

# Kramp Danmark A/S

Kobbervej 6, 6900 Skjern

CVR no. 45 80 39 10

## Annual report 2021

Approved at the Company's annual general meeting on 30 June 2022

Chair of the meeting:

A handwritten signature in blue ink, appearing to read 'Helle Nørmark', written over a horizontal dotted line.

Helle Nørmark

## 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                | 11 |
| Income statement  | 11 |
| Balance sheet   | 12 |
| Statement of changes in equity                              | 14 |
| Notes to the financial statements                           | 15 |

### 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 2021.

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

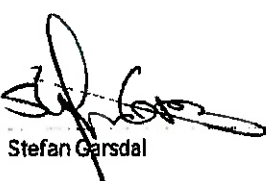
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Skjern, 30 June 2022  
Executive Board:

  
Albertus Kloosterman

  
Stefan Garsdal

Board of Directors:

  
Wessel Reinier Sloetjes  
Chair

  
Stefan Garsdal

  
Albertus Kloosterman

  
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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' 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, 30 June 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Niels J. Jørgensen  
State Authorised Public Accountant  
mne8217

## Management's review

### Company details

|                            |   |
|----------------------------|---|
| Name                       | Kramp Danmark A/S   |
| Address, Postal code, City | Kobbervej 6, 6900 Skjern  |
| CVR no.                    | 45 80 39 10   |
| Established                | 4 April 1945  |
| Registered office          | Ringkøbing-Skjern   |
| Financial year             | 1 January - 31 December   |
| Website                    | <a href="http://www.kramp.com">www.kramp.com</a>  |
| Board of Directors         | Wessel Reinier Sloetjes, Chair<br>Stefan Garsdal<br>Albertus Kloosterman<br>Jan Ahlers Hansen<br>Knud Morten Esmarch Pedersen |
| Executive Board            | Albertus Kloosterman<br>Stefan Garsdal  |
| Auditors                   | EY Godkendt Revisionspartnerselskab<br>Dalgasgade 27, 3. sal, 7400 Herning, Denmark   |

## Management's review

### Financial highlights

| DKK'000                                      | 2021    | 2020    | 2019    | 2018    | 2017    |
|--|---------|---------|---------|---------|---------|
| <b>Key figures</b>                           |         |         |         |         |         |
| Revenue                                      | 474,031 | 445,106 | 437,138 | 443,179 | 453,493 |
| Gross profit                                 | 119,921 | 109,477 | 114,306 | 125,642 | 139,030 |
| Profit before tax                            | 12,268  | 11,934  | 12,327  | 20,769  | 22,166  |
| Profit for the year                          | 9,528   | 9,286   | 9,585   | 16,154  | 17,683  |
| <b>Balance sheet</b>                         |         |         |         |         |         |
| Total assets                                 | 175,414 | 185,016 | 184,886 | 247,799 | 253,584 |
| Investments in property, plant and equipment | 983     | 3,062   | 3,588   | 8,768   | 2,013   |
| Share capital                                | 20,000  | 20,000  | 20,000  | 20,000  | 20,000  |
| Equity                                       | 83,745  | 83,125  | 82,879  | 112,613 | 95,525  |
| Non-current liabilities                      | 28,099  | 36,472  | 43,302  | 45,904  | 49,566  |
| Current liabilities                          | 63,570  | 65,419  | 58,705  | 89,282  | 108,493 |
| <b>Financial ratios</b>                      |         |         |         |         |         |
| Operating margin                             | 3.2%    | 2.8%    | 2.9%    | 5.0%    | 5.4%    |
| Gross margin                                 | 25.3%   | 24.6%   | 26.1%   | 28.4%   | 30.7%   |
| Current ratio                                | 121.0%  | 124.2%  | 123.9%  | 142.0%  | 120.3%  |
| Equity ratio                                 | 47.7%   | 44.9%   | 44.8%   | 45.4%   | 37.7%   |
| Return on equity                             | 11.4%   | 11.2%   | 9.8%    | 15.5%   | 9.8%    |
| <b>Employees</b>                             |         |         |         |         |         |
| Average number of full-time employees        | 190     | 181     | 195     | 204     | 210     |

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

## Management's review

### Data ethics

Kramp has worked with data ethics and expects in 2022 to approve our policy for data ethics.

The policy sets out how we take responsibility for and work with data ethics. Like other business considerations, data ethics will be included in the considerations of major strategic business decisions and support our business model, values and vision.

