Westrup A/S

Sorøvej 21, DK-4200 Slagelse

Annual Report for 1 April 2020 - 31 March 2021

CVR No 42 51 40 12

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/8 2021

Jens Løgstrup
Chairman of the General Meeting

Contents

pwc

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Westrup A/S for the financial year 1 April 2020 - 31 March 2021.

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 March 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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.

Slagelse, 2 July 2021

Executive Board

Bo Borne Jørgensen

Board of Directors

Jens Dalsgaard Løgstrup Chairman	Rajendra Badrimarayen Barwale Deputy Chairman	Aashish Rajendra Barwale
Shardul Shivaji Kshisagar	Lars Korsgaard Staff Representative	Jan Steen Christensen Staff Representative

Independent Auditor’s Report

To the Shareholders of Westrup 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 March 2021 and of the results of the Group’s and the Parent Company’s operations and of consolidated cash flows for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Westrup A/S for the financial year 1 April 2020 - 31 March 2021, 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 Financials 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.

Management’s responsibilities for the Financial Statements

Independent Auditor's Report

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 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.

Ringsted, 2 July 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Brian Petersen	Nikolaj Frausing Borch
statsautoriseret revisor	statsautoriseret revisor
mne33722	mne44062

Company Information

The Company	Westrup A/S Sorøvej 21 DK-4200 Slagelse CVR No: 42 51 40 12 Financial period: 1 April - 31 March Municipality of reg. office: Slagelse
Board of Directors	Jens Dalsgaard Løgstrup, Chairman Rajendra Badrimarayen Barwale Aashish Rajendra Barwale Shardul Shivaji Kshisagar Lars Korsgaard Jan Steen Christensen
Executive Board	Bo Borne Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

Financial Highlights

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

	Group				
	2020/21	2019/20	2018/19	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	55.679	58.781	27.263	29.252	25.168
Operating profit/loss	-2.577	-4.166	-10.625	-5.549	-7.674
Net financials	-2.006	-1.618	-1.278	-1.774	-2.858
Net profit/loss for the year	-1.911	-5.221	-10.778	14.817	-10.407
Balance sheet					
Balance sheet total	82.994	79.254	84.411	79.723	79.910
Equity	9.798	11.685	16.892	27.297	10.264
Cash flows					
Cash flows from:					
- operating activities	-1.433	-6.938	-8.369	26.366	-2.165
- investing activities	-541	1.109	-3.746	-3.468	13.267
including investment in property, plant and equipment	-447	257	-1.028	-262	-132
- financing activities	-586	8.049	9.867	-22.216	207
Change in cash and cash equivalents for the year	-2.560	2.220	-2.248	682	11.309
Number of employees	106	111	108	107	98
Ratios					
Return on assets	0,1%	-4,5%	-12,1%	21,9%	-9,6%
Solvency ratio	11,8%	14,7%	20,0%	34,2%	12,8%
Return on equity	-17,8%	-36,5%	-48,8%	78,9%	-78,9%

In connection with changes to accounting policies regarding presentation of the income statement, the comparative figures for 2018/19, 2017/18 and 2016/17 have not been restated. See the description under accounting policies.

Management's Review

Key activities

The activities of the Westrup Group are development, manufacturing and sale of separators and cleaners as well as projects primarily relating to grains and seeds for industrial purposes, ranging from single machines to complete process lines and after sale services.

Development in the year

The income statement of the Group for 2020/21 shows a loss of TDKK 1,911, and at 31 March 2021 the balance sheet of the Group shows equity of TDKK 9,798.

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

This result is a significant improvement from 2019/2020 and a consequence of a focused and harddriven turn around process, that was achieved despite a negative effect from COVID-19 between DKK'000 3,500 and 5,000.

The result contains amortizations and net depreciations of DKK'000 1.889.

The loss before financial income and expenses at DKK'000 -3,604 in 2019/20 has turned into a profit before financial income and expenses at DKK'000 95 in 2020/21. However, the financial expenses have increased because of the loans from the parent company and currency exchange losses. The intercompany interests represent 53% of the total financial costs.

