



TBS Maskinpower ApS

Smedebakken 7
7200 Grindsted
CVR No. 39006979

Annual report 2020

The Annual General Meeting adopted the
annual report on 30.03.2021

Jan Garder

Chairman of the General Meeting

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Entity details

Entity

TBS Maskinpower ApS

Smedebakken 7

7200 Grindsted

Business Registration No.: 39006979

Registered office: Varde

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Jens Bertram Gaarsvig Hansen

Jan Garder

Mario Reinhold Soose

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of TBS Maskinpower ApS 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 at 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.

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

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

Starup, 30.03.2021

Executive Board

Jens Bertram Gaarsvig Hansen

Jan Garder

Mario Reinhold Soose

Independent auditor's report

To the shareholders of TBS Maskinpower ApS

Opinion

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 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 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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

Kolding, 30.03.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Ørum Nielsen

State Authorised Public Accountant
Identification No (MNE) mne26771

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures			
Revenue	475,769	332,311	250,094
Gross profit/loss	61,080	44,964	35,175
Operating profit/loss	4,854	6,535	6,161
Net financials	(2,293)	(3,008)	(2,409)
Profit/loss for the year	2,214	2,456	2,733
Profit for the year excl. minority interests	1,646	2,290	2,733
Balance sheet total	371,256	292,188	163,913
Investments in property, plant and equipment	7,639	4,268	2,738
Equity	13,616	11,401	8,899
Equity excl. minority interests	12,835	11,189	8,899
Cash flows from operating activities	(69,180)	(34,084)	2,031
Cash flows from investing activities	(10,861)	(9,119)	(30,923)
Cash flows from financing activities	80,250	32,035	22,282
Ratios			
Gross margin (%)	12.84	13.53	14.06
Net margin (%)	0.47	0.74	1.09
Equity ratio (%)	3.46	3.83	5.43

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The Group's activity consist in sale, service and repair of agricultural machinery, as well as the sale of spare parts for agricultural machinery.

Development in activities and finances

The Group's revenue amounted to DKK 475.769 k against a revenue of DKK 332.311 k last year. The profit after tax for the year amounted to DKK k against a profit of DKK 2.456 k last year. The equity represent DKK 12.835 k as of 31.12.2020.

The company has opened a new facility in Suldrup by beginning of March and has acquired 25% of AgroTek A/S in Hobro in May.

The general market conditions taken into consideration and due to substantial internal activities the Management considers the profit for the year in accordance with the expectations for 2020.

Outlook

The management expects a profit after tax in line with 2020. The Group will still seek to maintain market shares in Denmark in 2021.

Particular risks

No special risks are deemed to exist, but the Group sells and repairs agricultural machinery to farmers in Denmark. Therefore the Group is dependent of the economic development of the agricultural industry in Denmark.

The majority of both sales and purchases are made in DKK which minimizes the risk for fluctuation.

Knowledge resources

The Entity's most critical resources include the skills and knowledge of the employees. Thus, the Entity continually invest in development of the employees.

Environmental performance

The company takes its social responsibility seriously. It is reflected in all decision-making within the company. Policies and actions in relation to CSR issues are described in more detail elsewhere in this report.

Statutory report on corporate social responsibility

Business model

The primary activities of TBS consist of sales and repair of agricultural machinery as well as the sale of spare parts for agricultural machinery.

As part of the statutory reporting, we will report on risks and activities in relation to social responsibility concerning employee conditions, environment and climate, human rights and corruption and bribery. This will be described in the following.

Employee conditions

The primary risk in relation to employee conditions could arise in relation to the health and safety of our employees. If such a risk would occur, this could impact our ability to attract and retain employees. We strive to ensure that our employees are motivated and that we live up to regulations regarding health and safety. We work on an update of an employee handbook, which employees shall receive when joining the company. The

handbook covers working hours, holiday, time registration, insurance and other employee-related matters. We also offer apprenticeships; our number of apprenticeships in 2020 was exceeding the double than prescribed by AU (Arbejdsgivernes Uddannelsesbidrag). During 2020, employees have attended training courses in relation to their areas of expertise in order to ensure that they are always able to complete their daily work tasks in a safe and consistent manner. In the financial year, we have reviewed our health and safety activities for potential opportunities for improvement and for sharing good practice among our staff. We have finalized and inaugurated our expansion of our repair workshop and warehouse facilities, including focus on safe access to equipment and general health and safety for employees. We believe that our activities in 2020 have contributed to maintaining a good workplace environment in TBS.

