

**AGCO DANMARK A/S  
Stationsparken 37, 2  
DK – 2600 Glostrup**

**Annual Report 2019**

**CVR-nr. 66 60 76 15**

Annual Report was presented and approved by the company  
General Meeting

Date 5<sup>th</sup> June 2020



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*Chairman*

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## Statements

### Management statement

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

It is our opinion that 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 and cash flows for the financial year 1 January – 31 December 2019.

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 its financial position.

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

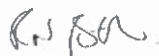
Glostrup, 5<sup>th</sup> June 2020

#### Management:



Anders Melgaard Clausen

#### Board of directors:



Roger Neil Batkin  
Chairman



Frédéric Michel Devienne



Anders Melgaard Clausen



## **Independent auditor's report**

### **To the shareholders of AGCO Danmark A/S**

#### **Opinion**

We have audited the financial statements of AGCO Danmark A/S for the financial year 1 January – 31 December 2019 comprising 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 Company's assets, liabilities and financial position 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility 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, that 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.



## Independent auditor's report

### 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.
- 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.



## Independent auditor's report

### 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.

5 June 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Steffen S. Hansen  
State Authorised  
Public Accountant  
mne32737

Kristoffer A. Staun  
State Authorised  
Public Accountant  
mne45106

## **Management's Review**

### **Key information on the company**

AGCO Danmark A/S  
Stationsparken 37, 2  
DK-2600 Glostrup

CVR-nr / Registration No.: 66 60 76 15  
Established: 30.06.1981  
Financial year: 1 January – 31 December

### **Board of directors**

Frédéric Michel Devienne  
Roger Neil Batkin  
Anders Melgaard Clausen

### **Management**

Anders Melgaard Clausen

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Østre Allé 18,  
9000 Aalborg

## Management's review (continued)

### Key figures and key ratios

MDKK	2019	2018	2017	2016	2015
<b>Key figures</b>					
Net sales	631.1	596.5	635.4	619.4	428.1
Gross profit	41.8	46.3	45.9	52.9	40.8
Ordinary operating profit	8.9	14.7	16.2	25.8	13.0
Profit/loss from financial income and expenses	3.1	0.9	1	-1.6	0.1
Restructuring costs	0	0	0	-1.5	0.0
Income before tax	12.1	15.6	16.2	24.2	13.1
<b>Net income</b>	<b>9.3</b>	<b>12.1</b>	<b>12.6</b>	<b>19.9</b>	<b>10.0</b>
<b>Key Ratio</b>					
Fixed assets	0.1	0.1	0.1	0.0	0.2
Investment in property, plant and equipment	0	0.0	0.0	0.0	0.0
Long term asset	80.0	-	-	-	-
Current assets	136.8	330.5	292.2	220.7	463.9
<b>Total assets</b>	<b>216.9</b>	<b>330.6</b>	<b>292.2</b>	<b>220.7</b>	<b>464.1</b>
Share capital	5.5	5.5	5.5	5.5	5.5
<b>Shareholders' equity</b>	<b>67.0</b>	<b>57.6</b>	<b>45.5</b>	<b>32.9</b>	<b>53.0</b>
Provisions	5.9	3.2	2.2	2.2	2.3
Current liabilities	144	269.7	244.6	185.6	408.9
<b>Total shareholders' equity and liabilities</b>	<b>216.9</b>	<b>330.5</b>	<b>292.2</b>	<b>220.7</b>	<b>464.1</b>
<b>Key Ratio</b>					
Gross margin	6.6%	7.8%	7.2%	8.8%	9.5%
Return on invested capital	10.1%	9.3%	34.05%	122.0%	31%
Equity ratio	30.9%	17.4%	14.9%	14.9%	11.4%
Return on equity	13.9%	21.0%	27.7%	60.5%	18.9%
<b>Average number of employees</b>	<b>44</b>	<b>41</b>	<b>42</b>	<b>47</b>	<b>43</b>

Financial ratios are calculated in accordance with the guidelines "Recommendations and Ratios" issued by the Danish Society of Financial Analysts"



## Management's review (continued)

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital.
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

### Core business area

AGCO Danmark A/S's principal activity is the import and sale of agricultural machinery and spare parts. AGCO Danmark A/S's main products are Massey Ferguson, Valtra and Fendt tractors, combines, balers and self-propelled sprayers. AGCO Danmark's clients are a distributor base of now 18 dealers in Denmark, with 41 outlets for the sale of machinery, spare parts and store products.

