic significance in order to further increase Haarslev's revenue and profits. The acquired businesses include technologies, segments and products closely linked to Haarslev's core business. The earnings profile underpins an economic life of 20 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

Buildings, plant and Machinery, other fixtures and fittings, tools and equipment

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 and indirect costs of materials, components, sub-suppliers and labor costs. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings 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 Group Holding A/S Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Equity investments in group enterprises

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 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.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortized over its estimated useful life up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile. Investments in subsidiaries are written down to the lower of recoverable amount and carrying amount.

Equity investments in associates

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 plus unamortized positive, goodwill 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.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortized straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and. Useful lives are reassessed annually. The amortization periods used are up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables (trade and other receivables)

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

Inventories

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.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work carried out at the balance sheet date. The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. The stage of completion is determined as the ratio of actual to total budgeted consumption of resources. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognized as an expense in the income statement. Each contract in progress is recognized in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative. Costs of sales work and of securing contracts as well as financing costs are recognized in the income statement as incurred.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Deferred tax

Deferred tax is recognized 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 the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments recognized under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, loss on contract work in progress. Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value. Other provisions are measured at net realizable value. Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Finance lease liabilities

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

Operating leases

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to start of production.

Cash flow statement

The cash flow statement shows cash flows from operating, investing, and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year. Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend. Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt. Cash flow statement cannot directly be derived from the income statement and the balance sheet.