Environment and climate

Concerning environment and climate, the primary risk could arise if we use materials or inputs in our repair workshop, which would not be compliant with applicable regulations and standards. In case such a risk would occur, this could cause a negative impact on the local environment by potentially contributing to pollution downstream when the equipment is used by customers. We follow the regulations and restrictions in Denmark concerning environment and climate. For example, we ensure that we only use products in our repair workshop facilities, which live up to applicable regulations. This focus was also part of our health and safety assessment in the year, as mentioned in the above section. We believe that our activities in 2020 have contributed to minimizing our negative impact on the environment and climate.

Human rights

The primary risk concerning human rights could be if discrimination against an employee occurs that is in breach of universal human rights standards and principles and applicable Danish regulation. We do not have a stand-alone formalized human rights policy, but our coming employee handbook sets out our expectations around mutual respect, non-discrimination, trust, well-being and safety. By promoting mutual respect and teamwork in our workplace we ensure that we treat each other with respect for human rights during our daily work. Our coming employee handbook also confirms our respect for trade unions and the agreements they negotiate. We hold regular employee development dialogues to ensure that we address their well-being and career goals. We have zero-tolerance towards breaching human rights. We have policies for handling personal data for customers, business partners and employees as required by the General Data Protection regulation. We are not aware of any breaches historically concerning human rights, including the current financial year.

Corruption and bribery

The primary risk concerning corruption and bribery could be if an employee uses illegal means to obtain an advantage from a business partner, customer or other stakeholder or vice versa. If the risk would occur this could lead to breach of regulation and fines. We have a zero-tolerance policy in relation to corruption and bribery. We have a special focus on guidelines concerning anti-money laundering, which restrict us from accepting cash payments of 50,000 DKK and above. These guidelines are shared and enforced with all employees.

We are not aware of any breaches concerning bribery and corruption in TBS in 2020.

Statutory report on the underrepresented gender

Due to our accounting class status, we are obliged to report on the underrepresented gender in the board and other management levels. The executive board, consists of 3 males. We have a target of achieving one female member of the board by 2024. The target was not achieved in the current financial year, as there was no election for the board.

Below the executive level we have currently 3 women in our upper management level.

As part of an industry that is primarily occupied by males this naturally proposes some challenges to the rate of which women will be equally represented at management level in TBS due to the general lack of women within service and repair of agricultural machinery. In TBS we continue to focus on any barriers that may prevent women from being appointed to managerial positions. We always welcome and appreciate applications from both genders. This applies to all steps of employment – from job descriptions and advertisements to job interviews. Whenever it is possible, we strive to ensure that both women and men are considered for interviews for management positions. By the end of 2020 our middle managers are all male.

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.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		475,769,198	332,310,892
Other operating income		1,396,259	39,183
Cost of sales		(392,534,185)	(270,858,987)
Other external expenses	1	(23,551,541)	(16,526,752)
Gross profit/loss		61,079,731	44,964,336
Staff costs	2	(52,065,843)	(36,589,984)
Depreciation, amortisation and impairment losses	3	(2,828,262)	(1,838,853)
Other operating expenses		(1,331,770)	0
Operating profit/loss		4,853,856	6,535,499
Income from investments in associates		370,102	0
Other financial income	4	922,101	283,547
Other financial expenses	5	(3,215,237)	(3,291,958)
Profit/loss before tax		2,930,822	3,527,088
Tax on profit/loss for the year	6	(716,627)	(1,070,682)
Profit/loss for the year	7	2,214,195	2,456,406

