

Kramp Danmark A/S

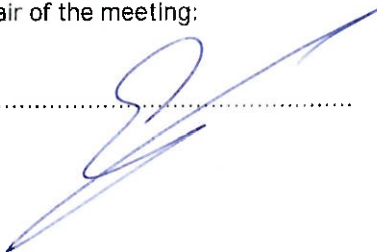
Kobbervej 6, 6900 Skjern

CVR no. 45 80 39 10

Annual report 2022

Approved at the Company's annual general meeting on

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	12
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes to the financial statements	16

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kramp Danmark A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Skjern, 6 June 2023
Executive Board:



Stefan Garsdal



Markus Carolus Weetink

Board of Directors:



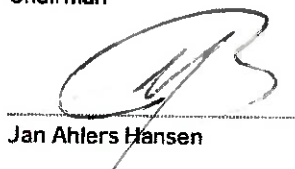
Rutger Bruijnen
Chairman



Stefan Garsdal



Markus Carolus Weetink



Jan Ahlers Hansen



Knud Morten Esmarch
Pedersen

Independent auditor's report

To the shareholder of Kramp Danmark A/S

Opinion

We have audited the financial statements of Kramp Danmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 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 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 as to 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 the 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 internal control.

Independent auditor's report

- ▶ 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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Herning, 6 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Niels J. Jørgensen
State Authorised Public Accountant
mne8217


Jesper Stier
State Authorised Public Accountant
mne42245

Management's review

Company details

Name Kramp Danmark A/S
Address, Postal code, City Kobbervvej 6, 6900 Skjern

CVR no. 45 80 39 10
Established 4 April 1945
Registered office Ringkøbing-Skjern
Financial year 1 January - 31 December

Website www.kramp.com

Board of Directors Rutger Bruijnen, Chairman
Stefan Garsdal
Markus Carolus Weetink
Jan Ahlers Hansen
Knud Morten Esmarch Pedersen

Executive Board Stefan Garsdal
Markus Carolus Weetink

Auditors EY Godkendt Revisionspartnerselskab
Dalgasgade 27, 3. sal, 7400 Herning, Denmark

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
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Key figures

Revenue	488,066	474,031	445,106	437,138	443,179
Gross profit	119,301	119,921	109,477	114,306	125,642
Net financials	-1,535	-3,038	-342	-544	-1,220
Profit before tax	12,818	12,268	11,934	12,327	20,769
Profit for the year	9,470	9,528	9,286	9,585	16,154

Total assets	165,848	176,735	185,016	184,886	247,799
Investments in property, plant and equipment	0	0	0	0	0
Share capital	20,000	20,000	20,000	20,000	20,000
Equity	86,969	83,745	83,125	82,879	112,613
Non-current liabilities	23,051	28,099	36,472	43,302	45,904
Current liabilities	55,828	64,891	65,419	58,705	89,282

Financial ratios

Operating margin	2.9%	3.2%	2.8%	2.9%	5.0%
Gross margin	24.4%	25.3%	24.6%	26.1%	28.4%
Current ratio	135.7%	120.6%	124.2%	123.9%	142.0%
Equity ratio	52.4%	47.4%	44.9%	44.8%	45.4%
Return on equity	11.1%	11.4%	11.2%	9.8%	15.5%

Average number of full-time employees	185	190	181	195	204
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The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Data ethics

Kramp has in 2022 established a policy for data ethics based on our values and the Data Ethics Compass from the Data Ethics Council and has a special focus on data ethics principles and responsibility.

The policy for data ethics is available on [Kramp.com](https://www.kramp.com).

Business review

Kramp Danmark A/S' principal activity is sales of spare and wearing parts, technical articles and accessories for agriculture and industry and owned by Kramp Group B.V, the largest specialist in the agricultural industry. With more than 500.000 products available online of which 330.000 products can be delivered immediately, 12 distribution centers and 24 sales offices throughout Europe, Kramp is an essential partner for our customers and supplier.

Financial review

2022 was a year influenced by unexpected events with the war in Ukraine, high inflation, and energy crises. Covid-19 was in the beginning of 2022 still active but did not have notable impact and the warehouse was in the period open and employees in the office worked from home.

