
Hoyer Group A/S

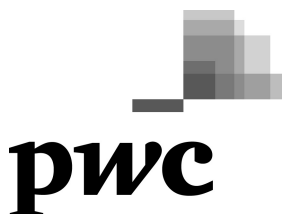
Over Hadstenvej 42, DK-8370 Hadsten

Annual Report for 1 January - 31 December 2020

CVR No 37 62 98 47

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/4 2021

Henrik Petersen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hoyer Group A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hadsten, 26 March 2021

Executive Board

Henrik Thomassen Ulrich
Sørensen
CEO

Henrik Petersen
CFO

Board of Directors

Søren Østergaard Sørensen
Chairman

Denis Viet-Jacobsen
Deputy Chairman

Jan Vestergaard Olsen

Michael Pontoppidan Frost

Lars Radoor Sørensen

Independent Auditor's Report

To the Shareholders of Hoyer Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hoyer Group A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial

Independent Auditor's Report

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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Aarhus, 26 March 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

Company Information

The Company

Hoyer Group A/S
Over Hadstenvej 42
DK-8370 Hadsten

CVR No: 37 62 98 47
Financial period: 1 January - 31 December
Municipality of reg. office: Favrskov

Board of Directors

Søren Østergaard Sørensen, Chairman
Denis Viet-Jacobsen, Deputy Chairman
Jan Vestergaard Olsen
Michael Pontoppidan Frost
Lars Radoor Sørensen

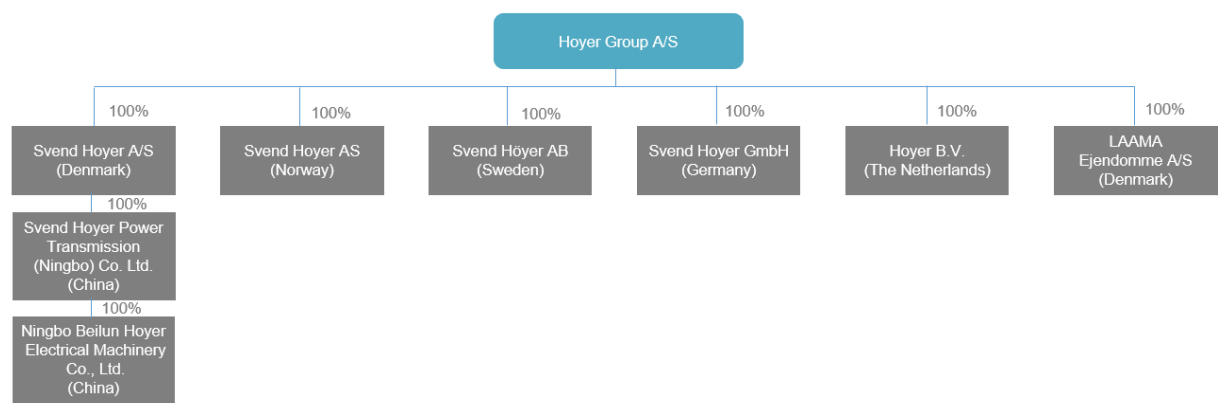
Executive Board

Henrik Thomassen Ulrich Sørensen
Henrik Petersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Group Chart



Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2020	2019	2018	2017	2016
	kDKK	kDKK	kDKK	kDKK	TDKK (8 months)
Key figures					
Profit/loss					
Revenue	462,013	709,385	517,458	436,198	275,474
Operating profit/loss	21,248	66,724	28,102	7,175	-321
Profit/loss before financial income and expenses	27,857	69,801	29,814	7,670	-40
Net financials	-5,232	-4,112	-3,552	-5,139	-6,969
Profit/loss from discontinuing activities	41,368	0	0	0	0
Net profit/loss for the year	57,300	48,451	15,596	173	-6,798
Balance sheet					
Balance sheet total	561,104	556,943	531,575	502,971	515,187
Equity	343,636	287,444	239,167	223,094	218,362
Cash flows					
Cash flows from:					
- operating activities	73,300	44,180	-10,516	50,481	41,879
- investing activities	95,601	-3,265	-4,036	-400	-416,386
including investment in property, plant and equipment	-6,544	-3,975	-4,978	-3,460	-1,341
- financing activities	-175,020	-27,237	16,030	-47,673	273,330
Change in cash and cash equivalents for the year	-6,119	13,678	1,478	2,408	-101,177
Number of employees	194	207	175	169	162
Ratios					
Solvency ratio	61.2%	51.6%	45.0%	44.4%	42.4%
Return on equity	18.2%	18.4%	6.7%	0.1%	-6.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts, see under accounting policies.