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Goodwill		7,266,517	8,220,416
Intangible assets	8	7,266,517	8,220,416
Land and buildings		3,877,650	0
Other fixtures and fittings, tools and equipment		5,862,267	4,111,363
Leasehold improvements		511,522	463,296
Property, plant and equipment	9	10,251,439	4,574,659
Investments in associates		2,616,246	0
Receivables from associates		849,000	0
Deposits		1,902,048	1,735,000
Financial assets	10	5,367,294	1,735,000
Fixed assets		22,885,250	14,530,075
Manufactured goods and goods for resale		257,919,041	178,464,817
Inventories		257,919,041	178,464,817
Trade receivables		58,186,103	78,512,437
Contract work in progress		4,399,474	3,202,514
Other receivables		19,973,443	15,346,858
Prepayments	11	2,227,295	370,499
Receivables		84,786,315	97,432,308
Cash		5,665,510	1,761,092
Current assets		348,370,866	277,658,217
Assets		371,256,116	292,188,292

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		7,050,000	7,050,000
Retained earnings		5,784,824	4,138,715
Equity belonging to Parent's shareholders		12,834,824	11,188,715
Equity belonging to minority interests		780,715	212,629
Equity		13,615,539	11,401,344
Deferred tax	12	801,212	84,585
Provisions		801,212	84,585
Lease liabilities		675,192	305,396
Debt to other credit institutions		0	2,543,879
Other payables		3,895,039	1,174,980
Non-current liabilities other than provisions	13	4,570,231	4,024,255
Current portion of non-current liabilities other than provisions	13	0	547,482
Bank loans		12,433,044	8,737,812
Lease liabilities		153,389	0
Prepayments received from customers		4,913,205	3,610,341
Trade payables		166,324,496	177,441,909
Payables to group enterprises		158,989,205	79,388,371
Tax payable		0	965,700
Other payables		9,455,795	5,986,493
Current liabilities other than provisions		352,269,134	276,678,108
Liabilities other than provisions		356,839,365	280,702,363
Equity and liabilities		371,256,116	292,188,292
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	7,050,000	4,138,715	11,188,715	212,629	11,401,344
Profit/loss for the year	0	1,646,109	1,646,109	568,086	2,214,195
Equity end of year	7,050,000	5,784,824	12,834,824	780,715	13,615,539

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		4,853,856	6,535,499
Amortisation, depreciation and impairment losses		2,875,493	1,817,895
Working capital changes	14	(73,000,089)	(39,219,183)
Cash flow from ordinary operating activities		(65,270,740)	(30,865,789)
Financial income received		922,100	283,547
Financial expenses paid		(3,215,238)	(3,291,958)
Taxes refunded/(paid)		(965,700)	(210,032)
Other cash flows from operating activities		(650,864)	0
Cash flows from operating activities		(69,180,442)	(34,084,232)
Acquisition etc. of intangible assets		0	(7,400)
Acquisition etc. of property, plant and equipment		(7,639,374)	(1,509,877)
Sale of property, plant and equipment		41,000	101,125
Acquisition of fixed asset investments		(3,412,192)	(260,000)
Acquisition of enterprises		0	(2,782,040)
Dividends received from associates		150,000	0
Acquisition of activities		0	(4,661,235)
Cash flows from investing activities		(10,860,566)	(9,119,427)
Free cash flows generated from operations and investments before financing		(80,041,008)	(43,203,659)
Repayments of loans etc.		(1,504)	(267,597)
Incurrence of debt to group enterprises		80,251,698	30,850,922
Incurrence of lease commitments		0	376,970
Other cash flows from financing activities		0	1,074,980
Cash flows from financing activities		80,250,194	32,035,275

Increase/decrease in cash and cash equivalents	209,186	(11,168,384)
Cash and cash equivalents beginning of year	(6,976,720)	4,191,664
Cash and cash equivalents end of year	(6,767,534)	(6,976,720)
Cash and cash equivalents at year-end are composed of:		
Cash	5,665,510	1,761,092
Short-term bank loans	(12,433,044)	(8,737,812)
Cash and cash equivalents end of year	(6,767,534)	(6,976,720)

Notes to consolidated financial statements

1 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK	2019 DKK
Statutory audit services	230,000	192,000
Other services	17,500	100,000
	247,500	292,000

2 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	44,762,563	31,800,817
Pension costs	3,413,097	2,508,271
Other social security costs	1,082,639	508,199
Other staff costs	2,807,544	1,772,697
	52,065,843	36,589,984