In 2022 did Kramp complete the transition to [Mayker.com](https://www.mayker.com) and offering the Farmers a 24/7 online service and thereby strengthen the cooperation with the Farmers and Dealers.

Kramp Danmark A/S generated revenue in 2022 of DKK 488 mill (2021: DKK 474 mill) an increase of 3% compared to 2021. Profit for the year amounted to DKK 9,5 million (2021: DKK 9,5 mill) and was considered satisfactory based on the external factor of the war and high inflation. At year-end, equity totaled DKK 87 million (2021: DKK 84 million).

Knowledge resources

Being a commercial and service business, the company's most important resources are the knowledge and know-how of employees. It is therefore of the utmost importance to maintain and develop employee skills in terms of products and the market, but also to maintain and develop managerial skills.

Through the Kramp Academy, Kramp Danmark A/S provides an internal and external training program covering all employee groups in the company. In addition, here to, individual training and development is being prioritized.

Financial risks and use of financial instruments

To the Management's discretion, no special risks apart from any generally occurring risks are incumbent on the company.

Impact on the external environment

The company has no environmental heavy production, and therefore no special environmental measures have been implemented.

Research and development activities

Since the company is predominantly selling commercial items, no actual research and development activities take place, but the company's range of products is being updated.

Foreign branches

The company has no foreign branches.

Management's review

Statutory CSR report

Business review

See section 'Business review' on page 7.

Sustainability

In 2021 Kramp Group has performed a materiality analysis to determine which CSR aspects are most relevant for us. In this process 40 Kramp employees were interviewed, over 25 employees worked in 3 working groups and there were several board meetings.

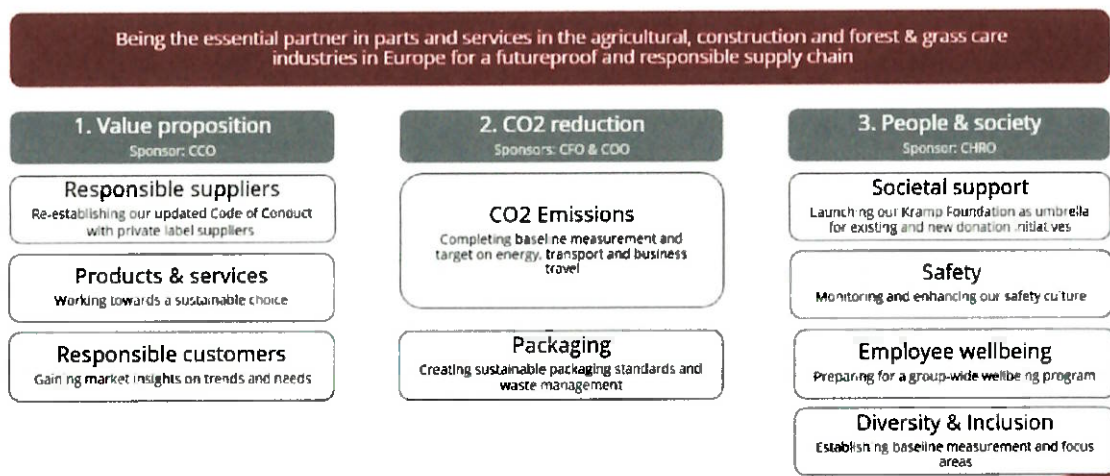
The outcome of the analysis was a new vision of Kramp which now includes sustainability: 'Being the essential partner in parts and services in the agricultural, construction and forest & grass care industries in Europe for a futureproof and responsible supply chain.'

To achieve this vision, we are working on multiple initiatives in three main pillars that are relevant for our industry:

1. The Value Proposition
2. CO2 reduction
3. People and Society

For each pillar one or more of the Executive Boards members are the sponsors. And for each initiative we have clearly defined who the owner is. You can find an overview of the pillars, the initiatives and the targets that are in our OGSM below:

In All these initiatives we are making good progress.



Management's review

Value Proposition

Policy

Kramp Danmark A/S is committed to support and respect the internationally proclaimed human rights as specified in the international bill of human rights and the core labor conventions of the International Labour Organization (ILO).