The financial year was changed in 2016 so that the balance sheet day is 31 December. The financial year 2016 was therefore a shortened period of 8 months.

The Hoyer Transmission business unit was divested in 2020. Comparable figures for 2016-2019 have not been adjusted for the discontinuing activities, hence 2020 lacks comparability with 2016-2019.

Management's Review

Key activities

The Group is a leading supplier of customised electric motors to the marine and industrial sectors, primarily in Europe and Asia. Hoyer sells own brand and customer specific products and offers key value added services to its customers, such as logistics, technical customisation, quality assurance and technical documentation.

Development in the year

The income statement of the Group for 2020 shows a profit of kDKK 57,300, and on 31 December 2020 the balance sheet of the Group shows equity of kDKK 343,636.

Over the course of the year the Group has continued to develop its commercial approach by restructuring its sales organisation around a number of selected customer segments so as to build stronger application know-how and customer focus.

As part of the strategy to increase focus on the core electric motor offering, the Hoyer Transmissions business unit was divested in March 2020.

While 2020, as expected, saw growth in revenue and profit in several niche markets, the Group's revenue and profit in its main markets suffered a significant negative effect from a combination of the COVID 19 outbreak and extremely low oil prices.

The past year and follow-up on development expectations from last year

Net profit for 2020 has, as expected, been positively impacted by the divestment of the Hoyer Transmission business unit on 31 March 2020, with a total net effect of kDKK 41,368 presented as discontinued activities in 2020. The reduction in revenue relating to the discontinued business amounts to approximately DKK 95 mio.

Branches

Over the course of the year Hoyer has established permanent representation in two of the Group's key markets, Japan, and South Korea, through the establishment of legal sales branches with offices in Yokohama, Japan and Busan, South Korea.

Operating risks

The Group's main operating risks are related to market development and the competitiveness of the companies' offering. The Group strives to be robustly positioned in those markets where the Group's products are sold, and to have the ability to provide rapid delivery in order to manage these risks.

Management's Review

Financial risks

As a result of its operations, investment and financing, the Group is exposed to changes in currency exchange rates and interest rates. The Group's use of derivative financial instruments has been regulated through internal procedures approved by the Board of Directors, which among others include maximum amounts and a specification of which derivative financial instruments may be used. The liquidity and interest rate risk are not currently significant.

Foreign exchange risks

The Group is affected by changes in currency exchange rates, as goods purchased and the main part of the turnover is invoiced in a foreign currency, while the main part of the costs, including wages and salaries, are mainly paid in Danish Kroner.

The Group hedges the foreign exchange risk by means of the finance policy approved by the Board of Directors.

Credit risks

The Group's credit risk policy means that all customers and other business partners undergo credit rating on an ongoing basis before the approval of credit.

Targets and expectations for the year ahead

The Group's outlook for the future will be negatively affected by the COVID 19 outbreak, especially during the first half of 2021, due to local closedowns and other measures taken by governments in both Asia and Europe to mitigate the impacts of the pandemic. Volatile oil prices which have affected, and continue to affect, the levels of activity of many of the Group's customers, will also negatively affect future targets.

However, group management expects that markets will bounce back during the second half of 2021, with growth in all of Hoyer's segments. In particular it is expected that the Group will grow in specific marine niches, in wind and in the industrial sectors where the Group has a strategy to improve its market presence.

Overall, group management expects that the Group will be able to show a low single digit positive growth in revenue and net profit due to improved market conditions in combination with an increased market share in new segments.