The work with data ethics is 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 deals with the customer data we collect and process, but also all other data that we may process, just as the policy also includes data ethical considerations at our suppliers and partners.

The goal of data ethics behavior is at all times, to have a responsible and proper use of data as well as to create transparency in our data collection and data management. Our data ethics behavior must make a positive contribution to customers' security, based on the fact that the data that the customer submits to us is the customer's own and is processed within the applicable legal framework. We safeguard the security of the processing of personal data and other data and ensure that this data is not stored for a longer period of time than is necessary for the purposes for which the data are processed.

The Board is responsible for approving our data ethics policy. The day-to-day management of data ethics policy is rooted in the Executive Board. Decisions on the use of data and new technology are also anchored in the Executive Board, which continuously evaluates our efforts and ensures that data ethics dilemmas are discussed at other management levels and with the involvement of relevant employees.

The policy for data ethics is generally valid for a 3-year period, after which it is revised by the Board of Directors. Should it be deemed necessary, the policy on data ethics may be revised more frequently at the request of the Executive Board or the Board of Directors. An audit must be submitted and approved at a board meeting.

### Business review

Kramp Danmark A/S' principal activity is sale of spare and wearing parts, technical articles and accessories for agriculture and industry. The activities are carried out from the distribution center in Skjern. Kramp Danmark A/S is a part of Kramp Group.

### Financial review

In February 2021, Kramp Danmark A/S made an asset purchase agreement with Maskinhandler Indkøbsringen (MI) to take over their business within spare parts and shop. The purchase is implemented in current business and contributed beneficial to the years result.

2021 was mainly characterized by Covid-19. Covid-19 did not have notable impact on the company's financial performance. It did affect the company's employees, as the office in large periods were closed down, and the employees worked from home, but we were able to keep the warehouse open the hole year. Financially, we had a growth in especially Agri, but also in some of the adjacent segments. The co-ordination of processes with the parent company Kramp Groep B.V. means that the company is constantly evolving and adapting so that it always appears strong and prepared to effectively capitalize on market opportunities.

Kramp Danmark A/S generated revenue in 2021 of DKK 474 million (2020: DKK 445 million), which is an increase of 6.5% compared to 2020. Profit for the year amounted to DKK 9,5 million, which is considered satisfactory. At year-end, equity totaled DKK 84 million (2020: DKK 83 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.



## Management's review

### 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.

### Statutory CSR report

### Sustainability

Being a commercial and service company with 190 employees, Kramp Danmark A/S' main social and environmental impact is related to health, safety and development of the employees and to reduce the environmental and climate footprint from suppliers and distribution centers. Therefore, the majority of the company's sustainability related efforts are focused on these two areas.

### Human Rights

#### *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 2021 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 27.5% have signed the Code of Conduct.

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

### 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.

## Management's review

### *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 2021 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 2021, a total of 6 nearby 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.

### 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.

#### *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. These plans are integrated in 2021, with further improvements are planned for full year for 2022.

### 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.

#### *Actions and results*

The company continuously works on minimizing waste and optimizing waste handling processes.

### 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.

In 2021, the content of the Code of Conduct has been actively communicated to all employees. This is done using information screens and newsletters, and is expected to continue in 2022.

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

## Management's review

### Covid-19

The Covid-19 pandemic has put additional pressure on the physical and mental wellbeing caused by health risks and lockdowns and the COVID-19 means the situation remains unpredictable and volatile. Nevertheless, we have a clear plan with our Strategy 2025. First of all, we want to grow and strengthen our position in our core market, agriculture, through continuous improvement of our value proposition, performance and customer experience.

### Account of the gender composition of Management, cf. §99b

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 2021, 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, taking into account, that a woman with the necessary competencies and experience is found. During 2021, 2 new employee representee have been elected for the Board occurred.

At the end of 2021, the company's top management level consisted of three men and one woman. The target for women in the company's top management level is, that women represent at least 25% before the end of 2022 is met.

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.

### Events after the balance sheet date

The situation with the virus Covid-19 has not affected the company at the time for finalizing the annual report. The likelihood of an effect will depend on how long the virus will continue.

Besides the abovementioned, the financial year 2022 has until now developed according to plan, and 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

2022 will be a year of growth in all segments for the company. Growth and profitability will be maintained and further developed by continuous improvement focus, and by optimizing the company's warehouse facilities and exploiting synergies within the group.

Main commercial focus will be the implementation of new digital concepts within the Agri segment.

