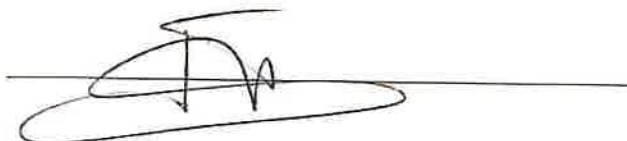


**Hardi International A/S**  
**Central Business Registration No**  
**55274517**

**Annual report 2020/21**

The Annual General Meeting adopted the annual report on Apr 2 2022

**Chairman of the General Meeting**



Name: Yves Belegaud

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## Entity details

### Entity

Hardi International A/S  
Herthadalvej 10  
4840 Nørre Alslev

Central Business Registration No: 55274517

Registered in: Guldborgsund

Financial year: 01.10.2020 - 30.09.2021

Phone: 4358 8300

Fax: 4371 3355

Internet: [www.hardi-international.com](http://www.hardi-international.com)

E-mail: [hardi@hardi-international.com](mailto:hardi@hardi-international.com)

### Board of Directors

Yves Belegaud, Chairman

Daniel Tragus, Vice Chairman

Thomas Germain

Jan Ole Andersen

John Christian Werneburg

Casper Louis Frederiksen (deputy board member)

### Executive Board

Jens Kristensen, CEO and President

### Auditors

Grant Thornton Statsautoriseret Revisionspartnerselskab

Stockholmsgade 45

2100 København Ø

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## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Hardi International A/S for the financial year 01.10.2020 – 30.09.2021.

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


In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2021 and of the results of its operations for the financial year 01.10.2020 – 30.09.2021.

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

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

Nørre Alslev, 23.11.2021

### Executive Board



Jens Kristensen  
CEO and President


### Board of Directors



Yves Belegaud  
Chairman




Daniel Tragus  
Vice Chairman



Thomas Germain



John Christian Werneburg



Casper Louis Frederiksen

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JW CLP

## Independent auditor's reports

### To the shareholder of Hardi International A/S

#### Opinion

We have audited the financial statements of Hardi International A/S for the financial year 1 October 2020 - 30 September 2021, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 September 2021 and of the results of the company's activities for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

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

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## Independent auditor's reports

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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.
- 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

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## Independent auditor's reports

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 23.11.2021

**Grant Thornton**

State Authorised Public Accountants  
Company reg. no. 34 20 99 36



Michael Beuchert  
State Authorised Public Accountant  
mne32794

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## Management commentary

	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	486.022	444.353	426.154	503.704	489.744
Gross profit/loss	58.631	71.417	59.393	69.473	99.172
Profit from sale of building included in other income	0	51.657	0	0	0
Earnings before interest, tax, depreciation and amortisation	(27.866)	44.640	(17.036)	(8.649)	17.290
Operating profit/loss	(34.989)	34.534	(27.474)	(19.241)	7.749
Net financials before restructuring expenses	(13.962)	(40.313)	(25.783)	(39.854)	(33.156)
Restructuring expenses before tax effects	(5.296)	(4.477)	(80.208)	0	0
Profit/loss for the year	(54.852)	(15.252)	(128.496)	(54.840)	(25.508)
Total assets	412.278	618.487	509.640	595.657	589.414
Investments in property, plant and equipment	7.690	1.526	1.166	1.608	14.247
Equity	115.013	63.424	78.724	157.715	217.721
<b>Ratios</b>					
Gross profit (%)	12,1	16,1	13,9	13,8	20,2
EBITDA margin incl. result from subsidiaries (%)	(7,9)	(8,9)	(29,4)	(9,2)	(1,4)

## Primary activities

The principal activities of the Company are development, production and sales of sprayers and spraying equipment primarily to the agricultural industry.

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## Management commentary

### Development in activities and finances

The global harvest results have generally improved on the year before. Particularly, the Australian, large parts of the European and CIS areas as well as the North American markets saw good weather conditions resulting in increases in yields. Further, commodity prices improved for many crops. Coupled with Covid-19 government subsidies and tax incentives for investments in agricultural equipment in a number of key markets, the demand for Hardi crop care solutions has increased substantially during the year. The overall farm economy is recovering after a number of years of low growth. We continue to see positive indications by financial institutions towards the farm industry and coupled with the aforementioned beneficial developments, has helped drive investments in newer and better spraying equipment which reduces the ecological footprint for the farming industry as a whole. The general uncertainties in regards the future consequences regarding COVID-19 pandemic remain but have so far not had significant impact of customers' willingness to invest.