The human rights work of the company focuses on supply chain management, as this area poses the highest risk of negatively affecting human rights.

Risk, actions and results

The main risk of potentially violating human rights is considered to be within the supply chain of Kramp Danmark A/S. To minimize risks related to human rights, environmental conditions and corruption of suppliers, Kramp has developed a Code of Conduct that all suppliers must comply with. The Code of Conduct is a part of the standard supplier agreement.

In 2022 Kramp Danmark A/S has continued the process of sending the Code of Conduct to new suppliers. All of Kramp Danmark A/S' suppliers have received Kramp's Code of Conduct, and 19.8% have signed the Code of Conduct.

Kramp Danmark will continue to make sure that all the suppliers follow the Code of Conduct.

In the meanwhile, we are in the process of updating the supplier code of conduct.

Kramp are working together with experts in this field to make sure our new code of conduct is aligned with the OECD guidelines for Due Diligence and the regulations of the International Labour Organization (ILO).

Our CSR team and procurement department have audited twenty suppliers of our private label products in five high risk countries (Turkey, India, Korea, Vietnam and Cambodia).

Social & Labor Conditions

Policy

The employees in the company are the most important asset. Therefore, Kramp Danmark A/S is committed to support a safe and healthy work environment with reduced risk of work-related accidents and injuries. Furthermore, the company is convinced that a high degree of diversity in management, sales, production, and development functions will create commercial, professional and social value. Working to increase diversity related to gender, age and cultural backgrounds at all levels in the organization is therefore also a focus area.

Risk, actions and results

Kramp Danmark A/S' main risks related to social and labor conditions are assessed to be related to the distribution centers, where there is a risk of work-related accidents. To handle this risk and ensure systematic work to reduce the risk of occupational accidents, Kramp Danmark A/S has in 2022 continued working with special focus on nearby incidents. The company has a target of zero accidents and focuses on learning from nearby incidents to prevent future accidents. In 2022, a total of 7 accidents were registered. To increase focus on Health & Safety (H&S), Kramp Danmark A/S continued the preventive approach to work with injuries by adding more resources and with daily H&S meeting in Operations and rest of the organization. The program is also connected to the Kramp Group H&S community.

Kramp will continue to register the incidents, perform root cause analysis and take all necessary actions to reduce them.

Management's review

Climate

Climate

As a commercial and service company, Kramp Danmark A/S is aware of the natural footprint on the climate through its business activities. However, the company strives to minimize its climate impact by optimizing its energy efficiency and reducing CO₂ emissions from own operations. On Group level a CSR function was in 2022 established and Kramp Danmark will going forward be an integrated part of group activities.

Actions and results

Kramp Danmark A/S has an ongoing focus on improvement projects, which has helped to reduce the environmental impact of business activities. In 2020, the report from Energisyn displayed areas where a change in setup and electrical engines can improve and reduce energy consumption. The last part of the recommendations from the Energisyn report was activated late 2022 as a contract with Skjern Fjernvarme was signed for changing from gas heating to district heating in Q1 2023. A new report will be initiated in 2023, to identify if there is new potential.

Environment

Policy and risk

Kramp Danmark A/S strives to minimize its environmental footprint through a continuous focus on resource optimization in the distribution centers and operations. The environmental work focuses on waste handling processes as this is believed to be the area with the largest risk of negatively impacting the environment. During 2022 preparations are done to meet the new waste handling legislation and waste reporting, starting from January 2023.

Actions and results

Kramp has completed our CO₂ footprint for scopes one and two of the Greenhouse Gas Protocol. We are also contacting our partners that are in scope three for their CO₂ numbers.

The company continuously works on minimizing waste and optimizing waste handling processes. New contracts with waste handling companies have been established with effect from January 2023. The focus on recycling has been improved, especially focus on wood and cardboard products.

Anti-corruption

Policy and risk

Kramp Danmark A/S is committed to uphold a high degree of business ethics in all markets in which the company operates. This includes working against corruption in all its forms. Expectations regarding anti-corruption are specified in the Code of Conduct for employees, which all employees are expected to be familiar with and comply with. Employees do not receive payment, gifts or other forms of reimbursement from third parties that may affect or raise doubts about impartiality in connection with business decisions.