Management's Review

Statement of corporate social responsibility

In accordance with the Danish Financial Statements Act, section 99 a and 99 b Hoyer Group A/S publishes its report on Corporate Social Responsibility on the company website. Please refer to our statutory report here:

<https://hoyermotors.com/wp-content/uploads/2021/03/2020-Hoyer-Group-CSR-Report.pdf>

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

Except from the divestment of the Hoyer Transmission business unit the financial position on 31 December 2020 of the Group and the results of the activities and cash flows of the Group for the financial year for 2020 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
Revenue	1	462,013	709,385	0	0
Change in inventories of finished goods, work in progress and goods for resale		-57,568	-8,712	0	0
Other operating income		6,625	3,164	9,073	4,130
Expenses for raw materials and consumables		-262,463	-480,092	0	0
Other external expenses		-31,538	-49,738	-3,227	-3,234
Gross profit/loss		117,069	174,007	5,846	896
Staff expenses	2	-77,177	-90,239	-4,959	-5,300
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12,019	-13,880	0	0
Other operating expenses		-16	-87	0	0
Profit/loss before financial income and expenses		27,857	69,801	887	-4,404
Income from investments in subsidiaries		0	0	56,917	53,035
Financial income		1,683	1,005	0	183
Financial expenses	4	-6,915	-5,117	-766	-796
Profit/loss before tax		22,625	65,689	57,038	48,018
Tax on profit/loss for the year	5	-6,693	-17,238	262	433
Profit/loss from continuing activities		15,932	48,451	57,300	48,451
Profit/loss from discontinuing activities	6	41,368	0	0	0
Net profit/loss for the year		57,300	48,451	57,300	48,451

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
Acquired licenses		84	49	0	0
Goodwill		100,460	130,658	0	0
Intangible assets	7	100,544	130,707	0	0
Land and buildings		84,044	86,091	0	0
Other fixtures and fittings, tools and equipment		11,563	8,589	0	0
Property, plant and equipment	8	95,607	94,680	0	0
Investments in subsidiaries	9	0	0	369,900	314,091
Deposits	10	343	309	0	0
Fixed asset investments		343	309	369,900	314,091
Fixed assets		196,494	225,696	369,900	314,091
Inventories		122,920	180,488	0	0
Trade receivables		67,577	114,816	0	0
Receivables from group enterprises		0	0	1,527	879
Other receivables		6,999	5,558	3,046	3,200
Receivable from shareholders and Management		150,657	0	0	0
Corporation tax		5,669	6,343	0	0
Corporation tax receivable from group enterprises		0	0	20,580	5,292
Prepayments	11	732	1,602	0	0
Receivables		231,634	128,319	25,153	9,371
Cash at bank and in hand		10,056	22,440	131	45
Currents assets		364,610	331,247	25,284	9,416
Assets		561,104	556,943	395,184	323,507

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
Share capital		23,259	23,259	23,259	23,259
Reserve for hedging transactions		-126	-243	0	0
Reserve for exchange adjustments		-1,225	0	0	0
Retained earnings		321,728	264,428	320,377	264,185
Equity		343,636	287,444	343,636	287,444
Provision for deferred tax	13	11,989	12,237	0	0
Other provisions	14	1,850	1,800	0	0
Provisions		13,839	14,037	0	0
Mortgage loans		32,531	34,584	0	0
Credit institutions		772	1,158	0	0
Deposits		1,235	606	0	0
Other payables		3,040	1,515	0	0
Long-term debt	15	37,578	37,863	0	0
Mortgage loans	15	2,052	2,087	0	0
Credit institutions	15	65,418	88,593	0	0
Trade payables		39,986	77,478	0	0
Payables to group enterprises		0	0	16,880	12,466
Corporation tax		24,273	11,441	20,317	4,859
Other payables	15,16	34,322	38,000	14,351	18,738
Short-term debt		166,051	217,599	51,548	36,063
Debt		203,629	255,462	51,548	36,063
Liabilities and equity		561,104	556,943	395,184	323,507
Subsequent events	22				
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Accounting Policies	23				

Statement of Changes in Equity

Group

	Share capital	Reserve for hedging transactions	Reserve for exchange adjustments	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	23,259	-243	0	264,428	287,444
Exchange adjustments	0	0	-1,225	0	-1,225
Fair value adjustment of hedging instruments for the year	0	150	0	0	150
Tax on adjustment of hedging instruments for the year	0	-33	0	0	-33
Net profit/loss for the year	0	0	0	57,300	57,300
Equity at 31 December	23,259	-126	-1,225	321,728	343,636

Parent

Equity at 1 January	23,259	0	0	264,185	287,444
Exchange adjustments	0	0	0	-1,225	-1,225
Other equity movements	0	0	0	117	117
Net profit/loss for the year	0	0	0	57,300	57,300
Equity at 31 December	23,259	0	0	320,377	343,636