2020/2021 started quote slow due to the Global COVID-19 pandemic and orders came late. However, due to previous years initiatives the order inflow improved as expected forming base for a growth budget for the primary activities in the coming time. The Financial Statements show a loss from the operations of the Group and Parent Company of DKK'000 1.911 compared to a budgeted loss of DKK'000 1.296. The main reasons for the loss were the low activity due to COVID 19 along with the increased financial expenses.

During 2020/2021 the Parent company have continuously shown full support to Westrup by renewing the already existing support letter confirming not to claim payment on it s loan to Westrup.

Operating risks

The Company's most significant operating risk relates to the ability to be strongly positioned in the markets where the products are sold, which is very much the focus of Westrups development strategy.

Management's Review

Foreign exchange risks

Earnings may be affected by changes in exchange rates as some part of the revenue is invoiced in foreign currencies, while costs, including salaries, are paid in DKK or EUR. The majority of the Group's revenue is attributable to other countries than Denmark, mainly the Euro-countries and countries in which the trading currency is USD.

Credit risks

Credit risks related to financial assets correspond to the values recognised in the balance sheet. The Entity has no significant risks relating to individual customers or cooperation partners. The Group's policy for assuming credit risks means that all large customers are credit-rated and insured, or proper payment conditions are established.

Targets and expectations for the year ahead

The expectations for 2021/22 is to continue to strengthen the core business further with increased marked shares and Stabil earnings. The Company expects to further intensify its focus on the development of the market position and representation directly and through partners understanding competition will still be fierce.

The financial year 2021/22 continues dramatically with the COVID-19 still affecting the business environment. However, the turnaround has continued, and Westrup A/S have been shaped to operate under these conditions. The Group expects to pass the break-even point during 2021/2022.

After the balance sheet date, the general price level for many materials as well as a general shortage many parts have affected the general business environment. This have called actions to offset the consequences hereof. Under the new management a drastic restructuring has been carried out, improving the result for 2020/2021 as well as the following years. Therefore, the result for 2021/2022 is expected to be better than 2020/2021 despite of the market conditions.

Research and development

Key focus continues to be development of the sales and product activities in the direction of a broader mix of single machines and projects, along with increased after sales services. The initiatives deliver results and will continue to be powered by further resources and initiatives. A strategy of teaming up with partners around the world will aid the flexibility of Westrup's competences to act and to be more present anywhere in the world continues and start paying off.

Management's Review

External environment

The Group focuses on the proper use of equipment and materials for all materials to be used, stored, and disposed of in accordance with all applicable rules. The primary materials used in Westrup's production are wood and metal, and residual products are sold for recycling. Consequently, the overall impact by Westrup on the environment is minimal, and the Company is constantly focusing on reducing it further, if possible.

Intellectual capital resources

The ambition of being a market leader and at the leading edge of the technological development means that the Group needs employees with in-depth knowledge of products and customer requirements. This places heavy demands on especially the Company in relation to gaining and propagating new knowledge. Furthermore, the individual employee's personal knowledge is decisive.

To continuously supply and develop competitive products and project solutions, it is crucial for the Group to recruit and retain employees with a high knowledge level.

The critical business processes are quality, service, and individual solutions. Ensuring that the customer receives the agreed service requires the individual methods and procedures to be documented and checked with Management involvement. Measurement of whether the business processes work, deadlines are met and quality of delivery in an important indicator.

Subsequent events

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

Income Statement 1 April - 31 March

	Note	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		**55.679**	**58.781**	**51.498**	**56.508**
Staff expenses	2	-53.695	-60.075	-47.148	-54.110
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.889	-2.309	-1.839	-2.309
Profit/loss before financial income and expenses	4	**95**	**-3.603**	**2.511**	**89**
Income from investments in subsidiaries		0	0	-2.586	-3.806
Financial income		0	0	13	29
Financial expenses	5	-2.006	-1.618	-1.849	-1.533
Profit/loss before tax		**-1.911**	**-5.221**	**-1.911**	**-5.221**
Tax on profit/loss for the year		0	0	0	0
Net profit/loss for the year		**-1.911**	**-5.221**	**-1.911**	**-5.221**