Actions and results

In Kramp Danmark A/S, the primary risks of corruption and unethical business conduct are considered to be within procurement, sales and logistics functions. This is mainly due to the on-going business activities of these functions, which require close contact with suppliers, customers, etc. To ensure that employees work out of Kramp Danmark A/S' principles, the company has an anti-corruption policy in the Code of Conduct as well as a reporting setup where employees can report behavior that does not comply with the Code of Conduct. The Code of Conduct is handed out to new employees during the onboarding process. 2022 and the process will continue in 2023.

A whistle-blower agreement is established in 2021 and no breaches with the Code of Conduct have been identified in 2022.

Management's review

Account of the gender composition of Management

Kramp Danmark A/S is aware of the importance of promoting diversity at management level and within the Board of Directors. The company has a fixed gender composition target to maintain at least one of each gender among the members of the board of directors elected by the general meeting.

At the end of 2022, the board of directors, elected by the general meeting, consisted of three men and zero women. The target is, to have at least one woman nominated for the board of directors, elected by the general meeting, before the end of 2023 or at the next election, considering, that a woman with the necessary competencies and experience is found.

At the end of 2022, the company's top management level consisted of three men and one woman. The target for women in the company's top management level, that women represent at least 25% before the end of 2022 is met. Top management is defined as the country leads in Denmark for Sales, Operations, HR and Finance.

To promote and increase the number of women in management, the company has set as a target, that all internal and external recruitments for open management positions includes at least one female candidate with the needed qualifications.

In 2022 women represents 32% of management and with a target of 35% in 2023. Management is defined as employees with managerial responsibility and calculated in FTE.

Events after the balance sheet date

The war in Ukraine and the inflation has in Q1 2023 an effect on the result and the influence on the full year effect will depend on how long the war will continue.

Besides the abovementioned, the management is not aware of events occurring after the balance sheet date, which are expected to have material impact on the company's financial position or outlook.

Outlook

Kramp has confidence in the agriculture sector and in the solutions we can offer. We look to the future positively and optimistically. With the constant focus on new web technologies, Kramp wants to strengthen the cooperation with suppliers, manufactures, dealers and farmers.

Even though the situation in the world in 2023 remains unpredictable and volatile. Kramp has a clear plan for our Strategy 2025 where we want to grow and strengthen our position in our core market, agriculture, through continuous improvement of our value proposition, performance, and customer experience.

For 2023, we expect an increase in market share and a turnover growth of 3-5% and EBT increase on the level of turnover.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
3	Revenue	488,066	474,031
	Cost of sales	-315,034	-310,203
5	Other operating income	0	172
4	Other external expenses	-53,731	-44,079
	Gross profit	119,301	119,921
6	Staff costs	-95,225	-94,205
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-9,723	-10,410
	Profit before net financials	14,353	15,306
7	Financial income	1,324	756
8	Financial expenses	-2,859	-3,794
	Profit before tax	12,818	12,268
9	Tax for the year	-3,348	-2,740
	Profit for the year	9,470	9,528

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2022</u>	<u>2021</u>
	ASSETS		
	Non-current assets		
10	Intangible assets		
	Acquired intangible assets	300	356
	Goodwill	3,132	3,677
		<u>3,432</u>	<u>4,033</u>
11	Property, plant and equipment		
	Land and buildings	76,357	78,394
	Plant and machinery	9,974	15,712
	Fixtures and fittings, other plant and equipment	311	327
	Property, plant and equipment under construction	0	19
		<u>86,642</u>	<u>94,452</u>
	Total non-current assets	<u>90,074</u>	<u>98,485</u>
	Current assets		
	Receivables		
	Trade receivables	70,676	60,484
	Receivables from group enterprises	3,764	16,854
	Other receivables	3	160
12	Prepayments	642	707
		<u>75,085</u>	<u>78,205</u>
	Cash	689	45
	Total current assets	<u>75,774</u>	<u>78,250</u>
	TOTAL ASSETS	<u><u>165,848</u></u>	<u><u>176,735</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	20,000	20,000
	Hedging reserve	-402	-2,156
	Retained earnings	57,371	57,901
	Dividend proposed	10,000	8,000
	Total equity	86,969	83,745
	Liabilities		
14	Non-current liabilities		
15	Deferred tax	10,044	10,773
	Mortgage debt	13,007	17,326
	Total non-current liabilities	23,051	28,099
	Current liabilities		
	Mortgage debt	4,367	4,642
	Bank debt	0	9,600
	Trade payables	30,960	29,518
	Corporation tax payable	710	735
	Other payables	19,791	20,396
	Total current liabilities	55,828	64,891
	Total liabilities	78,879	92,990
	TOTAL EQUITY AND LIABILITIES	165,848	176,735