For 2022, we expect an increase in market share, and a turnover growth of 5-8%.

## Financial statements 1 January - 31 December

### Income statement

| Note | DKK'000  | 2021     | 2020     |
|------|--|----------|----------|
| 2    | Revenue  | 474,031  | 445,106  |
|      | Cost of sales  | -310,203 | -298,107 |
| 3    | Other operating income   | 172      | 690      |
|      | Other external expenses  | -44,079  | -38,212  |
|      | Gross profit   | 119,921  | 109,477  |
| 4    | Staff costs  | -94,205  | -85,753  |
|      | Amortisation/depreciation and impairment of intangible<br>assets and property, plant and equipment | -10,410  | -10,371  |
|      | Other operating expenses   | 0        | -1,077   |
|      | Profit before net financials   | 15,306   | 12,276   |
| 5    | Financial income   | 756      | 1,556    |
| 6    | Financial expenses   | -3,794   | -1,898   |
|      | Profit before tax  | 12,268   | 11,934   |
| 7    | Tax for the year   | -2,740   | -2,648   |
|      | Profit for the year  | 9,528    | 9,286    |

## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK'000  | 2021           | 2020           |
|------|--|----------------|----------------|
|      | ASSETS   |                |                |
|      | Non-current assets                               |                |                |
| 8    | Intangible assets                                |                |                |
|      | Acquired intangible assets                       | 356            | 751            |
|      | Goodwill   | 3,677          | 0              |
|      |  | <u>4,033</u>   | <u>751</u>     |
| 9    | Property, plant and equipment                    |                |                |
|      | Land and buildings                               | 78,394         | 80,973         |
|      | Plant and machinery                              | 15,712         | 21,567         |
|      | Fixtures and fittings, other plant and equipment | 327            | 501            |
|      | Property, plant and equipment under construction | 19             | 0              |
|      |  | <u>94,452</u>  | <u>103,041</u> |
|      | Total non-current assets                         | <u>98,485</u>  | <u>103,792</u> |
|      | Current assets                                   |                |                |
|      | Receivables                                      |                |                |
|      | Trade receivables                                | 60,484         | 56,453         |
|      | Receivables from group enterprises               | 16,268         | 18,521         |
|      | Corporation tax receivable                       | -735           | 2,371          |
|      | Other receivables                                | 160            | 160            |
| 10   | Prepayments                                      | 707            | 597            |
|      |  | <u>76,884</u>  | <u>78,102</u>  |
|      | Cash   | 45             | 3,122          |
|      | Total current assets                             | <u>76,929</u>  | <u>81,224</u>  |
|      | TOTAL ASSETS                                     | <u>175,414</u> | <u>185,016</u> |

## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK'000                              | 2021           | 2020           |
|------|--------------------------------------|----------------|----------------|
|      | <b>EQUITY AND LIABILITIES</b>        |                |                |
|      | Equity                               |                |                |
| 11   | Share capital                        | 20,000         | 20,000         |
|      | Hedging reserve                      | -2,156         | -3,248         |
|      | Retained earnings                    | 57,901         | 56,373         |
|      | Dividend proposed                    | 8,000          | 10,000         |
|      | <b>Total equity</b>                  | <b>83,745</b>  | <b>83,125</b>  |
|      | Liabilities                          |                |                |
| 12   | Non-current liabilities              |                |                |
| 13   | Deferred tax                         | 10,773         | 11,397         |
|      | Mortgage debt                        | 17,326         | 25,075         |
|      | <b>Total non-current liabilities</b> | <b>28,099</b>  | <b>36,472</b>  |
|      | Current liabilities                  |                |                |
|      | Mortgage debt                        | 4,642          | 4,639          |
|      | Bank debt                            | 9,600          | 13,028         |
|      | Trade payables                       | 29,519         | 18,955         |
|      | Payables to group enterprises        | 0              | 175            |
|      | Other payables                       | 19,809         | 28,622         |
|      | <b>Total current liabilities</b>     | <b>63,570</b>  | <b>65,419</b>  |
|      | <b>Total liabilities</b>             | <b>91,669</b>  | <b>101,891</b> |
|      | <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>175,414</b> | <b>185,016</b> |

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting
- 19 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        | -4,208          | 57,087            | 10,000            | 82,879  |
| 19   | Equity at 1 January 2020                        | 0             | 0               | -714              | 10,000            | 9,286   |
|      | Transfer, see "Appropriation of profit"         | 0             | 960             | 0                 | 0                 | 960     |
|      | Adjustment of hedging instruments at fair value | 0             | 0               | 0                 | -10,000           | -10,000 |
|      | Dividend distributed                            |               |                 |                   |                   |         |
|      | Equity at 1 January 2021                        | 20,000        | -3,248          | 56,373            | 10,000            | 83,125  |
| 19   | 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 31 December 2021                      | 20,000        | -2,156          | 57,901            | 8,000             | 83,745  |

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kramp Danmark A/S for 2021 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.