### Sales and distribution

Hardi Group started the period with a higher order book than the year before and the trend of increased order intake has continued throughout the year. Deliveries out of the factories have been slower than expected particularly due to lack of sufficient supplies of some raw materials and electronics. This has resulted in increasing delivery times, an issue which is expected to continue well into the new year. By the end of the financial year therefore, the backlog is significantly up on last year.

### Production and product development

Effects from efforts to improve production efficiency and to increase the flexibility in the factory to mitigate seasonal fluctuations were significantly curtailed by a disrupted international supply chain and hence on-time delivery to our factories of critical components. Further, due to the general buoyancy in many industries, some production sites have had difficulties in filling open positions in production. This comes alongside the aforementioned significant increase in our markets and the order activity and has thus exacerbated difficulties in continued improvements in efficiencies and delivery times. To mitigate the general disruption in the international supply chain, stock levels were increased during the year. Cost prices have increased substantially and we have seen it necessary to adjust sales prices.

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## Management commentary

The product offering of the group is increasingly focused on reducing chemical and water consumption during crop care. New products are produced on a newly developed platform strategy following the re-alignment of our production footprint initiated during 2019. The main focus during the year has been to consolidate the effects of this re-alignment and industrialisation of the new trailer line. Over time, the new trailer line will replace the existing high-end range of trailers. The platform concept from this product range is planned to be used in a new self-propelled sprayer for the world-wide market expected to be introduced and ready for the 2023 season.

Together with implementation and further development of the common new electronic platform prepared for customers future demand this will create the future base for the entire Hardi group's product range.

### Covid-19

As mentioned above, generally, the Company has not experienced significant direct notable effects of the Covid-19 crises on its order intake and sales. Some trade-shows which were cancelled last year re-opened this year as did travel activity during the last part of the year. However, travel restrictions remain in some of our key markets and as a consequence, direct contact with customers is still low compared with earlier years. The Company last year instigated a number of initiatives to enhance web and virtual tools to ensure that meeting customers' needs was mitigated under these severe circumstances.

### Continued re-alignment of Hardi Group's production facilities world-wide

As expected in last year's annual report, during the year, we closed our assembly site in Davenport, IA, USA and transferred production to a sister division in the US. This comes on top of last year's announced wide ranging restructure of production sites by introducing technology centres in order to consolidate competencies of trailer, lift-mounted, self-propelled and mist sprayers on fewer factories and through this lower the break-even point for the Hardi Group.

The objective of the restructuring initiative is, as describes in last year's financial statements, to consolidate future product development within technology centres, ensure commonality in our product offering and optimise manufacturing processes. The initiative is a necessary basis to achieve the overriding objective, which is to lower the break-even point and bring the Group back in profit.

As described in last year's financial statements, this resulted in close down of one of our two factories in Groupe Hardi France S.A and our site in Lleida in Spain, Ilemo-Hardi S.A. The transfers were finalised during the year.

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## Management commentary

### Results and balance sheet

*Figures in brackets are for 2019/20*

Revenue amounts to DKK 486.0 million (DKK 444.4 million). Gross profit amounts to DKK 58.6 million (DKK 71.4 million).

EBITDA including results of subsidiaries and before profit from sale of building was DKK -38.6 million (DKK -39.6 million) corresponding to -7.9% (-8.9%) of the revenue. Last year, the Company effected the sale and subsequent operational lease of the buildings and land in Nørre Alslev.

Depreciation was DKK 7.1 million (DKK 10.1 million). Subsequently, EBIT including results of subsidiaries and before profit from sale of building was DKK -45.7 million (DKK -49.7 million) corresponding to an EBIT margin of -9.4% (-11.2%).