Balance Sheet 31 March

Assets

	Note	Group 2020/21 TDKK	Group 2019/20 TDKK	Parent 2020/21 TDKK	Parent 2019/20 TDKK
Completed development projects		2.190	2.464	2.190	2.464
Acquired licenses		1.116	1.499	1.116	1.499
Development projects in progress		0	0	0	0
Intangible assets	6	**3.306**	**3.963**	**3.306**	**3.963**
Land and buildings		30.623	30.622	30.623	30.622
Plant and machinery		773	1.551	738	1.463
Other fixtures and fittings, tools and equipment		519	434	517	434
Property, plant and equipment	7	**31.915**	**32.607**	**31.878**	**32.519**
Investments in subsidiaries	8	0	0	200	4
Fixed asset investments		**0**	**0**	**200**	**4**
Fixed assets		**35.221**	**36.570**	**35.384**	**36.486**
Inventories	9	**18.800**	**20.876**	**18.422**	**20.417**
Trade receivables		20.841	10.960	15.626	8.938
Contract work in progress	10	1.122	23	1.122	23
Receivables from group enterprises		0	0	2.315	1.667
Receivables from associates		28	66	28	66
Other receivables		1.165	751	1.100	624
Prepayments	11	978	2.609	693	1.618
Receivables		**24.134**	**14.409**	**20.884**	**12.936**
Cash at bank and in hand		**4.839**	**7.399**	**3.685**	**5.147**
Currents assets		**47.773**	**42.684**	**42.991**	**38.500**
Assets		**82.994**	**79.254**	**78.375**	**74.986**

Balance Sheet 31 March

Liabilities and equity

	Note	Group 2020/21 TDKK	Group 2019/20 TDKK	Parent 2020/21 TDKK	Parent 2019/20 TDKK
Share capital		34.040	34.040	34.040	34.040
Revaluation reserve		4.589	4.620	4.589	4.620
Reserve for development costs		1.708	1.923	1.708	1.923
Reserve for exchange rate conversion		24	0	0	0
Retained earnings		-30.563	-28.898	-30.539	-28.898
Equity		**9.798**	**11.685**	**9.798**	**11.685**
Provisions relating to investments in group enterprises		0	0	558	0
Other provisions	13	975	1.828	912	1.796
Provisions		**975**	**1.828**	**1.470**	**1.796**
Mortgage loans		9.777	10.614	9.777	10.614
Other payables		5.847	2.865	5.846	2.865
Long-term debt	14	**15.624**	**13.479**	**15.623**	**13.479**
Mortgage loans	14	844	869	844	869
Credit institutions		2	2	0	0
Lease obligations		17	0	17	0
Prepayments received from customers		8.487	6.817	4.874	3.642
Trade payables		10.348	8.825	10.189	8.707
Contract work in progress, liabilities	10	7.295	9.150	7.295	9.150
Payables to group enterprises		19.198	19.186	19.198	19.273
Payables to associates		696	449	696	449
Other payables	14	9.710	6.964	8.371	5.936
Short-term debt		**56.597**	**52.262**	**51.484**	**48.026**
Debt		**72.221**	**65.741**	**67.107**	**61.505**
Liabilities and equity		**82.994**	**79.254**	**78.375**	**74.986**

Balance Sheet 31 March

Liabilities and equity

	Note
Going concern	1
Distribution of profit	12
Contingent assets, liabilities and other financial obligations	17
Related parties	18
Accounting Policies	19

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	34.040	4.620	1.923	0	-28.898	11.685
Exchange adjustments relating to foreign entities	0	0	0	24	0	24
Depreciation, amortisation and impairment for the year	0	-31	-215	0	246	0
Net profit/loss for the year	0	0	0	0	-1.911	-1.911
Equity at 31 March	**34.040**	**4.589**	**1.708**	**24**	**-30.563**	**9.798**

Parent

	Share capital	Revaluation reserve	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 April	34.040	4.620	1.923	0	-28.898	11.685
Exchange adjustments relating to foreign entities	0	0	0	0	24	24
Depreciation, amortisation and impairment for the year	0	-31	-215	0	246	0
Net profit/loss for the year	0	0	0	0	-1.911	-1.911
Equity at 31 March	**34.040**	**4.589**	**1.708**	**0**	**-30.539**	**9.798**

