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**HOMAG DANMARK A/S**  
**HJALTEVEJ 12, SKOVBY, 8464 GALTEN**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2019**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 12 March 2020**

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**Dirigent Jan Weier**

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**COMPANY DETAILS**

<b>Company</b>	Homag Danmark A/S Hjaltevej 12 Skovby 8464 Galten  CVR No.: 55 92 20 12 Established: 25 February 1976 Registered Office: Skovby Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Frederik Meyer Tobias Georg Schaible Dr. Markus Johannes Vöge
<b>Board of Executives</b>	Jan Weier
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Homag Danmark A/S for the financial year 1 January - 31 December 2019.

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 Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Skovby, 3 March 2020

Board of Executives

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Jan Weier

Board of Directors

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Frederik Meyer

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Tobias Georg Schaible

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Dr. Markus Johannes Vöge

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Homag Danmark A/S

### Opinion

We have audited the Financial Statements of Homag Danmark A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 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 requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## INDEPENDENT AUDITOR'S REPORT

- 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 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 3 March 2020

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Bo Sørensen  
State Authorised Public Accountant  
MNE no. mne32750

## MANAGEMENT'S REVIEW

### Principal activities

The company's principal activities continue to be deliveries of both complete machine lines and stand-alone machines. The activities include sale of both new and used machines. In addition, there are considerable activities in the form of service, software, repair, and sale of spare parts. The company's main area is Denmark and the activities are primarily aimed at the wood, furniture, and plastics industries.

The company is primarily engaged in sale of the HOMAG Group's products. Moreover, the company works with a number of suppliers of complementary products, so that the company's role as total supplier of machines and systems is maintained and expanded. Thus, we have today a product range of very well-regarded and known products which have been systematically incorporated and installed with our customers over many years.

### Development in activities and financial position

The development within HOMAG Denmark's market area in Denmark was in 2019 at a level which reflects our customers' sales opportunities.

It is Management's opinion that we have again in 2019 increased our market share and improved our competitive power by market-adapted products, value-creating solutions, and development of our service concept.

### Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance to the company's financial position.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2019 DKK	2018 DKK
<b>GROSS PROFIT</b> .....		<b>27,057,178</b>	<b>23,985,349</b>
Staff costs.....	1	-18,338,505	-17,540,453
Depreciation, amortisation and impairment losses.....		-298,956	-623,460
Other operating expenses.....		0	-28,669
<b>OPERATING PROFIT</b> .....		<b>8,419,717</b>	<b>5,792,767</b>
Financial income.....		28,084	13,451
Financial expenses.....		-55,164	-116,594
<b>PROFIT BEFORE TAX</b> .....		<b>8,392,637</b>	<b>5,689,624</b>
Tax on profit/loss for the year.....	2	-1,886,287	-1,268,649
<b>PROFIT FOR THE YEAR</b> .....		<b>6,506,350</b>	<b>4,420,975</b>
<b>PROPOSED DISTRIBUTION OF DIVIDEND</b>			
Dividend for the financial year.....		5,975,000	4,500,000
Retained earnings.....		531,350	-79,025
<b>TOTAL</b> .....		<b>6,506,350</b>	<b>4,420,975</b>



## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Software.....		34,776	60,185
<b>Intangible fixed assets.....</b>	<b>3</b>	<b>34,776</b>	<b>60,185</b>
Land and buildings.....		755,958	556,326
Other plant and operating equipment.....		746,093	556,446
<b>Tangible fixed assets.....</b>	<b>4</b>	<b>1,502,051</b>	<b>1,112,772</b>
<b>FIXED ASSETS.....</b>		<b>1,536,827</b>	<b>1,172,957</b>
Finished goods and goods for resale.....		8,232,674	5,447,894
<b>Inventories.....</b>		<b>8,232,674</b>	<b>5,447,894</b>
Trade receivables.....		9,905,839	8,738,124
Other receivables.....		844	9,836
Receivable tax.....		159,411	0
Prepayments and accrued income.....		1,168,570	2,142,485
<b>Receivables.....</b>		<b>11,234,664</b>	<b>10,890,445</b>
<b>Cash.....</b>		<b>7,726,983</b>	<b>21,975,963</b>
<b>CURRENT ASSETS.....</b>		<b>27,194,321</b>	<b>38,314,302</b>
<b>ASSETS.....</b>		<b>28,731,148</b>	<b>39,487,259</b>

**BALANCE SHEET AT 31 DECEMBER**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Share capital.....		1,970,000	1,970,000
Retained earnings.....		8,847,165	8,315,814
Proposed dividend for the financial year.....		5,975,000	4,500,000
<b>EQUITY.....</b>	<b>5</b>	<b>16,792,165</b>	<b>14,785,814</b>
Provision for deferred tax.....		129,729	84,031
<b>PROVISION FOR LIABILITIES.....</b>		<b>129,729</b>	<b>84,031</b>
Trade payables.....		2,171,625	1,119,659
Debt to subsidiaries.....		3,128,258	8,753,037
Corporation tax.....		0	135,698
Other debt.....		3,429,743	4,267,623
Prepayments received from customers.....		3,079,628	10,341,397
<b>Current liabilities.....</b>		<b>11,809,254</b>	<b>24,617,414</b>
<b>LIABILITIES.....</b>		<b>11,809,254</b>	<b>24,617,414</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>28,731,148</b>	<b>39,487,259</b>
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## NOTES