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

#### Material misstatements

During the year, it was established that trusted employees had committed fraud, which impacts the Company's previous annual reports. As a result of the fraud, the Company's revenue and trade receivables in prior financial years are recognised at too high amounts, and the financial statements for 20xx do not give a true and fair view. Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, revenue for 20xx has been adversely affected by DKK XX, and receivables at xx Month 20xx have been adversely affected by DKK XX. In total, the balance sheet total at xx Month 20XX has been adversely affected by DKK XX, and equity has been adversely affected by DKK XX. The opening equity at Month 20XX has been adversely affected by DKK XX. Reference is also made to the comments in the Management's review.

#### 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.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### 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 and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains and losses 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 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

The company is covered by the Danish rules on mandatory joint taxation of the Danish subsidiaries in the Kramp group. Consolidated entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

Kramp Danmark acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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".

##### Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries 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

Receivables are measured at amortised cost.

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

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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 in 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.

###### *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 subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

|                  |  |
|------------------|--|
| Operating margin | $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$                         |
| 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 | $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$                    |

## Financial statements 1 January - 31 December

### Notes to the financial statements

| DKK'000  | 2021           | 2020           |
|--|----------------|----------------|
| 2 Segment information  |                |                |
| Breakdown of revenue by business segment:  |                |                |
| Sale of goods and service, agro  | 331,043        | 302,854        |
| Sale of goods and services, industry   | 142,988        | 142,252        |
|  | <u>474,031</u> | <u>445,106</u> |
| Breakdown of revenue by geographical segment:  |                |                |
| Sale of goods and services, Denmark  | 470,261        | 441,087        |
| Sale of goods and service, abroad  | 3,770          | 4,019          |
|  | <u>474,031</u> | <u>445,106</u> |
| 3 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.  |                |                |
| 4 Staff costs  |                |                |
| Wages/salaries   | 85,838         | 78,154         |
| Pensions   | 6,913          | 6,344          |
| Other social security costs  | 1,454          | 1,255          |
|  | <u>94,205</u>  | <u>85,753</u>  |
| Average number of full-time employees  | <u>190</u>     | <u>181</u>     |
| Remuneration to members of Management:   |                |                |
| Board of Directors   | 2,654          | 2,928          |
|  | <u>2,654</u>   | <u>2,928</u>   |
| 5 Financial income   |                |                |
| Interest receivable, group entities  | 546            | 1,008          |
| Other financial income   | 210            | 548            |
|  | <u>756</u>     | <u>1,556</u>   |
| 6 Financial expenses   |                |                |
| Other financial expenses   | 3,794          | 1,898          |
|  | <u>3,794</u>   | <u>1,898</u>   |

## Financial statements 1 January - 31 December

### Notes to the financial statements

| DKK'000                              | 2021         | 2020         |
|--------------------------------------|--------------|--------------|
| 7 Tax for the year                   |              |              |
| Estimated tax charge for the year    | 3,671        | 2,858        |
| Deferred tax adjustments in the year | -931         | -210         |
|                                      | <u>2,740</u> | <u>2,648</u> |

| DKK'000   | Acquired<br>intangible assets | Goodwill     | Total         |
|---|-------------------------------|--------------|---------------|
| 8 Intangible assets                                       |                               |              |               |
| Cost at 1 January 2021                                    | 47,085                        | 0            | 47,085        |
| Additions   | 0                             | 4,121        | 4,121         |
| Cost at 31 December 2021                                  | <u>47,085</u>                 | <u>4,121</u> | <u>51,206</u> |
| Impairment losses and amortisation at<br>1 January 2021   | 46,334                        | 0            | 46,334        |
| Amortisation for the year                                 | 395                           | 444          | 839           |
| Impairment losses and amortisation at<br>31 December 2021 | <u>46,729</u>                 | <u>444</u>   | <u>47,173</u> |
| Carrying amount at 31 December 2021                       | <u>356</u>                    | <u>3,677</u> | <u>4,033</u>  |