Net financials were DKK -8.5 million (DKK -12.2 million) of which DKK -2.3 million (DKK -6.5 million) is due to exchange rate losses on receivables in foreign currencies. Result before tax and profit from sale of building items was DKK -54.2 million (DKK -61.9 million) which is worse than expectations at the beginning of the financial period due to outside effects such as significant cost price increases and challenges in the global supply chain.

The balance sheet decreased by 33.3% to DKK 412.3 million (DKK 618.5 million) primarily due to improved reduction of intragroup borrowings and includes use of proceeds from the sale of the building at the end of last financial year of DKK 89 million.






### Uncertainty relating to measurement and recognition

Deferred tax assets are measured at estimated realisable value. Management has assessed estimated realisable value on the basis of future expected earnings which incorporates commenced concrete restructuring initiatives, as mentioned above, to bring the Company back to profitability. Further, the Company has launched a new go to market strategy which seeks to increase the value proposition of HARDI International A/S and the HARDI Group. Consequently, management believes it will utilise the tax asset within 3-5 years. As the expected earnings are based on estimates as well as expected future events this is subject to uncertainty.

### Capital funding and Liquidity resources

It is Group policy to continuously ensure the existence of adequate financial resources. The liquidity risk is monitored by the utilisation of short-term credit facilities combined with long-term, fixed credit facilities with a number of banks and intergroup financing. On 30 September 2021, the Company recorded net financial debt of DKK 68.3 million (DKK 105.1 million) of which DKK 104.8 million (DKK 231.2 million) is long-term debt.

The Parent, EXEL Industries S.A, will ensure that any needed interim financing is provided for the Group.

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## Management commentary

### Outlook

The outlook for agriculture in 2021/22 is looking strong mainly due to expected continued high agricultural outputs and an expectation of high commodity prices. This together with continuation of substantial subsidy packages already offered to the North American, Australian, Germany and some other markets in EU is expected to maintain high investments of farm machinery in the coming financial year. However with the increased environmental pressures, which the farm communities especially in the EU countries are facing, the economic drivers for farmers are uncertain, which makes it difficult for farm machinery manufactures such as Hardi Group to predict the near future. Stock levels at several of our importers and dealers has come further down during the year which is encouraging and represents a high level of demand in the market coupled with supply shortages of farm machinery.

In respect of management's expectations for the coming year's sales, based on the very high order back-log going into 2021/22, and based on the aforementioned matters, we expect increased sales in the next financial year compared to 2020/21. The critical component in achieving these ambitions will be for price development on raw materials and components to be in line with our expectations for the coming 12 months and for our suppliers to be able to deliver.

In the coming year, management plans to further develop the business with strong focus on safety, simplicity and scalability as the basis to continuously improve the international organisation, profitability and customers' experience when buying a Hardi product.

We do not envisage significant exceptional items in the next fiscal year and subject to stabilisation of the general supply chain worldwide, the result from operations including subsidiaries is expected to return to profitability.

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## Management commentary

### Particular risks

The activities of the Hardi Group are exposed to a number of financial risks. To the greatest extent possible, the Group tries to meet and to limit the risks that can be influenced by the Company through own actions.

### Financial risk

Hardi Group's international activities imply that the performance and equity of the Group are affected by financial exposure, including liquidity, interest rate, currency, credit and debtor risks. Financial instruments are not applied to mitigate financial risk.

### Currency risk

Hardi Group is an internationally-oriented Group with a considerable currency exposure. In 2020/21, approx. 90% of the Group's revenue was settled in other currencies than DKK (mainly EUR) which is in line with 2019/20. Part of the currency risk is reduced to the extent that the Group has assets, equity and liabilities or operating expenses in foreign currencies equivalent to the sales in whole or in part.

### Credit risk

The credit risk relating to cash and cash equivalents and ongoing financing is minimised by exclusively co-operating with financial institutions with a high credit rating.

### Debtor risk

The Company's trade receivables have – primarily as strong focus on collections from export customers – decreased to DKK 34.6 million at the end of September 2021 (DKK 41.3 million). The Company actively uses credit insurance or letters of credit to secure the trade receivables. Traditionally, the Company has experienced few losses and steps are taken to minimise the loss risk through a thorough credit rating and an extensive use of safe terms of payment.