Average number of full-time employees	106	85
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	Remuneration of manage- ment 2020 DKK	Remuneration of manage- ment 2019 DKK
Executive Board	1,989,544	1,879,534
	1,989,544	1,879,534

3 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	953,899	738,409
Depreciation on property, plant and equipment	1,874,363	1,100,444
	2,828,262	1,838,853

4 Other financial income

	2020	2019
	DKK	DKK
Other interest income	592,651	283,547
Exchange rate adjustments	329,450	0
	922,101	283,547

5 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	1,186,616	2,343,684
Other interest expenses	2,028,621	594,501
Other financial expenses	0	353,773
	3,215,237	3,291,958

6 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	0	965,700
Change in deferred tax	716,627	173,263
Adjustment concerning previous years	0	(68,281)
	716,627	1,070,682

7 Proposed distribution of profit/loss

	2020	2019
	DKK	DKK
Retained earnings	1,646,109	2,289,748
Minority interests' share of profit/loss	568,086	166,658
	2,214,195	2,456,406

8 Intangible assets

	Goodwill
	DKK
Cost beginning of year	9,538,991
Cost end of year	9,538,991
Amortisation and impairment losses beginning of year	(1,318,575)
Amortisation for the year	(953,899)
Amortisation and impairment losses end of year	(2,272,474)
Carrying amount end of year	7,266,517

9 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	0	6,861,981	995,200
Additions	4,012,050	3,432,045	195,279
Disposals	0	(170,933)	0
Cost end of year	4,012,050	10,123,093	1,190,479
Depreciation and impairment losses beginning of year	0	(2,750,618)	(531,904)
Depreciation for the year	(134,400)	(1,592,910)	(147,053)
Depreciation and impairment losses on assets disposed of	0	82,702	0
Depreciation and impairment losses end of year	(134,400)	(4,260,826)	(678,957)
Carrying amount end of year	3,877,650	5,862,267	511,522
Recognised assets not owned by Entity	0	779,903	0

10 Financial assets

	Investments in associates DKK	Receivables from associates DKK	Deposits DKK
Cost beginning of year	0	0	1,735,000
Addition through business combinations etc	2,396,144	0	0
Additions	0	849,000	167,048
Cost end of year	2,396,144	849,000	1,902,048
Amortisation of goodwill	(5,208)	0	0
Share of profit/loss for the year	375,310	0	0
Dividend	(150,000)	0	0
Revaluations end of year	220,102	0	0
Carrying amount end of year	2,616,246	849,000	1,902,048
Goodwill or negative goodwill recognised during the financial year	84,060		

Associates	Registered in	Ownership %
Agrotek A/S	Hobro	25

11 Prepayments

Prepayments relate to various prepaid items.

12 Deferred tax

	2020	2019
	DKK	DKK
Intangible assets	259,000	191,000
Property, plant and equipment	476,291	233,184
Receivables	231,560	61,000
Provisions	(45,190)	(70,296)
Liabilities other than provisions	(10,000)	8,861
Tax losses carried forward	(113,000)	(339,164)
Other taxable temporary differences	2,551	0
Deferred tax	801,212	84,585

	2020
	DKK
Changes during the year	
Beginning of year	84,585
Recognised in the income statement	716,627
End of year	801,212

13 Non-current liabilities other than provisions

	Due within 12	Due after
	months	more than 12
	2019	2020
	DKK	DKK
Lease liabilities	52,317	675,192
Debt to other credit institutions	495,165	0
Other payables	0	3,895,039
	547,482	4,570,231

14 Changes in working capital

	2020	2019
	DKK	DKK
Increase/decrease in inventories	(79,454,224)	(64,379,157)
Increase/decrease in receivables	12,645,993	(38,489,610)
Increase/decrease in trade payables etc.	(6,191,858)	63,649,584
	(73,000,089)	(39,219,183)

15 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	15,090,478	22,671,590
Of this, liabilities under rental or lease agreements with group enterprises	6,723,774	7,564,246

16 Contingent liabilities

The Group has guaranteed for customers residual value towards financing company who has financed the customers acquisition of machinery. The guarantees amount to DKK 1.985k.