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 kDKK	2019 kDKK
Net profit/loss for the year from continuing activities		15,932	48,451
Adjustments	17	24,127	35,035
Change in working capital	18	41,018	-16,609
Cash flows from operating activities before financial income and expenses		81,077	66,877
Financial income		1,026	619
Financial expenses		-1,836	-4,264
Cash flows from ordinary activities		80,267	63,232
Corporation tax paid		-11,838	-19,052
Cash flows from operating activities, discontinued activities		4,871	0
Cash flows from operating activities		73,300	44,180
Purchase of intangible assets		-55	-59
Purchase of property, plant and equipment		-6,544	-3,975
Fixed asset investments made etc		-255	0
Sale of property, plant and equipment		10	732
Sale of fixed asset investments etc		221	37
Cash flows from investing activities, discontinued activities		102,224	0
Cash flows from investing activities		95,601	-3,265
Repayment of mortgage loans		-2,088	-2,085
Repayment of loans from credit institutions		-23,561	-25,012
Repayment of other long-term debt		629	-140
Loans to shareholders		-150,000	0
Cash flows from financing activities		-175,020	-27,237
Change in cash and cash equivalents		-6,119	13,678
Cash and cash equivalents at 1 January		22,440	9,236
Effect of exchanges (losses/gains)		-6,265	-474
Cash and cash equivalents at 31 December		10,056	22,440
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10,056	22,440
Cash and cash equivalents at 31 December		10,056	22,440

Notes to the Financial Statements

	Group		Parent	
	2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
1 Revenue				
Geographical segments				
Europe	293,147	438,261	0	0
Asia	153,124	251,237	0	0
Other	15,742	19,887	0	0
	462,013	709,385	0	0
Business segments				
Motors	462,013	617,465	0	0
Transmissions	0	91,920	0	0
	462,013	709,385	0	0
2 Staff expenses				
Wages and salaries	70,520	81,630	4,560	4,909
Pensions	3,984	5,383	382	373
Other social security expenses	2,673	3,226	17	18
	77,177	90,239	4,959	5,300
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	3,929	4,400	1,965	2,200
Board of Directors	1,030	900	700	563
	4,959	5,300	2,665	2,763
Average number of employees	194	207	2	2

Notes to the Financial Statements

	Group		Parent	
	2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	6,571	8,287	0	0
Depreciation of property, plant and equipment	5,448	5,593	0	0
	12,019	13,880	0	0
4 Financial expenses				
Interest paid to group enterprises	0	0	439	767
Other financial expenses	1,836	4,260	9	29
Exchange loss	5,079	857	318	0
	6,915	5,117	766	796
5 Tax on profit/loss for the year				
Current tax for the year	6,333	16,318	-262	-433
Deferred tax for the year	-248	506	0	0
Adjustment of tax concerning previous years	641	797	0	0
Adjustment of deferred tax concerning previous years	0	-334	0	0
	6,726	17,287	-262	-433
which breaks down as follows:				
Tax on profit/loss for the year	6,693	17,238	-262	-433
Tax on changes in equity	33	49	0	0
	6,726	17,287	-262	-433

Notes to the Financial Statements

	Group		Parent	
	2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
6 Discontinuing activities				
Revenue	23,594	0	0	0
Other operating income	55,206	0	0	0
Expenses for raw materials and consumables	-15,192	0	0	0
Other external expenses	-710	0	0	0
Gross profit/loss	62,898	0	0	0
Staff expenses	-2,821	0	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-372	0	0	0
Profit/loss before tax	59,705	0	0	0
Tax on profit/loss for the year	-18,337	0	0	0
Profit/loss from discontinuing activities	41,368	0	0	0
Cash flows from investing activities	4,871	0	0	0
Cash flows from financing activities	102,224	0	0	0
Cash flows relating to discontinued activities	107,095	0	0	0

Discontinuing activities includes the divestment of the Hoyer Transmission business unit in 2020. Comparable numbers in 2019 has not been adjusted for the discontinuing activities, hence 2020 lacks comparability with 2019.