### Development in activities and financial conditions

#### Result for the year

Following the trend from the last four years, AGCO Danmark A/S continues to strengthen our position in the market, which is satisfactory. Overall comment to the brand focused network, is, that this continuously giving us increased strength in the dealer network, we have been planning for.

#### Market:

We have seen an overall growth in the market, caused by a situation where an accumulated need for investments and a financial better situation for the farmers in 2019. Denmark have furthermore seen better settlement prices for commodities, driven mainly by the situation with world spread pig flue.

## **Management's review (continued)**

Fendt has maintained the market share, with again a small growth of 0.1%, Valtra have lost just above 2% in the market share and Massey Ferguson have increased the market share a very satisfactory 6%. Vs. 2018. Overall has AGCO Denmark A/S gained an satisfactory 3,8% market share, bringing us close to 30% marketshare. Number of sold units has increased by 118 in 2019

The combine and baler market have accepted our new ranges and with several sold units, we see positive possibilities with this highly innovative and awarded machines. Our hay tool range are now widely accepted and the number of sold units increased to 47.

Revenue for the year is TDKK 631,164 against TDKK 596,484 in the prior year. Operating profit after tax amounted to TDKK 9,358 against TDKK 12,157 in the prior year. The development is considered satisfactory to positive, with an increasing margin

The management consider the result to be acceptable.

### **Investments**

No significant investments are planned.

### **Capital resources**

AGCO Danmark A/S has an equity ratio of 30.9% (2018: 17.6 %), with a return on equity at 31 December 2019 of 13.9 % (2018: 21.0%).

The company's capital resources are regarded as sufficient to cover the ongoing business for 2020.

### **Research and development activities**

No such activities are planned for in 2020.

### **Outlook**

Management's expectations are based on the total market is seen to decrease in the light of the on-going Covid-19 crisis. The network development and consolidation will continue, but at a planned lower level. The expectation to market share for all three brands are slightly positive.

### **Ownership**

AGCO Danmark A/S is wholly owned by AGCO A/S.

## Management's review (continued)

### Corporate Social Responsibility

AGCO Danmark A/S has made a CSR policy, based on three pillars, the company wants to focus on

- I) Human resources
- II) The market
- III) The society

Human resources are focused on securing equal opportunities for all, we have a TRAIT programme (Team spirit, Respect, Accountability, Integrity and Transparency), working environment for our staff, and how our employees can help / assist the local community in various volunteer programmes.

We have established those three areas as our focus areas and are developing a more long term commitment in these.

Main focus for AGCO Denmark is creating equal rights and possibilities for all. One point is, for all new positions in AGCO Denmark A/S, we will always encourage women to apply.

Our CSR policy compliance will be monitored, and progress will be reported in the statutory report for AGCO Denmark A/S.

AGCO Denmark A/S engagement in climate and environment is very much focused on local engagement. The primary focus is to minimize resource consumption and minimize waste in our Copenhagen based area. The following areas are our first priorities in 2020.

- i) Reduce energy consumption, minimum 25%
- ii) Reduce paper consumption minimum 50%
- iii) Establish carbon dioxide measures and identify possible reductions for long term reduction.

All employees at AGCO Danmark will be given guidance/training related to anti-corruption to be sure we all know how to act in cases where it need attention, despite we believe there is a minimum risk to see this in our daily business.

Starting from January 1.th 2020, all new agreements with vendors, contract have introduced a point that makes the vendor aware that an anti-corruption screening is being conducted before an agreement can be fulfilled.

Furthermore, AGCO Danmark will make an anticorruption screening of all already existing vendors and our goal is to reach 50 % during 2020, and the rest in 2021. The screening is made by screening tool **Bridger XG** by LexisNexis, used in all AGCO cooperation companies, approved by AGCO global legal department.

## **Management's review (continued)**

Starting from January 1.th 2020, all new vendors are screened in the above-mentioned tool before any cooperation agreement and deliveries can be made between AGCO Danmark and a new vendor

### **Target and Policies for the Underrepresented Gender**

In the Financial Statements Act, §99b, a provision has been added on target figure and policies regarding the distribution by gender in the Board and management. At AGCO Danmark A/S the target is that the under-represented gender must represent minimum 33% of the executive board at the end of the financial year 2021. This accounts for 1 female member to be appointed by the end of financial year 2021. Currently, the board consists of 3 members, which are all males.