Cash Flow Statement 1 April - 31 March

	Note	Group 2020/21	Group 2019/20
		TDKK	TDKK
Net profit/loss for the year		-1.911	-5.221
Adjustments	15	3.921	3.671
Change in working capital	16	-1.435	-4.220
Cash flows from operating activities before financial income and expenses		**575**	**-5.770**
Financial income		0	1
Financial expenses		-2.008	-1.616
Cash flows from ordinary activities		**-1.433**	**-7.385**
Corporation tax paid		0	447
Cash flows from operating activities		**-1.433**	**-6.938**
Purchase of intangible assets		-94	852
Purchase of property, plant and equipment		-447	257
Cash flows from investing activities		**-541**	**1.109**
Repayment of mortgage loans		-862	-867
Repayment of payables to group enterprises		0	-10
Lease obligations incurred		17	0
Raising of loans from group enterprises		12	8.896
Raising of loans from associates		247	30
Cash flows from financing activities		**-586**	**8.049**
Change in cash and cash equivalents		**-2.560**	**2.220**
Cash and cash equivalents at 1 April		7.399	5.179
Cash and cash equivalents at 31 March		**4.839**	**7.399**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		4.839	7.399
Cash and cash equivalents at 31 March		**4.839**	**7.399**

Notes to the Financial Statements

1 Going concern

Despite the negative result for 2020/21 the Groups liquidity is strong and Management expects positive cash-flows from 2021/22. Furthermore, the Parent has issued a letter of support whereby it declares to not reclaim its receivable of TDKK 19.198 during the 2021/22 financial year.

2 Staff expenses

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	50.116	56.038	44.453	50.646
Pensions	2.000	2.216	1.936	2.133
Other social security expenses	784	940	784	920
Other staff expenses	795	881	-25	411
	53.695	**60.075**	**47.148**	**54.110**
Including remuneration to the Executive Board and Board of Directors	**1.538**	**2.330**	**1.538**	**2.330**
Average number of employees	**106**	**111**	**95**	**101**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	752	752	752	752
Depreciation of property, plant and equipment	1.137	1.557	1.087	1.557
	1.889	**2.309**	**1.839**	**2.309**

4 Special items

COVID-19 aid packages	2.627	0	2.627	0
	2.627	**0**	**2.627**	**0**

COVID-19 aid packages received have been presented under Other income, which is aggregated as part of gross profit/loss.

Notes to the Financial Statements

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
5 Financial expenses				
Interest paid to group enterprises	1.072	965	1.072	965
Other financial expenses	652	546	495	432
Exchange loss	282	107	282	136
	2.006	**1.618**	**1.849**	**1.533**

6 Intangible assets

Group

	Completed development projects	Acquired licenses	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 April	2.745	7.278	871
Additions for the year	2	93	0
Cost at 31 March	2.747	7.371	871
Transfers for the year	0	0	0
Revaluations at 31 March	0	0	0
Impairment losses and amortisation at 1 April	281	5.779	871
Amortisation for the year	276	476	0
Impairment losses and amortisation at 31 March	557	6.255	871
Carrying amount at 31 March	**2.190**	**1.116**	**0**
Amortised over	3-10 years	3-5 years	
Interest expenses recognised as part of cost	26	0	0

During the year, initiatives have continued from the previous year, now with increased focus on selling the launched new products. In the coming year, new products will be launched, and the continued development of the sale of new products will be further intensified.

Finished development projects are transferred to completed development projects and are depreciated over a period of 3-10 years considering the individual product.