	2019 DKK	2018 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees 27 (2018: 25)			
Wages and salaries.....	16,570,397	15,937,362	
Pensions.....	1,501,877	1,376,156	
Social security costs.....	137,862	113,483	
Other staff costs.....	128,369	113,452	
	<b>18,338,505</b>	<b>17,540,453</b>	
<b>Tax on profit/loss for the year</b>			<b>2</b>
Calculated tax on taxable income of the year.....	1,840,589	1,335,698	
Adjustment of deferred tax.....	45,698	-67,049	
	<b>1,886,287</b>	<b>1,268,649</b>	
<b>Intangible fixed assets</b>			<b>3</b>
		Software	
Cost at 1 January 2019.....		879,194	
<b>Cost at 31 December 2019.....</b>		<b>879,194</b>	
Amortisation at 1 January 2019.....		819,009	
Amortisation for the year.....		25,409	
<b>Amortisation at 31 December 2019.....</b>		<b>844,418</b>	
<b>Carrying amount at 31 December 2019.....</b>		<b>34,776</b>	
<b>Tangible fixed assets</b>			<b>4</b>
		Land and buildings	Other plant and operating equipment
Cost at 1 January 2019.....	10,901,060		2,397,018
Additions.....	212,000		450,824
Disposals.....	0		-452,496
<b>Cost at 31 December 2019.....</b>	<b>11,113,060</b>		<b>2,395,346</b>
Depreciation and impairment losses at 1 January 2019.....	10,344,734		1,840,570
Reversal of depreciation of assets disposed of.....	0		-452,496
Depreciation for the year.....	12,368		261,179
<b>Depreciation and impairment losses at 31 December 2019....</b>	<b>10,357,102</b>		<b>1,649,253</b>
<b>Carrying amount at 31 December 2019.....</b>	<b>755,958</b>		<b>746,093</b>

NOTES

	<b>Note</b>
<b>Equity</b>	<b>5</b>

	Share capital	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 January 2019.....	1,970,000	8,315,815	4,500,000	14,785,815
Dividend paid.....			-4,500,000	-4,500,000
Proposed distribution of profit.....		531,350	5,975,000	6,506,350
<b>Equity at 31 December 2019.....</b>	<b>1,970,000</b>	<b>8,847,165</b>	<b>5,975,000</b>	<b>16,792,165</b>

<b>Contingencies, etc.</b>	<b>6</b>
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**Contingent liabilities**

The company is subject to common warranties/right of complaint relating to machines sold, etc.

**Operating leases**

The payment for the year is DKK ('000) 1,226 and the total residual lease payment is DKK ('000) 2,902.

**Joint liabilities**

The company is jointly and severally liable together with the parent company and the other Group companies in the joint taxable Group for tax on the Group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of AGRAMKOW Fluid Systems A/S, which serves as management company for the joint taxation.

<b>Charges and securities</b>	<b>7</b>
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As security for debt to mortgage credit institute, the company has pledged land and buildings of a carrying amount of DKK ('000) 756 at 31 December 2019, and a property value at 1 October 2018 of DKK ('000) 10,600. The pledge is DKK ('000) 3,701. As security for engagement with bank, an owner's mortgage of DKK ('000) 8,000 has been issued, giving security after the credit institute. The company's engagement with the bank is a deposit of DKK ('000) 7,724 at 31 December 2019.

<b>Related parties</b>	<b>8</b>
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The company's related parties include:

**Controlling interest**

HOMAG Finance GmbH is the principal shareholder.

**Transactions with related parties**

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

**NOTES****Note****Consolidated financial statements****9**

The company is included in the consolidated financial statements of HOMAG GROUP and DÜRR.

## ACCOUNTING POLICIES

The Annual Report of Homag Danmark A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

## INCOME STATEMENT

### Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

### Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

### Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

### Cost of sales

Cost of sales comprises costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs of social security, etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

### Financial income and expenses

Financial income and expenses include interest income and expenses and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

**ACCOUNTING POLICIES**

**BALANCE SHEET**

**Intangible fixed assets**

Software and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 5 years.

**Tangible fixed assets**

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	30 years	0%
Cars.....	5 years	0%
Other plant, fixtures and equipment.....	5-10 years	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Impairment of fixed assets**

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are assessed on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

**Inventories**

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

## ACCOUNTING POLICIES

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Cash and cash equivalents

Primarily cash at banks.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.



## ACCOUNTING POLICIES

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.