The Board is determined at group level and consists of two persons from Group Administration together with the Executive Director. The board is rarely changed and the composition of the Board depends on composition of Administration in Parent Company.

Even though, this could be an issue for completion of our target, we will strive to meet it within the defined timeframe by keeping focus on increasing diversity in the executive board

At 31 December 2019 the under-represented gender was 0% of the executive board. The total FTE for FY17 is under 50, therefore, under §99b, it is not mandatory to implement any concrete policy and initiatives for other management levels.

## **Accounting principles**

The 2019 annual report of AGCO Danmark A/S has been prepared in accordance with the provisions applying to class C (large) enterprises under the Danish Financial Statements Act.

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

Pursuant to Section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared.

### **Recognition and measurement**

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortized cost implying the recognition of a constant effective interest rate to maturity. Amortized cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortization of any difference between cost and nominal amount.

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned; including value adjustments of financial assets and liabilities measured at fair value or amortized cost. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as interest income or expense and similar items.

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

## **Accounting principles (continued)**

### **Income statement**

#### **Revenue**

Revenue from the sale of goods for resale and finished goods is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

#### **Other operating income and costs**

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of intangible assets and property, plant and equipment.

#### **Interest income and expense and similar items**

Interest income and expense and similar items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme etc.

#### **Tax on profit / loss for the year**

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized through equity is recognized directly in capital and reserves. The recognized tax expense relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

### **Balance sheet**

#### **Property, plant and equipment**

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

## **Accounting principles (continued)**

Fixtures and fittings, tools and equipment     3-10 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognized in the income statement as other operating income or other operating costs, respectively.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

### **Leasing**

All leasing contracts are evaluated to be operating lease. The expenses are recognized in the income statement for the duration of the lease contracts. Total leasing commitment is disclosed in the notes.

### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

### **Receivables**

Receivables are measured at amortized cost. Write-down is made for bad debt losses

### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

### **Corporation tax and deferred tax**

Current tax payable and receivable is recognized in the balance sheet as tax computed in the taxable income for the year, adjusted for tax on the taxable income of prior years.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized at the expected value of their utilization; 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.

## **Accounting principles (continued)**

### **Other provisions**

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured and recognized based on past experience.

### **Financial liabilities**

Amounts owed to mortgage credit institutions and banks are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.



## STATEMENT OF INCOME

(DKK 1,000)

<u>Note</u>		<u>2019</u>	<u>2018</u>
<b>1</b>	<b>NET SALES</b>	<b>631,164</b>	<b>596,484</b>
	Cost of sales	(566,398)	(523,429)
	Other external expenses	(22,944)	(26,723)
	<b>GROSS PROFIT</b>	<b>41,822</b>	<b>46,332</b>
<b>2</b>	Staff costs	(32,866)	(31,583)
	Depreciation	(69)	(47)
	<b>ORDINARY OPERATING PROFIT</b>	<b>8,887</b>	<b>14,702</b>
<b>3</b>	Financial income	4,236	4,390
<b>4</b>	Financial expenses	(1,045)	(3,461)
	<b>INCOME BEFORE TAX</b>	<b>12,078</b>	<b>15,631</b>
<b>5</b>	Tax on profit for the year	(2,720)	(3,474)
	<b>NET INCOME</b>	<b>9,358</b>	<b>12,157</b>

## BALANCE SHEET

### ASSETS

(DKK 1,000)

<u>Note</u>		<u>2019</u>	<u>2018</u>
	<b>FIXED ASSETS</b>		
	<b>Tangible fixed assets</b>		
7	Machinery and equipment	127	93
	<b>Total fixed assets</b>	<u>127</u>	<u>93</u>
8	<b>LONG TERM ASSETS</b>		
	Intercompany receivable	80,000	-
	<b>CURRENT ASSETS</b>		
	Finished goods	2,091	1,960
	<b>Inventories</b>	<u>2,091</u>	<u>1,960</u>
	<b>Receivables</b>		
	Trade receivables	68,550	30,214
	Intercompany receivables	155	222,204
9	Deferred tax asset	10,824	9,993
	Other receivables	15,263	15,507
10	Prepayments	6,810	8,650
		<u>101,602</u>	<u>286,568</u>
	<b>Cash</b>	<u>33,178</u>	<u>42,049</u>
	<b>Total current assets</b>	<u>136,871</u>	<u>330,577</u>
	<b>TOTAL ASSETS</b>	<u>216,998</u>	<u>330,670</u>