Notes to the Financial Statements

Parent

	Completed development projects	Acquired licenses	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 April	2.745	7.278	871
Additions for the year	2	93	0
Cost at 31 March	2.747	7.371	871
Impairment losses and amortisation at 1 April	281	5.779	871
Amortisation for the year	276	476	0
Impairment losses and amortisation at 31 March	557	6.255	871
Carrying amount at 31 March	**2.190**	**1.116**	**0**
Amortised over	3-10 years	3-5 years	
Interest expenses recognised as part of cost	26	0	0

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 April	44.215	12.851	6.788
Additions for the year	110	60	276
Disposals for the year	0	-125	-34
Cost at 31 March	44.325	12.786	7.030
Revaluations at 1 April	25.255	0	0
Revaluations at 31 March	25.255	0	0
Impairment losses and depreciation at 1 April	38.847	11.300	6.354
Depreciation for the year	110	838	189
Reversal of impairment and depreciation of sold assets	0	-125	-32
Impairment losses and depreciation at 31 March	38.957	12.013	6.511
Carrying amount at 31 March	**30.623**	**773**	**519**
Revaluation less amortisation, depreciation and impairment losses	5.883	0	0
Carrying amount at 31 March before revaluations	**24.740**	**773**	**519**

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Depreciated over	15-50 years	5-10 years	3-5 years

Management have prepared a valuation of Land and buildings using a net rental income model. The key assumptions of the model are based on the latest independent assessment of the market value performed in 2017. The key assumptions are as follows:

- Markent rent per square meter is estimated at DKK 325.
- Estimated cost of rental is based on an average of historical cost levels.
- Expected return is estimated at 8 %.

To account for any uncertainties Management has made a cut of 10 % in the calculated value. The value as per Managements valuation does not differ susbtantially from the net book value at 31 March 2021, as such, no revaluation have been booked this year.

Sensitivity analysis:
-If the expected return is changed by +-0,5 %-points, the calculated value of Land and buildings will change approximately DKK 1,8-2 million.
- If the assumption in market rent is changed +- DKK 25 per square meter (7,7 %), the calculated value of Land and buildings will change approximately DKK 3.4 million.

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 April	44.215	12.689	6.366
Additions for the year	110	60	276
Disposals for the year	0	0	-34
Kostpris at 31 March	44.325	12.749	6.608
Revaluations at 1 April	25.255	0	0
Revaluations at 31 March	25.255	0	0
Impairment losses and depreciation at 1 April	38.847	11.226	5.932
Depreciation for the year	110	785	189
Reversal of impairment and depreciation of sold assets	0	0	-30
Impairment losses and depreciation at 31 March	38.957	12.011	6.091
Carrying amount at 31 March	**30.623**	**738**	**517**
Opskrivninger med fradrag af foretagne af- og nedskrivninger	5.883	0	0
Carrying amount at 31 March before revaluations	**24.740**	**738**	**517**
Depreciated over	15-50 years	5-10 years	3-5 years

Notes to the Financial Statements

		Parent	
		2020/21	2019/20
		TDKK	TDKK
8	**Investments in subsidiaries**		
	Cost at 1 April	7.653	7.653
	Additions for the year	744	0
	Cost at 31 March	8.397	7.653
	Value adjustments at 1 April	-9.554	-5.759
	Exchange adjustment	24	12
	Net profit/loss for the year	-2.584	-3.807
	Value adjustments at 31 March	-12.114	-9.554
	Equity investments with negative net asset value amortised over receivables	3.359	1.905
	Equity investments with negative net asset value transferred to provisions	558	0
	Carrying amount at 31 March	**200**	**4**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Westrup France S.A.	St Melaine, France	371.865	100%
Westrup Inc	USA	6.343	100%
Westrup Anlagenbau GmbH	Hamburg, Germany	185.933	100%

		Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
9	**Inventories**				
	Raw materials and consumables	9.029	11.059	9.029	11.059
	Work in progress	6.083	7.133	6.083	7.133
	Finished goods and goods for resale	3.688	2.684	3.310	2.225
		18.800	**20.876**	**18.422**	**20.417**

Notes to the Financial Statements

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
10 Contract work in progress				
Selling price of work in progress	35.261	25.213	35.261	25.213
Payments received on account	-41.434	-34.340	-41.434	-34.340
	-6.173	**-9.127**	**-6.173**	**-9.127**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	1.122	23	1.122	23
Prepayments received recognised in debt	-7.295	-9.150	-7.295	-9.150
	-6.173	**-9.127**	**-6.173**	**-9.127**

11 Prepayments

Prepayments are comprised of prepaid expenses regarding rent, insurance etc.