| DKK'000   | Land and<br>buildings | Plant and<br>machinery | Fixtures and<br>fittings, other<br>plant and<br>equipment | Property, plant<br>and equipment<br>under<br>construction | Total          |
|---|-----------------------|------------------------|---|---|----------------|
| 9 Property, plant and equipment                           |                       |                        |   |   |                |
| Cost at 1 January 2021                                    | 132,958               | 143,374                | 15,882  | 0   | 292,214        |
| Additions   | 612                   | 352                    | 0   | 19  | 983            |
| Cost at 31 December 2021                                  | <u>133,570</u>        | <u>143,726</u>         | <u>15,882</u>   | <u>19</u>   | <u>293,197</u> |
| Impairment losses and depreciation<br>at 1 January 2021   | 51,985                | 121,807                | 15,381  | 0   | 189,173        |
| Depreciation  | 3,191                 | 6,207                  | 174   | 0   | 9,572          |
| Impairment losses and depreciation<br>at 31 December 2021 | <u>55,176</u>         | <u>128,014</u>         | <u>15,555</u>   | <u>0</u>  | <u>198,745</u> |
| Carrying amount at<br>31 December 2021                    | <u>78,394</u>         | <u>15,712</u>          | <u>327</u>  | <u>19</u>   | <u>94,452</u>  |

Note 16 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

#### 10 Prepayments

Prepayments include insurances (DKK 125 thousand) and other expenses relating to subsequent financial years.

|         |             |             |
|---------|-------------|-------------|
| DKK'000 | <u>2021</u> | <u>2020</u> |
|---------|-------------|-------------|

#### 11 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.

#### 12 Non-current liabilities

| DKK'000       | Total debt at<br>31/12 2021 | Repayment,<br>next year | Long-term<br>portion | Outstanding debt<br>after 5 years |
|---------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Deferred tax  | <u>10,773</u>               | 0                       | 10,773               | 0                                 |
| Mortgage debt | <u>21,968</u>               | 4,642                   | 17,326               | 3,071                             |
|               | <u>32,741</u>               | 4,642                   | 28,099               | 3,071                             |

#### 13 Deferred tax

|   |               |               |
|---|---------------|---------------|
| Deferred tax at 1 January               | 11,396        | 11,606        |
| Adjustment for the year of deferred tax | <u>-623</u>   | <u>-210</u>   |
| Deferred tax at 31 December             | <u>10,773</u> | <u>11,396</u> |

Deferred tax relates to:

|                               |               |               |
|-------------------------------|---------------|---------------|
| Intangible assets             | 0             | 165           |
| Property, plant and equipment | <u>10,773</u> | <u>11,231</u> |
|                               | <u>10,773</u> | <u>11,396</u> |

#### 14 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 2,764 thousand at balance date, the tax effect hereof is DKK 608 thousand, the principal amount is DKK 17,326 thousand. The value adjustment recognised in equity is DKK 2,156 thousand.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 15 Contractual obligations and contingencies, etc.

##### Other financial obligations

Lease liabilities include operating leases for cars, totalling DKK 3,094 thousand, with remaining contract terms of 1-4 years. DKK 1,496 thousand is due within a year from the balance date.

#### 16 Collateral

As security for the Company's debt to mortgage, Land and buildings at a carrying amount of DKK 78,394 thousand at 31 December 2021 have been put up as security for debt to mortgage credit institutions, totalling DKK 21,968 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 2021, the Company has provided security or other collateral in its assets with a carrying amount of DKK 3,109 thousand.

#### 17 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  | 2021     | 2020     |
|--|----------|----------|
| Purchase of goods from group enterprises         | -265,756 | -251,434 |
| Fees paid to group enterprises                   | -44,442  | -46,672  |
| Fees sold to group enterprises                   | 172      | 629      |
| Financial income received from group enterprises | 546      | 1,008    |
| Payables to group enterprises                    | 0        | 175      |
| Receivables from group enterprises               | 16,714   | 18,521   |

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 18 Fee to the auditors appointed by the Company 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.

| DKK'000                                   | 2021         | 2020         |
|---|--------------|--------------|
| 19 Appropriation of profit                |              |              |
| Recommended appropriation of profit       |              |              |
| Proposed dividend recognised under equity | 8,000        | 10,000       |
| Retained earnings/accumulated loss        | 1,528        | -714         |
|   | <u>9,528</u> | <u>9,286</u> |