### Interest rate risk

The Company does not hedge interest rate risk. The Company's interest rate exposure on interest-bearing receivables and debt to group companies fluctuates with EURIBOR floored at zero percent. A one percent increase in EURIBOR would lead to an increase in interest of approximately DKK 2.5 million once it passes the floor.

### Liquidity risk

The Company is not subject to financial covenants on its long term financing.

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## Management commentary

### Intellectual capital resources

#### Knowledge of product and market

Hardi Group works closely together with the final users of the Company's products in order to build a knowledge of market demands. Together with information about competitors, regulatory initiatives, etc., this knowledge is currently directed to the Company's headquarters in Denmark and contributes to the current product development and marketing.

#### Knowledge management and knowledge sharing

To ensure coordinated knowledge management and knowledge sharing, intranet and internet as well as the Company's project management systems and manuals are used. Finally, a structured meeting activity across the functional areas and companies ensures that knowledge is currently exchanged.

#### Staff development

An ongoing development of the staff takes place in the Group based on the individual subsidiaries' vision, mission and values. As part of the employees' competence development, annual appraisal interviews take place with the aim of discussing future career prospects, tasks and training and education.

### Corporate social responsibility

The parent company of Hardi, EXEL Industries, reports on CSR according to the requirement in France for listed companies and also as a reflection of one of the Group's core values "Acting Responsible"

The outcome is reported in the Annual Group Accounts of EXEL Industries according to the French Corporate Social Responsibilities reporting requirements. With reference to section 99a of the Danish Financial Statement Act, Hardi International A/S makes use of the exemption to refer to EXEL Industries Annual Report. The annual report of EXEL Industries can be required at "52, rue de la Victoire 75009 PARIS FRANCE" or can be downloaded on <https://www.exel-industries.com/investor-page/?lang=en>

The Company has been in dialogue with its owners regarding Danish GAAP reporting requirements for CSR and confirms that those requirements are part of EXEL Industries S.A.'s CSR reporting. The Company has been CSR audited by EXEL Industries S.A. and Mazars in France and is found to be in compliance with EXEL Industries S.A. CSR requirements.

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## Management commentary

### Diversity policy


Hardi Group always tries to attract and develop the best talents from all over the world and offers equal possibilities of career development and a non-discriminating work environment. As Hardi Group globalises, it is of vital importance to promote diversity at all levels and in all respects. Today, women are under-represented in the Board of Directors and in the top management teams. It is the objective by 2023 to have achieved a representation of women of 40% in the Board of Directors and in the top management teams locally and globally. Compared to last year, there is no significant development in the representation of women in the top management teams. To achieve a 40% representation of women in the top management teams, the recruitment policy is created with the focus of ensuring a more equal recruitment of women and men in future in the top management teams. Also when recruiting diversity in terms of ethnicity is taken into consideration. When recruiting, the Company always look at qualifications and fit.

### Events after the balance sheet date

On 1<sup>st</sup> October 2021, the Company divested its French wholly owned subsidiary, Group Hardi France S.A. to its owner EXEL Industries S.A., as part of an initiative to consolidate French spraying production and marketing for the French markets under the umbrella of "France Pulvé / French Spraying". The shares in Group Hardi France S.A. are transferred as dividend in kind.



No other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Based on experiences in the past almost two years, Covid-19 in general or increased restrictions are not expected to have any significant impact on 2021/22 except for continued strain on the global supply chain.

  
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**Income statement for 2020/21**

	<b>Notes</b>	<b>2020/21 DKK'000</b>	<b>2019/20 DKK'000</b>
Revenue	1	486.022	444.353
Production costs	2,3	(427.391)	(372.936)
<b>Gross profit/loss</b>		<b>58.631</b>	<b>71.417</b>
Research and development costs	2,3	(28.010)	(28.423)
Distribution costs	2,3	(20.652)	(21.212)
Administrative costs	2,3	(42.662)	(35.812)
Other operating income	4	29.810	79.747
Other operating expenses	5	(32.106)	(31.183)
<b>Operating profit/loss</b>		<b>(34.989)</b>	<b>34.534</b>
Income from investments in group enterprises including costs for restructuring	6	(10.709)	(32.632)
Other financial income	7	7.909	15.830
Other financial expense	8	(16.458)	(27.988)
<b>Profit/loss before tax</b>		<b>(54.247)</b>	<b>(10.256)</b>
Tax on profit/loss	9	(605)	(4.996)
<b>Profit/loss for the year</b>		<b>(54.852)</b>	<b>(15.252)</b>