	Parent	
	2020/21	2019/20
	TDKK	TDKK
12 Distribution of profit		
Retained earnings	-1.911	-5.221
	-1.911	**-5.221**

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK

13 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims as follows:

Other provisions	975	1.828	912	1.796
	975	**1.828**	**912**	**1.796**

14 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	5.734	7.167	5.734	7.167
Between 1 and 5 years	4.043	3.447	4.043	3.447
Long-term part	9.777	10.614	9.777	10.614
Within 1 year	844	869	844	869
	10.621	**11.483**	**10.621**	**11.483**
Other payables				
Between 1 and 5 years	5.847	2.865	5.846	2.865
Long-term part	5.847	2.865	5.846	2.865
Other short-term payables	9.710	6.964	8.371	5.936
	15.557	**9.829**	**14.217**	**8.801**

Notes to the Financial Statements

	Group	
	2020/21	2019/20
	TDKK	TDKK
15 Cash flow statement - adjustments		
Financial expenses	2.006	1.618
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.891	2.041
Other adjustments	24	12
	3.921	**3.671**

16 Cash flow statement - change in working capital		
Change in inventories	2.077	-1.792
Change in receivables	-9.724	4.938
Change in other provisions	-852	-372
Change in trade payables, etc	7.064	-6.994
	-1.435	**-4.220**

Notes to the Financial Statements

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK

17 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	30.623	30.622	30.623	30.622

Bank debt are secured by way of mortgage deed registered to the mortgagor on properties of TDKK 10.000 on properties.

The Group and Parent have signed the usual performance guarantees etc.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	975	970	498	574
Between 1 and 5 years	1.292	1.272	592	1.011
After 5 years	25	0	0	0
	2.292	**2.242**	**1.090**	**1.585**

Other contingent liabilities

The Parent Company has issued a letter of support towards the subsidiary Westrup Anlagenbau GmbH, whereby it undertakes an obligation provide the subsidiary with any cash neccesary for the subsidiary to meet its financial obligation or continue operating.

18 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. All transactions have been carried out under the arm'slength principle.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Mahyco Private Limited, Mumbai India, owns 100 % of the shares of the Company

Consolidated Financial Statements

Name and registered office of the Parent Company preparing consolidated financial statements for the largest and the smallest group:

Name	Place of registered office
Mahyco Private Limited	Mumbai India

The consolidated financial statements for Mahyco Private Limited can be obtained by contacting the Management of Westrup.

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Westrup A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in TDKK.

Changes in accounting policies

Management has decided to alter the presentation form of the income statement, from functionally divided to divided by type of cost. Comparative figures have been restated accordingly. There have been no impact on profit/loss for the year or equity.

The change is done so that the annual report better reflects the Groups internal reporting structure.

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, Westrup 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 Compa-

Notes to the Financial Statements

19 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

19 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.

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 Company. Revenue from the sale of services is recognised inthe income statement when delivery is made to the buyer.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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 for the year.

Notes to the Financial Statements

19 Accounting Policies (continued)

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

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.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Balance Sheet

Intangible assets

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

On acquisition land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost comprising the acquisition price and costs of acquisition.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period. All other finance costs are recognised in the income statement.

After the initial recognition land and buildings are measured at fair value. Adjustments to the fair value are recognised directly in equity.

The fair value of land and buildings has been determined by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of

19 Accounting Policies (continued)

the properties. See note 6 for details regarding the assumptions applied.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

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

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

Production buildings	15-50	years
Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	3-5	years

The residual values are estimated at the following percentage of the cost:

Production Buildings	40 %

The residual value of other fixed assets is determined at nil.

Land is not depreciated.

Depreciation period and residual value are reassessed annually.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

Inventories

Inventories are measured at the lower of cost under the FIFO method, as well as weighted average prices 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.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Impairment losses are recognised on slow-moving items.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

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 comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

When it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Notes to the Financial Statements

19 Accounting Policies (continued)

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, including the tax base of tax loss carry-forwards, 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.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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 assets, 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

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$