- 1 Accounting policies
- 2 Events after the balance sheet date
- 17 Contractual obligations and contingencies, etc.
- 18 Collateral
- 19 Related parties
- 20 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
		20,000	-3,248	56,373	10,000	83,125
20	Transfer, see "Appropriation of profit"	0	0	1,528	8,000	9,528
	Adjustment of hedging instruments at fair value	0	1,092	0	0	1,092
	Dividend distributed	0	0	0	-10,000	-10,000
	Equity at 1 January 2022	20,000	-2,156	57,901	8,000	83,745
20	Transfer, see "Appropriation of profit"	0	0	-530	10,000	9,470
	Adjustment of hedging instruments at fair value	0	1,754	0	0	1,754
	Dividend distributed	0	0	0	-8,000	-8,000
	Equity at 31 December 2022	20,000	-402	57,371	10,000	86,969

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Kramp Danmark A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company KRAMP Groep B.V.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
Goodwill	7 years
Buildings	25-50 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	3-7 years
Installations	7-10 years

Land is not depreciated.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes of value.

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

There are no material events after the balance sheet date.

DKK'000	2022	2021
3 Segment information		
Breakdown of revenue by business segment:		
Sale of goods and service, agro	374,676	331,043
Sale of goods and services, industry	113,390	142,988
	<u>488,066</u>	<u>474,031</u>
Breakdown of revenue by geographical segment:		
Sale of goods and services, Denmark	485,910	470,261
Sale of goods and service, abroad	2,156	3,770
	<u>488,066</u>	<u>474,031</u>

4 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for KRAMP Group B.V.

5 Other operating income

Other operating income includes gains on the sale of fixed assets, rental income and re-invoicing of IT costs and administration fees to group entities.

In addition, the item includes income from the lease of the Company's property to external lessees.

6 Staff costs

Wages/salaries	87,429	85,838
Pensions	6,940	6,913
Other social security costs	856	1,454
	<u>95,225</u>	<u>94,205</u>

Average number of full-time employees

185	<u>190</u>
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Remuneration to members of Management:

Executive Board	3,514	3,204
Board of Directors	0	0
	<u>3,514</u>	<u>3,204</u>

7 Financial income

Interest receivable, group entities	0	546
Other financial income	1,324	210
	<u>1,324</u>	<u>756</u>

8 Financial expenses

Interest expenses, group entities	9	0
Other financial expenses	2,850	3,794
	<u>2,859</u>	<u>3,794</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021
9 Tax for the year		
Estimated tax charge for the year	4,008	3,671
Deferred tax adjustments in the year	-1,223	-931
Tax adjustments, prior years	563	0
	<u>3,348</u>	<u>2,740</u>

10 Intangible assets

DKK'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2022	47,085	4,121	51,206
Additions	0	192	192
Cost at 31 December 2022	<u>47,085</u>	<u>4,313</u>	<u>51,398</u>
Impairment losses and amortisation at 1 January 2022	46,729	444	47,173
Amortisation for the year	56	737	793
Impairment losses and amortisation at 31 December 2022	<u>46,785</u>	<u>1,181</u>	<u>47,966</u>
Carrying amount at 31 December 2022	<u>300</u>	<u>3,132</u>	<u>3,432</u>