   
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**Balance Sheet at 30.09.2021**

	<u>Notes</u>	<u>2020/21 DKK'000</u>	<u>2019/20 DKK'000</u>
Acquired licences		6.841	9.442
<b>Intangible assets</b>	10	<u>6.841</u>	<u>9.442</u>
Plant and machinery		14.300	17.266
Other fixtures and fittings, tools and equipment		2.390	2.553
Property, plant and equipment in progress		6.991	813
<b>Property, plant and equipment</b>	11	<u>23.681</u>	<u>20.632</u>
Investments in group enterprises		50.522	62.235
Deferred tax	13	<u>15.132</u>	<u>15.631</u>
<b>Fixed asset investments</b>	12	<u>65.654</u>	<u>77.866</u>
<b>Fixed assets</b>		<u>96.176</u>	<u>107.940</u>
Raw materials and consumables		76.810	26.855
Work in progress		11.998	6.637
Manufactured goods and goods for resale		9.233	32.335
<b>Inventories</b>		<u>98.041</u>	<u>65.827</u>
Trade receivables		34.613	41.291
Receivables from group enterprises		132.983	189.133
Other short-term receivables		9.458	4.326
Prepayments	14	<u>1.747</u>	<u>701</u>
<b>Receivables</b>		<u>178.801</u>	<u>235.451</u>
<b>Cash</b>		<u>39.260</u>	<u>209.269</u>
<b>Current assets</b>		<u>316.102</u>	<u>510.547</u>
<b>Assets</b>		<u>412.278</u>	<u>618.487</u>

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**Balance Sheet at 30.09.2021**


	<u>Notes</u>	<u>2020/21 DKK'000</u>	<u>2019/20 DKK'000</u>
Contributed capital	15	100.000	100.000
Retained earnings		15.013	(36.576)
<b>Equity</b>		<b>115.013</b>	<b>63.424</b>
Other provisions	16	3.693	3.554
<b>Provisions</b>		<b>3.693</b>	<b>3.554</b>
Debt to group enterprises		104.759	231.249
<b>Non-Current liabilities</b>	17	<b>104.759</b>	<b>231.249</b>
Bank loans		53.730	50.786
Trade payables		59.585	52.667
Debt to group enterprises		24.086	169.637
Other payables	18	50.564	45.515
Income tax payable		848	1.083
Deferred income	19	0	572
<b>Current liabilities other than provisions</b>		<b>188.813</b>	<b>320.260</b>
<b>Liabilities other than provisions</b>		<b>293.572</b>	<b>551.509</b>
<b>Equity and liabilities</b>		<b>412.278</b>	<b>618.487</b>
Unrecognised rental and lease commitments	20		
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**Statement of changes in equity for September 2021**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	100.000	(36.576)	63.424
Group contribution	0	105.591	105.591
Exchange rate adjustments	0	850	850
Profit/loss for the year	0	(54.852)	(54.852)
<b>Equity end of year</b>	<b>100.000</b>	<b>15.013</b>	<b>115.013</b>

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- Text: CLF
- Initials: 

**Notes**

	<b>2020/21 DKK'000</b>	<b>2019/20 DKK'000</b>
<b>1. Revenue</b>		
Europe	368.788	350.488
Countries under the North American Free Trade Agreement (USA, Canada and Mexico)	30.026	23.703
Other countries	87.208	70.162
	<b>486.022</b>	<b>444.353</b>

In accordance with the Danish Financial Statement Act § 96, 1 product segment information on revenue has not been disclosed due to possible harmful impact on the Company and its market position.

	<b>2020/21 DKK'000</b>	<b>2019/20 DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	160.731	139.192
Pension costs	12.166	11.101
Other social security costs	3.072	2.573
	<b>175.969</b>	<b>152.866</b>

Remuneration to management in 2020/21 amounts to t.DKK 5.852 and includes salary, benefits etc. as well as severance pay to former CEO. In accordance with the Danish Financial Statement Act § 98 b, 3 the remuneration of management for the prior financial statement period has not been disclosed.