Notes to the Financial Statements

7 Intangible assets

Group

	Acquired licenses kDKK	Goodwill kDKK
Cost at 1 January	58	161,011
Exchange adjustment	-2	0
Additions for the year	55	0
Disposals for the year	0	-29,138
Cost at 31 December	111	131,873
Impairment losses and amortisation at 1 January	9	30,353
Amortisation for the year	18	6,915
Reversal of amortisation of disposals for the year	0	-5,855
Impairment losses and amortisation at 31 December	27	31,413
Carrying amount at 31 December	84	100,460

8 Property, plant and equipment

Group

	Land and buildings kDKK	Other fixtures and fittings, tools and equipment kDKK
Cost at 1 January	113,994	31,380
Exchange adjustment	0	-182
Net effect from demerger and business sale	0	-1,603
Additions for the year	183	6,361
Disposals for the year	0	-2,336
Cost at 31 December	114,177	33,620
Impairment losses and depreciation at 1 January	27,903	22,791
Exchange adjustment	0	-145
Depreciation for the year	2,230	3,228
Reversal of impairment and depreciation of sold assets	0	-3,817
Impairment losses and depreciation at 31 December	30,133	22,057
Carrying amount at 31 December	84,044	11,563
Including assets under finance leases amounting to	0	2,680

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent	
	2020 kDKK	2019 kDKK
Cost at 1 January	378,182	381,228
Disposals for the year	0	-3,046
Cost at 31 December	378,182	378,182
Value adjustments at 1 January	-64,091	-116,952
Exchange adjustment	-1,225	-351
Net profit/loss for the year	88,222	62,421
Other equity movements, net	117	177
Other adjustments	-31,305	-9,386
Value adjustments at 31 December	-8,282	-64,091
Carrying amount at 31 December	369,900	314,091
Remaining positive difference included in the above carrying amount at 31 December	131,937	163,242

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Svend Hoyer A/S	Favrskov, Denmark	100%
Svend Hoyer Power Transmission (Ningbo) Co., Ltd.	Ningbo, China	100%
Ningbo Beilun Hoyer Electrical Machinery Co., Ltd.	Ningbo, China	100%
LAAMA Ejendomme A/S	Favrskov, Denmark	100%
Svend Hoyer AS	Larvik, Norway	100%
Svend Höyer AB	Stockholm, Sweden	100%
Svend Hoyer GmbH	Munich, Germany	100%
Hoyer B.V.	Rotterdam, Holland	100%

Notes to the Financial Statements

10 Other fixed asset investments

	Group
	Deposits
	kDKK
Cost at 1 January	309
Additions for the year	255
Disposals for the year	-221
Cost at 31 December	<u>343</u>
Carrying amount at 31 December	<u>343</u>

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12 Distribution of profit

	Parent
	2020
	2019
	kDKK
	kDKK
Retained earnings	57,300
	48,451
	<u>57,300</u>
	<u>48,451</u>

13 Provision for deferred tax

	Group	Parent
	2020	2019
	2020	2019
	kDKK	kDKK
	kDKK	kDKK
Provision for deferred tax at 1 January	12,237	12,065
Amounts recognised in the income statement for the year	-248	172
Provision for deferred tax at 31 December	<u>11,989</u>	<u>12,237</u>
Property, plant and equipment	12,328	12,576
Amortised loan cost	-339	-339
	<u>11,989</u>	<u>12,237</u>
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

Notes to the Financial Statements

	Group		Parent	
	2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
14 Other provisions				
The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory in the warranty period. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.				
Other provisions	1,850	1,800	0	0
	1,850	1,800	0	0
15 Long-term debt				
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.				
The debt falls due for payment as specified below:				
Mortgage loans				
After 5 years	24,406	26,456	0	0
Between 1 and 5 years	8,125	8,128	0	0
Long-term part	32,531	34,584	0	0
Within 1 year	2,052	2,087	0	0
	34,583	36,671	0	0
Credit institutions				
Between 1 and 5 years	772	1,158	0	0
Long-term part	772	1,158	0	0
Within 1 year	388	390	0	0
Other short-term debt to credit institutions	65,030	88,203	0	0
Short-term part	65,418	88,593	0	0
	66,190	89,751	0	0
Deposits				
After 5 years	1,235	606	0	0
Long-term part	1,235	606	0	0
Within 1 year	0	0	0	0
	1,235	606	0	0