17 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on assets of DKK 12.500 k nominal.

Goods for resale with a booked value of DKK 129.673 k is provided as collateral for trade payables.

Trade payables are secured by the way of mortgage deed of DKK 7.500k nominal. The carrying amount of mortgaged assets is DKK 232.933 K.

Cash of DKK 978 k is pledged as security for a prepayment from a customer.

18 Transactions with related parties

The annual report discloses only transaktions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Raiffeisen Waren GmbH, Kassel, Germany

The consolidated financial statement for the above mentioned company can be requested at: www.raiwa.net

20 Subsidiaries

	Registered in	Corporate form	Ownership %
Askildrup Agro A/S	Randers	A/S	80

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		417,218,503	305,206,561
Other operating income		1,396,259	39,183
Cost of sales		(350,233,415)	(251,352,716)
Other external expenses		(20,703,776)	(14,452,686)
Gross profit/loss		47,677,571	39,440,342
Staff costs	1	(43,260,317)	(32,657,388)
Depreciation, amortisation and impairment losses	2	(2,150,134)	(1,474,884)
Other operating expenses		(1,331,770)	0
Operating profit/loss		935,350	5,308,070
Income from investments in group enterprises		2,012,044	536,482
Income from investments in associates		370,102	0
Other financial income	3	683,846	190,635
Other financial expenses	4	(2,445,446)	(2,919,796)
Profit/loss before tax		1,555,896	3,115,391
Tax on profit/loss for the year	5	90,213	(825,643)
Profit/loss for the year	6	1,646,109	2,289,748

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Goodwill		5,053,953	5,747,550
Intangible assets	7	5,053,953	5,747,550
Land and buildings		3,877,650	0
Other fixtures and fittings, tools and equipment		5,326,456	3,745,976
Leasehold improvements		471,785	315,109
Property, plant and equipment	8	9,675,891	4,061,085
Investments in group enterprises		5,335,426	3,323,382
Investments in associates		2,616,246	0
Receivables from associates		849,000	0
Deposits		1,827,047	1,660,000
Financial assets	9	10,627,719	4,983,382
Fixed assets		25,357,563	14,792,017
Manufactured goods and goods for resale		227,606,356	158,756,827
Inventories		227,606,356	158,756,827
Trade receivables		36,955,260	52,827,131
Contract work in progress		3,668,733	2,717,484
Receivables from group enterprises		28,992,042	21,623,644
Other receivables		19,973,443	15,300,620
Joint taxation contribution receivable		464,213	0
Prepayments	10	2,215,692	330,222
Receivables		92,269,383	92,799,101
Cash		5,661,955	1,745,906
Current assets		325,537,694	253,301,834
Assets		350,895,257	268,093,851

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		7,050,000	7,050,000
Reserve for net revaluation according to the equity method		2,768,628	0
Retained earnings		3,016,196	4,138,715
Equity		12,834,824	11,188,715
Deferred tax	11	813,000	439,000
Provisions		813,000	439,000
Lease liabilities		675,192	305,396
Other payables		3,601,259	1,072,766
Non-current liabilities other than provisions	12	4,276,451	1,378,162
Bank loans		8,558	16,595
Lease liabilities		153,389	52,317
Prepayments received from customers		4,913,206	3,610,341
Trade payables		161,817,235	166,393,551
Payables to group enterprises		158,989,205	79,388,371
Tax payable		0	965,700
Other payables		7,089,389	4,661,099
Current liabilities other than provisions		332,970,982	255,087,974
Liabilities other than provisions		337,247,433	256,466,136
Equity and liabilities		350,895,257	268,093,851
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	7,050,000	0	4,138,715	11,188,715
Transfer to reserves	0	536,482	(536,482)	0
Profit/loss for the year	0	2,232,146	(586,037)	1,646,109
Equity end of year	7,050,000	2,768,628	3,016,196	12,834,824

Notes to parent financial statements

1 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	36,970,186	27,922,014
Pension costs	2,848,770	2,288,305
Other social security costs	995,996	445,921
Other staff costs	2,445,365	2,001,148
	43,260,317	32,657,388
Average number of full-time employees	85	66