Average number of employees	<b>409</b>	<b>352</b>
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	<b>2020/21 DKK'000</b>	<b>2019/20 DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	2.601	2.678
Depreciation on property, plant and equipment	4.503	7.430
Profit/loss from sale of intangible assets, plant and equipment	19	0
	<b>7.123</b>	<b>10.108</b>

**4. Other operating income**

	<b>2020/21 DKK'000</b>	<b>2019/20 DKK'000</b>
Profit/loss from sale of property	0	51.657
Income related to trademark, patents, management fee	29.810	28.090
	<b>29.810</b>	<b>79.747</b>

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## Notes

### 5. Other operating expenses

Other operating income/expenses relates to trademark, patents, management fee.

### 6. Income from investments in group enterprises including costs for restructuring

	2020/21 DKK'000	2019/20 DKK'000
Income/loss from investments in group enterprises	(5.413)	(28.155)
Costs for closing down factories before tax effects	(5.296)	(4.477)
	<u>(10.709)</u>	<u>(32.632)</u>

### 7. Other financial income






	2020/21 DKK'000	2019/20 DKK'000
Financial income arising from group enterprises	2.907	4.325
Interest income	0	194
Exchange rate adjustments	5.002	11.311
	<u>7.909</u>	<u>15.830</u>

### 8. Other financial expenses

	2020/21 DKK'000	2019/20 DKK'000
Financial expenses from group enterprises	8.149	9.604
Interest expenses	74	2
Exchange rate adjustments	7.298	17.792
Other financial expenses	937	590
	<u>16.458</u>	<u>27.988</u>

### 9. Tax on ordinary profit/loss for the year

	2020/21 DKK'000	2019/20 DKK'000
Current tax	(109)	(1.427)
Change in deferred tax for the year	(499)	(3.572)
Prior year adjustment	3	3
	<u>(605)</u>	<u>(4.996)</u>


  
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## Notes

	<b>Acquired licences DKK'000</b>		
<b>10. Intangible assets</b>			
Cost beginning of year			28.885
Reclassifications			0
Adjustment beginning of year			0
Additions			0
<b>Cost end of year</b>			<b>28.885</b>
Amortisation and impairment losses beginning of year			(19.433)
Adjustment beginning of year			0
Amortisation for the year			(2.601)
<b>Amortisation and impairment losses end of year</b>			<b>(22.044)</b>
<b>Carrying amount end of year</b>			<b>6.841</b>
	<b>Plant and machinery DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
<b>11. Property, plant and equipment</b>			
Cost beginning of year	232.228	69.155	813
Transfer	474	0	(474)
Additions	763	275	6.652
Disposals	0	(367)	0
<b>Cost end of year</b>	<b>233.465</b>	<b>69.063</b>	<b>6.991</b>
Depreciation and impairment losses beginning of the year	(214.962)	(66.602)	0
Depreciation for the year	(4.203)	(302)	0
Reversal regarding disposals	0	231	0
<b>Depreciation and impairment losses end of the year</b>	<b>(219.165)</b>	<b>(66.673)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>14.300</b>	<b>2.390</b>	<b>6.991</b>

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## Notes

	Investments in group enterprises DKK'000	Deferred tax DKK'000
<b>12. Fixed asset investments</b>		
Cost beginning of year	429.153	15.631
Additions	0	0
Disposals	0	(499)
<b>Cost end of year</b>	<b>429.153</b>	<b>15.132</b>
Impairment losses beginning of year	(366.918)	0
Exchange rate adjustments	850	0
Amortisation of goodwill	(474)	0
Internal profit of stocks	(4.832)	0
Share of profit/loss after tax	(5.403)	0
Dividend	(211)	0
Investments with negative equity value depreciated over receivables	(1.643)	0
<b>Impairment losses end of year</b>	<b>(378.631)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>50.522</b>	<b>15.132</b>