11 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	133,570	143,726	15,882	19	293,197
Additions	1,010	0	109	0	1,119
Transferred	0	19	0	-19	0
Cost at 31 December 2022	<u>134,580</u>	<u>143,745</u>	<u>15,991</u>	<u>0</u>	<u>294,316</u>
Impairment losses and depreciation at 1 January 2022	55,176	128,014	15,555	0	198,745
Depreciation	3,047	5,757	125	0	8,929
Impairment losses and depreciation at 31 December 2022	<u>58,223</u>	<u>133,771</u>	<u>15,680</u>	<u>0</u>	<u>207,674</u>
Carrying amount at 31 December 2022	<u>76,357</u>	<u>9,974</u>	<u>311</u>	<u>0</u>	<u>86,642</u>

Note 18 provides more details on security for loans, etc. as regards property, plant and equipment.

Financial statements 1 January - 31 December

Notes to the financial statements

12 Prepayments

Prepayments include leasing (DKK 186 thousand) and other expenses relating to subsequent financial years.

DKK'000	<u>2022</u>	<u>2021</u>
13 Share capital		
Analysis of the share capital:		
20,000 shares of DKK 1,000.00 nominal value each	<u>20,000</u>	<u>20,000</u>
	<u>20,000</u>	<u>20,000</u>

All shares are ranked equally.

The Company's share capital has remained DKK 20,000 thousand over the past 5 years.

14 Non-current liabilities

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	10,044	0	10,044	0
Mortgage debt	17,374	4,367	13,007	0
	<u>27,418</u>	<u>4,367</u>	<u>23,051</u>	<u>0</u>

15 Deferred tax

Deferred tax at 1 January	10,773	11,396
Adjustment for the year of deferred tax	<u>-729</u>	<u>-623</u>
Deferred tax at 31 December	<u>10,044</u>	<u>10,773</u>
Deferred tax relates to:		
Property, plant and equipment	<u>10,044</u>	<u>10,773</u>
	<u>10,044</u>	<u>10,773</u>

16 Derivative financial instruments

Interest rate risks

The Group hedges interest rate risks through interest rate swaps whereby floating interest payments are rescheduled into fixed interest payments.

The fair value of the interest swap is DKK 516 thousand at balance date, the tax effect hereof is DKK 114 thousand, the principal amount is DKK 17,704 thousand. The value adjustment recognised in equity is DKK 402 thousand.

Financial statements 1 January - 31 December

Notes to the financial statements

17 Contractual obligations and contingencies, etc.

Other financial obligations

Lease liabilities include operating leases for cars, totalling DKK 5,313 thousand, with remaining contract terms of 1-4 years. DKK 1,717 thousand is due within a year from the balance date.

18 Collateral

As security for the Company's debt to mortgage, Land and buildings at a carrying amount of DKK 76,357 thousand at 31 December 2022 have been put up as security for debt to mortgage credit institutions, totalling DKK 17,374 thousand.

The company has provided a guarantee of payment for Kramp Groep B.V.'s bank engagement limited to EUR 0 thousand.

As security for the Company's debt to banks, totalling DKK 0 thousand at 31 December 2022, the Company has provided security or other collateral in its assets with a carrying amount of DKK 3,120 thousand.

19 Related parties

Kramp Danmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Kramp Groep B.V.	Breukelaarweg 33, NL-7050 AA Varsseveld, Netherlands	Ultimate parent company

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kramp Groep B.V.	Breukelaarweg 33, NL-7050 AA Varsseveld, Netherlands	For the consolidated financial statement contact KRAMP Danmark A/S

Related party transactions

Kramp Danmark A/S was engaged in the below related party transactions:

DKK'000	2022	2021
Purchase of goods from group enterprises	-275,396	-265,756
Fees paid to group enterprises	-41,758	-44,442
Fees sold to group enterprises	0	172
Financial income received from group enterprises	9	546
Receivables from group enterprises	3,373	16,714

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	<u>2022</u>	<u>2021</u>
20 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	10,000	8,000
Retained earnings/accumulated loss	<u>-530</u>	<u>1,528</u>
	<u>9,470</u>	<u>9,528</u>