## BALANCE SHEET

### SHAREHOLDERS' EQUITY AND LIABILITIES

(DKK 1,000)

<u>Note</u>	<u>2018</u>	<u>2018</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	5,500	5,500
Retained earnings	61,503	52,145
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>67,003</b>	<b>57,645</b>
 <b>PROVISIONS</b>		
<b>11</b> Warranty provision	5,935	3,240
	<hr/>	<hr/>
	<b>5,935</b>	<b>3,240</b>
 <b>CURRENT LIABILITIES</b>		
Trade payables	7,088	8,038
Intercompany debt	56,455	189,315
Other payables	80,516	72,432
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>144,060</b>	<b>269,785</b>
 <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
	<hr/>	<hr/>
	<b>216,998</b>	<b>330,670</b>

## STATEMENT OF CHANGES IN EQUITY

(DKK 1,000)	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total equity</u>
<b>Shareholders' equity 1 January 2019</b>	5,500	52,145	-	57,645
Transferred over the profit appropriation	-	9,358	-	9,358
Distributed extraordinary dividends	-	-	-	-
<b>Shareholders' equity 31 December 2019</b>	<u>5,500</u>	<u>61,503</u>	<u>-</u>	<u>67,003</u>

The share capital consists of 5,500 shares of TDKK 1, amounting to TDKK 5,500.  
No changes have been made to the share capital in the last 5 years.

## NOTES

(DKK 1,000)

### 1 REVENUE

#### Activity - Primary Segment

	<u>Wholegoods</u>	<u>Parts</u>	<u>Services</u>	<u>Total</u>
2019				
Revenue	489,486	141,038	640	631,164
	<u>489,486</u>	<u>141,038</u>	<u>640</u>	<u>631,164</u>
2018				
Revenue	455,222	140,357	905	596,484
	<u>455,222</u>	<u>140,357</u>	<u>905</u>	<u>596,484</u>

### 2 STAFF COSTS

	<u>2019</u>	<u>2018</u>
Salaries and wages	30,191	28,702
Pension	2,603	2,522
Other social security costs	72	359
	<u>32,866</u>	<u>31,583</u>

During the year the company had an average of 44 employees (2018: 41)

The company took advantage of section 98b(3) of the Danish Financial Statements Act and has not disclosed the remuneration of the Executive Board and Management.

### 3 FINANCIAL INCOME

	<u>2019</u>	<u>2018</u>
Intercompany Interest	4,236	4,390
	<u>4,236</u>	<u>4,390</u>

### 4 FINANCIAL EXPENSES

	<u>2019</u>	<u>2018</u>
Other interest charges	1,025	3,458
Intercompany Interest	20	3
	<u>1,045</u>	<u>3,461</u>

## NOTES (Continued)

(DKK 1,000)

### 5 TAX ON PROFIT FOR THE YEAR

Income taxes are based on the tax laws currently in effect.

	<u>2019</u>	<u>2018</u>
Current tax for the year	3,551	1,459
Deferred tax for year	(831)	244
Adjustment relating to prior year	-	1,771
	<u>2,720</u>	<u>3,474</u>

### 6 PROPOSED PROFIT APPROPRIATION

	<u>2019</u>	<u>2018</u>
Distributed extraordinary dividends	-	-
Profit for the year	9,358	12,157
	<u>9,358</u>	<u>12,157</u>

### 7 FIXED ASSETS

	<u>Machinery And Equipment</u>
<b>COST</b>	
Balance as of January 1, 2019	1,252
Additions	103
Disposals	-
Balance as of December 31, 2019	<u>1,355</u>
<b>ACCUMULATED DEPRECIATION</b>	
Balance as of January 1, 2019	(1,159)
Depreciation	(69)
Depreciation on disposed assets	-
Balance as at December 31, 2019	<u>(1,228)</u>
Net book value as at December 31, 2019	<u>127</u>

## NOTES (Continued)

(DKK 1,000)

### 8 LONG TERM DEBT

In February 2019, DKK 80,000,000 was lent to Agco International GmbH, a company incorporated in Switzerland. The loan is due within 7 years.