	Registered in	Corporate form	Equity interest %
Subsidiaries:			
Hardi Norge AS	Norway	AS	100,00
Groupe Hardi France S.A	France	S.A	100,00
Hardi Service S.A	France	S.A	100,00
Ilemo-Hardi S.A	Spain	S.A	100,00
Hardi North America Inc.	USA	Inc.	100,00
Hardi Australia Pty. Ltd.	Australia	Ltd.	100,00
Hardi GmbH	Germany	GmbH	100,00
Hardi Agricultural Equipment (Shanghai) Co., Ltd.	China	Ltd.	100,00
Owned by Groupe Hardi France S.A.:			
Pommier S.C.E.P.	France	S.C.E.P.	47,33

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## Notes

	2020/21 DKK'000	2019/20 DKK'000
<b>13. Deferred tax</b>		
Property, plant and equipment	2.364	5.205
Inventories	1.021	(1.210)
Provisions	1.036	681
Other taxable temporary differences	10.711	10.955
	<b>15.132</b>	<b>15.631</b>

## 14. Prepayments

Prepayments relates to prepaid insurance and prepaid MS Dynamics license agreement.

## 15. Contributed capital

The share capital comprise 1 share class. No shares carries special rights.

	2020/21 DKK'000	2019/20 DKK'000
<b>16. Other provision</b>		
Provision beginning of year	3.554	4.133
Charged to profit/loss	139	0
Released in year	0	(579)
	<b>3.693</b>	<b>3.554</b>

## 17. Non-Current liabilities

Long term interest bearing debt expected to fall due as follows:

Within 1 year (included in current liabilities)	18.203
2-5 years	75.539
Over 5 years	29.223
	<b>122.962</b>

## 18. Other short-term payables

	2020/21 DKK'000	2019/20 DKK'000
Wages and salaries, personal income taxes, social security costs, etc. payable	24.296	20.049
Holiday pay obligation	22.655	20.761
Other costs payable	3.613	4.705
	<b>50.564</b>	<b>45.515</b>

Other short-term payables includes Covid-19 related Danish Government mandated postponed payment of employee withholding taxes

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## Notes

### 19. Short-term deferred income

Short-term deferred income consists of prepayments from customers.

	<u>2020/21</u> <u>DKK'000</u>	<u>2019/20</u> <u>DKK'000</u>
<b>20. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<u>57.237</u>	<u>62.137</u>

	<u>2020/21</u> <u>DKK'000</u>	<u>2019/20</u> <u>DKK'000</u>
<b>21. Contingent liabilities</b>		
Other contingent liabilities towards Parent and fellow subsidiaries	<u>8.413</u>	<u>8.413</u>
<b>Contingent liabilities related to Parent and fellow subsidiaries</b>	<u>8.413</u>	<u>8.413</u>

### 22. Assets charged and collateral

The Entity has obtained a credit line at the Entity's bank and may allocate amounts under the credit line to its wholly owned subsidiary secured by suretyship from the Entity. At 30 September 2021, the credit line allocated to the subsidiary amounts to DKK 22.6 million.

### 23. Related parties with control

EXEL INDUSTRIES S.A, 54, rue Marcel Paul F5 200 EPERNAY, France, owns all of the shares in the Entity and thus has control over the Entity.

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## Notes

### 24. Transactions with related parties

The following transactions occurred with related parties:

	<u>2020/21</u> <u>DKK'000</u>
Sales of machines and components	279.740
Purchase of machines and components	83.775
Property lease	6.000
Management fees and royalties paid	32.105
Management fees and royalties received	29.810
Other administrative costs paid	1.314
Interest income	2.907
Interest expenses	8.149
Items included in assets and liabilities related to transactions with related parties:	
Capital increase from parent (Group contribution through Equity increase)	105.591
Dividend received from subsidiaries	211
<i>Outstanding balances at 30.09.2021</i>	
Trade receivables, subsidiaries	43.513
Impairment of receivables in subsidiaries	7.718
Trade receivables, other group companies	3.413
Loan receivable, subsidiaries	74.960
Trade payables, subsidiaries	3.762
Trade payables, other group companies	2.121
Loan payable, other group companies	122.962

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## Notes

### 25. Ownership

The Entity has registered the following shareholder to holding more than 5% of the voting share capital or of the nominal value of the share capital:

EXEL INDUSTRIES S.A, 54, rue Marcel Paul F5 200 EPERNAY, France – owning 100% of the shares