Notes to the Financial Statements

15 Long-term debt (continued)

	Group		Parent	
	2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
Other payables				
Between 1 and 5 years	3,040	1,515	0	0
Long-term part	3,040	1,515	0	0
Other short-term payables	34,322	38,000	14,351	18,738
	37,362	39,515	14,351	18,738

16 Derivative financial instruments

Derivative financial instruments contracts in the form of interest caps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2020 kDKK	2019 kDKK	2020 kDKK	2019 kDKK
Liabilities	161	311	0	0

Forward exchange contracts have been concluded to hedge future purchase of goods in CNY. At the balance sheet date, the fair value of the forward exchange contracts amounts to kDKK -9. The forward exchange contracts have a term of 1-6 months for an amount of kCNY 24,000.

Interest rate swap contracts have been concluded to hedge future interest payments on floating rate loans. The contracts have a term of 3 years. Under the contracts, an interest rate of 0.0367 % is exchanged for a fixed interest rate of 4.98 % on loans with a principal amount of DKK 1,5 million. At the balance sheet date, the fair value of the interest rate swap contracts amounts to kDKK -152.

Notes to the Financial Statements

	Group	
	2020 kDKK	2019 kDKK
17 Cash flow statement - adjustments		
Financial income	-1,683	-1,005
Financial expenses	6,915	5,117
Depreciation, amortisation and impairment losses, including losses and gains on sales	12,019	13,459
Tax on profit/loss for the year	6,726	17,238
Other adjustments	150	226
	24,127	35,035
18 Cash flow statement - change in working capital		
Change in inventories	32,261	8,712
Change in receivables	46,668	-25,751
Change in other provisions	50	49
Change in trade payables, etc	-37,961	381
	41,018	-16,609

Notes to the Financial Statements

19	Group		Parent	
	2020	2019	2020	2019
	kDKK	kDKK	kDKK	kDKK
Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a book value of	84,044	86,091	0	0
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	5,038	5,561	0	0
Between 1 and 5 years	8,143	11,725	0	0
After 5 years	0	54	0	0
	13,181	17,340	0	0

Other contingent liabilities

The Company has provided guarantee for Sydbank's credit facilities with Svend Hoyer A/S and Svend Hoyer GmbH. The credit facilities is maximized to DKK 100 million of which DKK 64.5 million is drawn at 31 December 2020. Further, the company has provided guarantee for Sydbank's credit facilities with LAAMA Ejendomme A/S, Svend Hoyer AS, Svend Höyer AB and Hoyer B.V., of which DKK 0.2 million is drawn at 31 December 2020.

Sydbank has pledged security in the shares of Svend Hoyer A/S for loans and credit facilities with Hoyer Group A/S, Svend Hoyer A/S and Svend Hoyer GmbH. The credit facilities are maximized to DKK 100 million of which DKK 64.5 million is drawn at 31 December 2020.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

20 Related parties

Basis

Controlling interest

Xilos Co-Investment No. 1 Separate Limited Partnership Ultimate parent company
Jersey
United Kingdom

Transactions

During the year, the Company had the following transactions with its subsidiaries:

	Parent	
	2020	2019
	kDKK	kDKK
Management fee, income	4,678	4,130
Financial expenses	-439	-767

	Group	
	2020	2019
	kDKK	kDKK

21 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

Audit fee	454	422
Tax advisory services	0	56
Other services	1,126	1,239
	1,580	1,717

Other auditors

Audit fee	120	114
Tax advisory services	19	0
	139	114

	1,719	1,831
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Notes to the Financial Statements

22 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Hoyer Group A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in kDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Hoyer Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

23 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Notes to the Financial Statements

23 Accounting Policies (continued)

Revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue recognised.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

23 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Discontinuing activities

Profit/loss from discontinuing activities includes the net result from the discontinuing activities and the profit from the sale of the discontinuing activities.

Recognition of revenues and expenses for the discontinuing activities are in accordance with the accounting policy.

Comparative figures in 2019 has not been adjusted for the discontinuing activities.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

The estimated useful life has been determined by taking into consideration the business platform acquired, including a strong brand and reputation as well as very loyal customers.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

23 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30 years
Other fixtures and fittings	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

The residual value is assessed to DKK 16,000,000.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes to the Financial Statements

23 Accounting Policies (continued)

Other fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

23 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible as-

Notes to the Financial Statements

23 Accounting Policies (continued)

sets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$