2 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	693,597	608,258
Depreciation on property, plant and equipment	1,456,537	866,626
	2,150,134	1,474,884

3 Other financial income

	2020	2019
	DKK	DKK
Other interest income	334,331	190,635
Exchange rate adjustments	329,450	0
Other financial income	20,065	0
	683,846	190,635

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	1,186,616	2,343,684
Other interest expenses	1,255,897	576,112
Other financial expenses	2,933	0
	2,445,446	2,919,796

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	0	965,700
Change in deferred tax	374,000	(142,000)
Adjustment concerning previous years	0	1,943
Refund in joint taxation arrangement	(464,213)	0
	(90,213)	825,643

6 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	1,646,109	2,289,748
	1,646,109	2,289,748

7 Intangible assets

	Goodwill DKK
Cost beginning of year	6,935,974
Cost end of year	6,935,974
Amortisation and impairment losses beginning of year	(1,188,424)
Amortisation for the year	(693,597)
Amortisation and impairment losses end of year	(1,882,021)
Carrying amount end of year	5,053,953

8 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	0	5,178,239	320,450
Additions	4,012,050	2,952,245	195,279
Disposals	0	(170,933)	0
Cost end of year	4,012,050	7,959,551	515,729
Depreciation and impairment losses beginning of year	0	(1,432,263)	(5,341)
Depreciation for the year	(134,400)	(1,283,534)	(38,603)
Reversal regarding disposals	0	82,702	0
Depreciation and impairment losses end of year	(134,400)	(2,633,095)	(43,944)
Carrying amount end of year	3,877,650	5,326,456	471,785
Recognised assets not owned by entity	0	779,903	0

9 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Receivables from associates DKK	Deposits DKK
Cost beginning of year	2,786,900	0	0	1,660,000
Addition through business combinations etc	0	2,396,144	0	0
Additions	0	0	849,000	167,047
Cost end of year	2,786,900	2,396,144	849,000	1,827,047
Revaluations beginning of year	536,482	0	0	0
Amortisation of goodwill	(260,302)	(5,208)	0	0
Share of profit/loss for the year	2,272,346	375,310	0	0
Dividend	0	(150,000)	0	0
Revaluations end of year	2,548,526	220,102	0	0
Carrying amount end of year	5,335,426	2,616,246	849,000	1,827,047
Goodwill or negative goodwill recognised during the financial year	2,212,565	84,060		

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

10 Prepayments

Prepayments relate to various prepaid items.

11 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	259,000	191,000
Property, plant and equipment	458,000	187,000
Receivables	219,000	61,000
Liabilities other than provisions	(10,000)	0
Tax losses carried forward	(113,000)	0
Deferred tax	813,000	439,000

Changes during the year	2020 DKK
Beginning of year	439,000
Recognised in the income statement	374,000
End of year	813,000

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Lease liabilities	675,192
Other payables	3,601,259
	4,276,451

13 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	13,557,278	16,712,795
Of this, liabilities under rental or lease agreements with group enterprises	6,723,774	7,564,246

14 Contingent liabilities

The Entity has guaranteed for customers residual value towards financing company who has financed the customers acquisition of machinery. The guarantees amount to DKK 1.985k.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

15 Assets charged and collateral

Goods for resale with a booked value of DKK 129.673 k is provided as collateral for trade payables.

Certain other fixtures and fittings, tools and equipment have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 778 k.

Trade payables are secured by the way of mortgage deed of DKK 7.500k nominal. The carrying amount of mortgaged assets is DKK 232.933 K.

Cash of DKK 978 k is pledged as security for a prepayment from a customer.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt to bank. The maximum limit of the guarantee is DKK 1.000k. Bank loans of group enterprises amount to DKK 12.424 k.

The Entity has guaranteed group enterprises' real estate lease. The guarantee is maximized to DKK 2.045 k.

16 Related parties with controlling interest

Raiffeisen Waren GmbH, Kassel, Germany holds 80% of the shares in the Company.

17 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

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 to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

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

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-50 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive

obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress 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. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised 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, and finance costs are recognised in the income statement as incurred.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Lease liabilities

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

Operating leases

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and 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 taxes paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.