### 26. Consolidation

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

EXEL INDUSTRIES S.A., RCS EPERNAY B 095 550 356 ([www.exel-industries.com](http://www.exel-industries.com))

### 27. Capital funding and Liquidity resources

It is Group policy to continuously ensure the existence of adequate financial resources. The liquidity risk is monitored by the utilisation of short-term credit facilities combined with long-term, fixed credit facilities with a number of banks and intergroup financing. On 30 September 2021, the Company recorded net financial debt of DKK 68.3 million (DKK 105.1 million) of which DKK 104.8 million (DKK 231.2 million) is long-term debt. The Parent, EXEL Industries S.A, will ensure that any needed interim financing is provided for the Group.

### 28. Fees for auditors elected on the general meeting

In accordance with the Danish Financial Statement Act § 96, 3 the fees for the auditors elected on the general meeting has not been disclosed.

### 29. Proposed distribution of profit/loss

Retained earnings

(54.852)

(15.252)

(54.852)

(15.252)

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### 30. Accounting policies

#### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied for these financial statements are consistent with those applied last year.

The annual report is presented in Danish currency (DKK).

#### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

#### Recognition and measurement

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

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

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

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

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

#### Uncertainty relating to measurement and recognition

Deferred tax assets are measured at estimated realisable value. Management has assessed estimated realisable value on the basis of future expected earnings which incorporates commenced concrete restructuring initiatives, as mentioned above, to bring the Company back to profitability. Further, the Company has launched a new go to market strategy which seeks to increase the value proposition of HARDI International A/S and the HARDI Group. Consequently, management believes it will utilise the tax asset within 3-5 years. As the expected earnings are based on estimates as well as expected future events this is subject to uncertainty.

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## Accounting policies

Leasing arrangements for leases for fixed assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are, on initial recognition, recognized in the balance sheet at cost. All other leases are treated as operating leases. Regarding the sale and subsequent lease of the building in Nørre Alslev it has been assessed that the 10 years irrevocable rent period is significantly shorter than the expected life time of the asset and that net present values of future lease payments are below 90% of the fair value.

## Foreign currency translation

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

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed. The Company applies the interpretative aid to IFRS 15 Revenue from Contracts with Customers when recognising and measuring revenue.

### Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

### Research and development costs

Research and development costs include costs of development projects that do not meet the criteria for recognition in the balance sheet, and amortisation and impairment losses relating to development projects.

### Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

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## Accounting policies

### Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### Other operating income and expenses

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

### Income from investments in group enterprises including costs for restructuring

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses. Included herein are costs for restructuring expenses incurred in group enterprises.

### Other financial income

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

### Other financial expenses

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

### Income taxes

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

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## Accounting policies

### Balance sheet

#### Intellectual property rights etc.

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

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 10 years.

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

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs.

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

The basis of depreciation is straight-line depreciation, made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	8-10 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years

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

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## Accounting policies

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired.

Goodwill is amortised over its estimated useful life which is normally five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

### Leases

On initial recognition, leases for fixed assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of future lease payments, the interest rate implicit in the lease or a rate that approximates this rate is used as the discount factor. Assets held under finance leases are depreciated as the Company's other fixed assets. The capitalised residual obligation is recognised in the balance sheet as a liability and the interest element of the lease payments is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating and other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating and other leases are disclosed under contingencies and securities, etc.

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## Accounting policies

### Deferred tax

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

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

### Inventories

Inventories are measured at the lower of average cost and net realizable cost.

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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

### Receivables

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

### Income tax payable or receivable

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructurings, etc.

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## Accounting policies

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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

### Other financial liabilities

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

### Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

## Cash flow statement

Referring to section 86(4) of the Danish Financial Statement Act, the Company has not prepared a cash flow statement.

## Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross profit margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The enterprise's manufacturing profitability.
EBITDA margin(%)	$\frac{\text{Operating profit/loss excl. amortisation of goodwill} \times 100}{\text{Revenue}}$	The enterprise's operating profitability.

Gross profit is defined as sales less direct and indirect costs of production as well as amortization, depreciation and impairment losses.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as operating profit plus the year's amortisation of goodwill. The year's impairment losses on goodwill are not added.

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