### 9 DEFERRED TAX

	<u>2019</u>	<u>2018</u>
Deferred tax at 1 January	9,993	11,763
Adjustment of deferred tax	831	(1,770)
	<u>10,824</u>	<u>9,993</u>
Deferred tax relates to:		
Property, plant and equipment	90	103
Provisions	10,734	9,890
	<u>10,824</u>	<u>9,993</u>

### 10 PREPAYMENTS

	<u>2019</u>	<u>2018</u>
Prepayments relates to the following:		
Accrued income	6,141	7,692
Warehouse Lease deposit	655	655
Prepaid insurance cost	-	-
Other	14	33
	<u>6,810</u>	<u>8,650</u>

### 11 OTHER PROVISIONS

	<u>2019</u>	<u>2018</u>
Other provisions at 1 January	3,240	2,166
Utilized during the year	-	-
Reversal	(23)	(363)
Provision for the year	2,718	1,437
	<u>5,935</u>	<u>3,240</u>
<b>Other provisions at 31 December</b>	<u>5,935</u>	<u>3,240</u>
The provisions are expected to be payable in:		
0-1 year	3,464	2,012
1-5 years	2,471	1,228
>5 years	-	-
	<u>5,935</u>	<u>3,240</u>

## NOTES (Continued)

(DKK 1,000)

### 12 CURRENCY AND INTEREST RATE RISKS AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

AGCO Danmark A/S does not make use of hedging instruments, such as forward exchange contracts or interest and currency swaps, for its recognised and unrecognised transactions.

#### Recognised transactions

Recognised transactions in the form of receivables and payables denominated in foreign currencies are minimal as the majority of transactions are made in DKK. The risk associated with foreign exchange is therefore deemed to be small.

#### Currency risks

Currency	Receivables	Payables	Hedged by forward exchange contracts and currency swaps	Net position
	DKK	DKK	DKK	DKK
DKK	357,874	(465,019)	-	(107,145)
EUR	(284,676)	401,573	-	116,897
NOK	27,693	(20)	-	27,673
SEK	(16,920)	(6)	-	(16,926)
Other	-	(77)	-	(77)
	<u>83,971</u>	<u>(63,549)</u>	<u>-</u>	<u>20,422</u>

### 13 LEASING COMMITMENTS

The Company has entered into leasing contracts regarding cars and buildings.

The contracts expire on various dates up to 2026 and beyond and the total obligation amounts to TDKK 24,355.

The Company has entered into a leasehold agreement, which is now on a rolling basis and has a notice period of 6 months for the building in Glostrup and 3 months for the office facilities in Frederica. The Lease cars have a period of four years for diesel and a maximum of 200,000 km usage limit and 3 years for petrol and a maximum of 150,000 km usage limit, if cars are driven for the maximum limit before the period ends, they will need to be changed .

The company also has Ikano Bank office equipment lease ending February 2020 for DKK 1,962 per month and Dell IT Hardware leases for DKK 4,252 per month

The total lease obligation amounts to TDKK 3,215.



## NOTES (Continued)

(DKK 1,000)

### 14 RELATED PARTY DISCLOSURE

AGCO Danmark A/S's related parties comprise the following:

#### Controlling party

AGCO A/S, Dronningborg Alle 2, 8930 Randers.  
AGCO A/S holds 100% of the share capital in the Company.

AGCO Danmark A/S is part of the consolidated financial statements of AGCO Corporation, Registered Office: 4205 River Green Parkway, Duluth Georgia U.S, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of AGCO Corporation can be obtained by contacting the Company or at the following website: [www.AGCOcorp.com](http://www.AGCOcorp.com)

#### Related party transactions

Below is a summary of the related party transactions that were carried out during the year.

	<u>2019</u>	<u>2018</u>
Sale of goods to group companies	367	97
Purchase of goods from group companies	<u>525,562</u>	<u>466,755</u>

Receivables and payables from subsidiaries are disclosed in the balance sheet, and interest income and expense is disclosed in note 3 and 4

### 15 AUDITOR'S REMUNERATION

The total fee to the auditors appointed by the shareholder at the annual general meeting for performing the statutory audit has, for the financial year, amounted to 154 TDKK.

### 16 CONTINGENT LIABILITIES

#### Joint taxation

The Company is jointly taxed with the other Danish group companies. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent correction of the taxable joint taxation income or withholding taxes might increase the Company's liability. There are no other contingent liabilities for the company to report.

## **NOTES (Continued)**

(DKK 1,000)

### **17 SUBSEQUENT EVENTS**

At the date of finalisation of the annual financial statements, the COVID-19 outbreak is a material subsequent non-adjusting event that requires disclosure in the financial statements.

On March 11, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. There has also been a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies.