# Graintec A/S

Enghavevej 40, 7100 Vejle

CVR no. 73 42 22 13

## Annual report 2019

Approved at the Company's annual general meeting on 20 March 2020

Chairman:

....................................................

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

## Contents

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Graintec A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2019 and of the results of the Group's and the Company's operations and of the consolidated 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 Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Vejle, 20 March 2020
Executive Board:

Michael Gregers Mortensen

Board of Directors:

| | | |
|---|---|---|
| Per Schak Andreasen<br>Chairman | Sofie Hougaard | Samuel Waldorph<br>Andreasen |
| Søren Milner | Morten Bagger Larsen | Markus Wied Dethlefsen |

## Independent auditor's report

**To the shareholders of Graintec A/S**

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Graintec A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

## Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

## Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 20 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised Public Accountant
mne24820

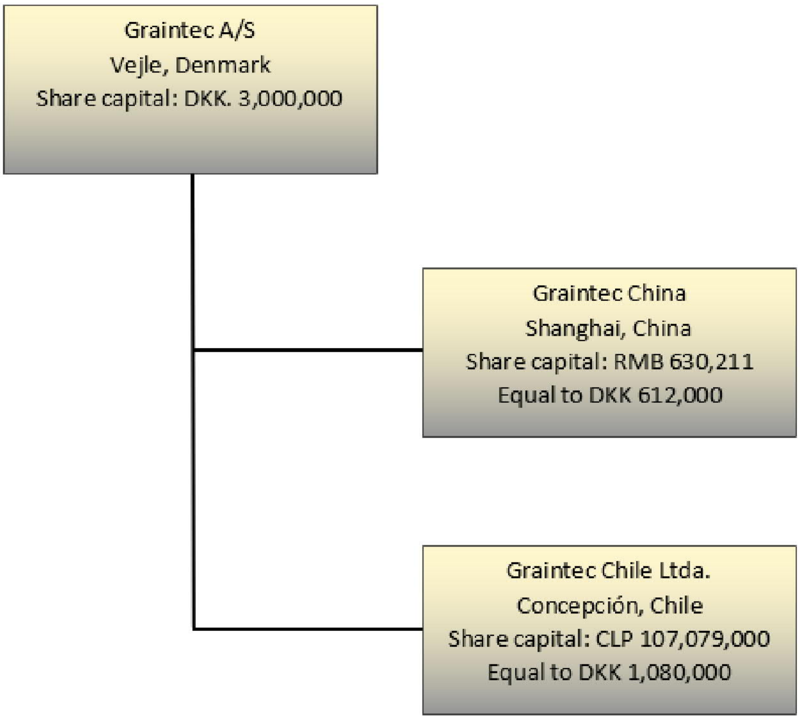
# Management's review

## Company details

| | |
|---|---|
| Name | Graintec A/S |
| Address, Postal code, City | Enghavevej 40, 7100 Vejle |
| | |
| CVR no. | 73 42 22 13 |
| Established | 30 April 1984 |
| Registered office | Vejle |
| Financial year | 1 January - 31 December |
| | |
| Board of Directors | Per Schak Andreasen, Chairman<br>Sofie Hougaard<br>Samuel Waldorph Andreasen<br>Søren Milner<br>Morten Bagger Larsen<br>Markus Wied Dethlefsen |
| | |
| Executive Board | Michael Gregers Mortensen |
| | |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab<br>Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark |

# Management's review

## Group chart




**Company details – subsidiaries**

Graintec Chile Ltda.
Lincoyan 282 Piso 6.
Concepción, Chile

Phone: +56 412 910 515
Telefax: +56 412 810 512
Mail: chile@graintec.com

Graintec China Ltd.
Room 402, Tower B
Ming Gu Technology Park, Minhand District
Shanghai 201101, China

Phone: +86 139 18 52 42 39
Mail: china@graintec.com

# Management's review

## Financial highlights for the Group

| DKK'000 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 223,123 | 256,722 | 262,824 | 246,770 | 170,201 |
| Operating profit/loss | 1,409 | -570 | -5,372 | 261 | 3,199 |
| Net financials | -302 | 683 | -1,185 | 1,668 | -13 |
| **Profit/loss for the year** | **264** | **-4,565** | **-5,202** | **1,310** | **1,222** |
| Total assets | 103,366 | 107,725 | 155,104 | 112,627 | 113,349 |
| **Equity** | **21,192** | **20,306** | **23,141** | **28,480** | **27,101** |
| Cash flows from operating activities | 582 | -27,157 | 36,588 | 2,839 | -34,982 |
| Net cash flows from investing activities | -607 | -1,931 | -32 | 1,360 | -544 |
| Investment in property, plant and equipment | -14 | -397 | -119 | -357 | -1,439 |
| Cash flows from financing activities | 623 | -2,173 | -660 | -1,034 | -14,453 |
| **Total cash flows** | **598** | **-31,261** | **35,896** | **3,165** | **-49,979** |
| Cash and cash equivalents | 43,745 | 43,768 | 76,155 | 37,583 | 34,411 |
| **Financial ratios** | | | | | |
| Operating margin | 0.6% | -0.2% | -2.0% | 0.1 % | 1.9 % |
| Equity ratio | 20.5% | 18.8% | 14.9% | 25.3% | 23.9% |
| Return on equity | 1.3% | -21.0% | -20.2% | 4.7% | 3.6% |
| **Average number of employees** | **92** | **90** | **88** | **91** | **93** |

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Ordinary operating profit/loss — Profit/loss before financial items adjusted for other operating income and other operating expenses

Operating margin — $\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$

Equity ratio — $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Return on equity — $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

## Management's review

### Business review

The Company's main activities are engineering, project management, construction, installation and services for extruded feed processing lines for the aqua feed and pet-food industries, as well as feed handling solutions for both offshore and land-based fish farming industry. Activities are mainly spread across Europe and the Americas. Further information about the Company can be found on www.graintec.com or by contacting the main office in Denmark on +45 76 436 910 or e-mailing mail@graintec.com.

### Financial review

In 2019, the group's revenue amounted to DKK 219,013 thousand against DKK 256,722 thousand last year. The income statement for 2019 shows a profit before tax of DKK 1,092 thousand against DKK 113 thousand last year, and the group's balance sheet at 31 December 2019 shows equity of DKK 21,192 thousand.

### Management's review

Although EBT for 2019 improved compared to 2018, EBT of 2019 is below expectations.

As part of a new strategic direction, Graintec still realised restructuring costs in 2019 and invested capital and resources in implementing support systems and new solutions to enhance future performance.

For 2020, we expect an activity level and results similar to 2019. As strategic initiatives become operational and new solutions are introduced to the market during 2020, expectations are that the results for 2021 will be at a satisfactory level.

The corona crisis (COVID-19) have still not had significant impact on Graintec's business. At present it is however unclear what impact the outbreak of the corona virus (COVID-19) will have on market demand, our ability to deliver and in general how this will impact our industry. We continue to monitor the situation and take appropriate measures in all our operations but are currently unable to fully assess the impact of the corona virus (COVID-19) on our business. Our outlook for 2020 does not include any potential negative impact of the COVID-19 crisis.

### Shares

The share capital is divided between DKK 2.7 million A-shares and DKK 0.3 million B-shares. Graintec owns DKK 0.17 million B-shares.

### Market development

The Company expects to maintain a position as a leading supplier of processing lines for high-end extruded feed and feed handling solutions to the aqua feed and pet food industry in Europe and Americas. The Company will continue to develop its global market position by adding value through engineering and use its engineering and project competences to develop sustainable business in other parts of the industry value chain. The Company is investing in developing new products and technologies to further enhance competitiveness.

The global aqua feed industry is continuing to experience growth worldwide. However, expectations for 2020 is a deceleration compared to previous years. Long term expectations are still that the industry continues to grow at rates of 2-5% As the industry matures it is expected that increased focus will be on alternative raw materials, product quality and value chain optimization. As the Company is at the forefront of technology development, we expect a continue demand for our services.

The pet food industry continues to experience growth rates of 4-5%, with the highest growth rates being in Asia and South America. The industry is expected to continue developing increasingly specialized food with high standards of healthiness, hygiene and traceability. This is expected to result in investments in new equipment and plant upgrades, as well as new line to cover an increased demand for capacity.

## Management's review

### Quality

The Company works according to the principles of the ISO 9001:2008 standards. The Company develops and maintains internal processes and procedures across all departments to ensure consistent high quality and customer satisfaction.

### Liquidity

The liquidity position together with unused credit facilities amount to DKK 47 million in the Parent Company and DKK 56 million in the Group. The liquidity is considered reasonable.

### Risk management

Due to the highly international activities as regards customers as well as vendors, the Company is exposed to exchange rate fluctuations. The Company invoices mainly in EUR, GBP and USD while purchases are in CLP, DKK, EUR, GBP, NOK and USD. In accordance with company procedures, all significant operational exchange exposures are hedged by forward exchange contracts at the time of project signing. EUR/DKK transferences are not considered an exchange risk. Risk of potential customer default is managed through down payments, cash flow management as well as bank guarantees.

### Financial statements

It is our opinion that the presented financial statements give a true and fair view of the Companies assets, liabilities and financial position, and describe all significant risks and opportunities of the Company. Since the closing of the accounts no events have occurred that change our view of the information provided in the financial statements for 2019 or in our expectations for 2020.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Income statement

| Note | DKK'000 | Group 2019 | Group 2018 | Parent company 2019 | Parent company 2018 |
|---|---|---|---|---|---|
| | **Revenue** | 223,123 | 256,722 | 176,014 | 193,647 |
| | Cost of sales | -166,718 | -196,028 | -130,077 | -150,263 |
| | Work performed for own account and capitalised | 1,561 | 0 | 1,561 | 0 |
| | Other external expenses | -11,270 | -14,265 | -6,399 | -7,353 |
| | **Gross profit** | 46,696 | 46,429 | 41,099 | 36,031 |
| 2 | Staff costs | -44,073 | -46,031 | -34,828 | -36,827 |
| | Amortisation/depreciation of intangible assets and property, plant and equipment | -1,213 | -968 | -1,122 | -741 |
| | Other operating expenses | -16 | 0 | 0 | 0 |
| | **Profit/loss before net financials** | 1,394 | -570 | 5,149 | -1,537 |
| | Income from investments in group enterprises | 0 | 0 | -3,351 | 0 |
| 3 | Financial income | 540 | 1,338 | 444 | 1,746 |
| 4 | Financial expenses | -842 | -655 | -662 | -523 |
| | **Profit/loss before tax** | 1,092 | 113 | 1,580 | -314 |
| 5 | Tax for the year | -828 | -4,678 | -1,316 | -4,251 |
| | **Profit/loss for the year** | 264 | -4,565 | 264 | -4,565 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| **Note** | **DKK'000** | **2019** | **2018** | **2019** | **2018** |
| | **ASSETS** | | | | |
| | **Fixed assets** | | | | |
| 6 | **Intangible assets** | | | | |
| | Acquired intangible assets | 2,670 | 1,532 | 2,567 | 1,388 |
| | Development projects in progress | 667 | 0 | 667 | 0 |
| | | 3,337 | 1,532 | 3,234 | 1,388 |
| 7 | **Property, plant and equipment** | | | | |
| | Land and buildings | 29,400 | 29,400 | 29,400 | 29,400 |
| | Fixtures and fittings, other plant and equipment | 70 | 177 | 34 | 80 |
| | | 29,470 | 29,577 | 29,434 | 29,480 |
| 8 | **Investments** | | | | |
| | Investments in group entities | 0 | 0 | 5,025 | 7,190 |
| | | 0 | 0 | 5,025 | 7,190 |
| | **Total fixed assets** | 32,807 | 31,109 | 37,693 | 38,058 |
| | **Non-fixed assets** | | | | |
| | **Inventories** | | | | |
| | Finished goods and goods for resale | 115 | 16 | 0 | 0 |
| | | 115 | 16 | 0 | 0 |
| | **Receivables** | | | | |
| | Trade receivables | 14,282 | 24,716 | 13,141 | 4,850 |
| 10 | Construction contracts | 8,858 | 1,407 | 8,494 | 1,383 |
| | Receivables from group enterprises | 0 | 0 | 152 | 5,167 |
| 9,14 | Deferred tax assets | 0 | 825 | 0 | 0 |
| | Corporation tax receivable | 483 | 982 | 0 | 762 |
| | Other receivables | 2,311 | 3,890 | 66 | 468 |
| 11 | Prepayments | 765 | 1,012 | 765 | 1,012 |
| | | 26,699 | 32,832 | 22,618 | 13,642 |
| | **Securities and investments** | 0 | 7,319 | 0 | 7,319 |
| | **Cash** | 43,745 | 36,449 | 37,376 | 29,274 |
| | **Total non-fixed assets** | 70,559 | 76,616 | 59,994 | 50,235 |
| | **TOTAL ASSETS** | 103,366 | 107,725 | 97,687 | 88,293 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2019 | 2018 | 2019 | 2018 |
| | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| 12 | Share capital | 3,000 | 3,000 | 3,000 | 3,000 |
| | Revaluation reserve | 11,137 | 10,796 | 11,137 | 10,796 |
| | Reserve for development costs | 1,584 | 0 | 1,584 | 0 |
| | Retained earnings | 5,471 | 6,510 | 5,471 | 6,510 |
| | **Total equity** | 21,192 | 20,306 | 21,192 | 20,306 |
| | **Provisions** | | | | |
| 14 | Deferred tax | 6,514 | 5,866 | 7,732 | 5,866 |
| | Other provisions | 4,042 | 1,245 | 3,749 | 1,053 |
| 16 | **Total provisions** | 10,556 | 7,111 | 11,481 | 6,919 |
| | **Liabilities other than provisions** | | | | |
| 15 | **Non-current liabilities other than provisions** | | | | |
| | Mortgage debt | 7,582 | 8,027 | 7,582 | 8,027 |
| | Other payables | 1,011 | 0 | 1,011 | 0 |
| | | 8,593 | 8,027 | 8,593 | 8,027 |
| | **Current liabilities other than provisions** | | | | |
| 15 | Short-term part of long-term liabilities other than provisions | 445 | 439 | 445 | 439 |
| | Bank debt | 1,960 | 1,609 | 0 | 0 |
| 10 | Construction contracts | 29,955 | 36,915 | 29,391 | 28,612 |
| | Trade payables | 17,376 | 20,110 | 17,271 | 14,001 |
| | Corporation tax payable | 0 | 473 | 0 | 0 |
| | Other payables | 13,289 | 12,735 | 9,314 | 9,989 |
| | | 63,025 | 72,281 | 56,421 | 53,041 |
| | **Total liabilities other than provisions** | 71,618 | 80,308 | 65,014 | 61,068 |
| | **TOTAL EQUITY AND LIABILITIES** | 103,366 | 107,725 | 97,687 | 88,293 |

1 Accounting policies
13 Treasury shares
17 Contractual obligations and contingencies, etc.
18 Collateral
19 Currency and interest rate risks and use of derivative financial instruments
20 Related parties

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Statement of changes in equity

| Note | DKK'000 | Group Share capital | Group Revaluation reserve | Group Reserve for development costs | Group Retained earnings | Group Total |
|---|---|---|---|---|---|---|
| | Equity at 1 January 2019 | 3,000 | 10,796 | 0 | 6,510 | 20,306 |
| | Transfer through appropriation of profit | 0 | 0 | 1,584 | -1,320 | 264 |
| | Adjustment of investments through forreign exchange adjustments | 0 | 0 | 0 | -678 | -678 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | 0 | -10 | -10 |
| | Reversed revaluations for the year | 0 | -258 | 0 | 258 | 0 |
| | Revaluations for the year | 0 | 599 | 0 | 0 | 599 |
| | Sale of treasury shares | 0 | 0 | 0 | 711 | 711 |
| | **Equity at 31 December 2019** | 3,000 | 11,137 | 1,584 | 5,471 | 21,192 |

| Note | DKK'000 | Parent company Share capital | Parent company Revaluation reserve | Parent company Reserve for development costs | Parent company Retained earnings | Parent company Total |
|---|---|---|---|---|---|---|
| | Equity at 1 January 2019 | 3,000 | 10,796 | 0 | 6,510 | 20,306 |
| 21 | Transfer, see "Appropriation of profit/loss" | 0 | 0 | 1,584 | -1,320 | 264 |
| | Adjustment of investments through forreign exchange adjustments | 0 | 0 | 0 | -678 | -678 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | 0 | -10 | -10 |
| | Reversed revaluations for the year | 0 | -258 | 0 | 258 | 0 |
| | Revaluations for the year | 0 | 599 | 0 | 0 | 599 |
| | Sale of treasury shares | 0 | 0 | 0 | 711 | 711 |
| | **Equity at 31 December 2019** | 3,000 | 11,137 | 1,584 | 5,471 | 21,192 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Cash flow statement

| Note | DKK'000 | Group 2019 | Group 2018 |
|---|---|---|---|
| | Profit/loss for the year | 264 | -4,565 |
| 22 | Adjustments | 2,040 | 4,963 |
| | Cash generated from operations (operating activities) | 2,304 | 398 |
| 23 | Changes in working capital | -2,175 | -28,813 |
| | Cash generated from operations (operating activities) | 129 | -28,415 |
| | Interest received, etc. | 540 | 1,338 |
| | Interest paid, etc. | -544 | -364 |
| | Income taxes paid | 457 | 284 |
| | **Cash flows from operating activities** | 582 | -27,157 |
| | Additions of intangible assets | -593 | -1,534 |
| | Additions of property, plant and equipment | -14 | -397 |
| | **Cash flows to investing activities** | -607 | -1,931 |
| | Repayments, long-term liabilities | -439 | -302 |
| | Change in debt to credit institutions | 351 | -74 |
| | Acquisition of treasury shares | 0 | -1,506 |
| | Sale of treasury shares | 711 | 0 |
| | Other cash flows from financing activities | 0 | -291 |
| | **Cash flows from financing activities** | 623 | -2,173 |
| | **Net cash flow** | 598 | -31,261 |
| | Cash and cash equivalents at 1 January | 43,768 | 76,155 |
| | Foreign exchange adjustments | -621 | -1,126 |
| 24 | **Cash and cash equivalents at 31 December** | 43,745 | 43,768 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies

The annual report of Graintec A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

#### Reporting currency

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

#### Consolidated financial statements

*Control*

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

*Preparation of consolidated financial statements*

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

#### Intra-group business combinations

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

1 **Accounting policies (continued)**

### Foreign currency translation

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

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

*Foreign group entities*

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

### Leases

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

1 **Accounting policies (continued)**

### Income statement

**Revenue**

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

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

**Other operating expenses**

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

**Cost of sales**

Cost of sales includes the cost of goods used in generating the year's revenue.

**Other external expenses**

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

**Staff costs**

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

**Amortisation/depreciation**

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

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

| | |
|---|---|
| Acquired intangible assets | 5 years |
| Buildings | 55-60 years |
| Fixtures and fittings, other plant and equipment | 3-5 years |
| Installations | 15 years |

The residual value for acquired intangible assets, buildings, installations, fixtures and fittings, tools and equipment are expected to be DKK 0.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

1 **Accounting policies (continued)**

The residual value is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

**Profit/loss from investments in subsidiaries**

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

**Financial income and expenses**

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

**Tax**

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

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Balance sheet

**Intangible assets**

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

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

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

#### Property, plant and equipment

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

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

Land and buildings are revalued at fair value. Revaluations and reversals hereof, less deferred tax, are taken directly to equity. The fair value is calculated on the basis of an external assessment, which is based on similar assets.

#### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

#### Impairment of fixed assets

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

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

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

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

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortised cost.

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

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

#### Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

1 **Accounting policies (continued)**

### Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

### Cash

Cash comprises bank deposits.

### Equity

***Revaluation reserve***

The reserve comprises revaluations of property, plant and equipment/investments in subsidiaries and associates relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

***Reserve for development costs***

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

***Proposed dividends***

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

### Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the liability for defect-period. Provisions for warranties are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from a construction contract, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

### Income taxes

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

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

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

#### Liabilities

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

Other liabilities are measured at net realisable value.

#### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK'000 | Group 2019 | Group 2018 | Parent company 2019 | Parent company 2018 |
|---|---|---|---|---|---|
| 2 | **Staff costs** | | | | |
| | Wages/salaries | 39,527 | 41,641 | 31,941 | 33,853 |
| | Pensions | 3,349 | 3,256 | 2,342 | 2,491 |
| | Other social security costs | 1,197 | 1,134 | 545 | 483 |
| | | 44,073 | 46,031 | 34,828 | 36,827 |
| | Average number of full-time employees | 92 | 90 | 45 | 50 |

Remuneration of the Board of Directors totals DKK 580 thousand and remuneration of Management totals DKK 2,754 thousand. (2018: Remuneration of the Board of Directors totalled DKK 450 thousand and remuneration of Management totalled DKK 3,055 thousand).

| | DKK'000 | Group 2019 | Group 2018 | Parent company 2019 | Parent company 2018 |
|---|---|---|---|---|---|
| 3 | **Financial income** | | | | |
| | Interest receivable, group entities | 0 | 0 | 282 | 529 |
| | Other financial income | 540 | 1,338 | 162 | 1,217 |
| | | 540 | 1,338 | 444 | 1,746 |
| 4 | **Financial expenses** | | | | |
| | Other financial expenses | 842 | 655 | 662 | 523 |
| | | 842 | 655 | 662 | 523 |
| 5 | **Tax for the year** | | | | |
| | Estimated tax charge for the year | -2 | 903 | 0 | 0 |
| | Deferred tax adjustments in the year | 862 | -397 | 1,316 | 89 |
| | Tax adjustments, prior years | -32 | 4,172 | 0 | 4,162 |
| | | 828 | 4,678 | 1,316 | 4,251 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 6 Intangible assets

| DKK'000 | Group | | |
|---|---|---|---|
| | Acquired intangible assets | Development projects in progress | Total |
| Cost at 1 January 2019 | 5,244 | 0 | 5,244 |
| Foreign exchange adjustments | -17 | 0 | -17 |
| Additions | 1,488 | 667 | 2,155 |
| Cost at 31 December 2019 | 6,715 | 667 | 7,382 |
| Impairment losses and amortisation at 1 January 2019 | 3,712 | 0 | 3,712 |
| Foreign exchange adjustments | -14 | 0 | -14 |
| Amortisation for the year | 347 | 0 | 347 |
| Impairment losses and amortisation at 31 December 2019 | 4,045 | 0 | 4,045 |
| **Carrying amount at 31 December 2019** | 2,670 | 667 | 3,337 |

| DKK'000 | Parent company | | |
|---|---|---|---|
| | Acquired intangible assets | Development projects in progress | Total |
| Cost at 1 January 2019 | 4,948 | 0 | 4,948 |
| Additions | 1,488 | 667 | 2,155 |
| Cost at 31 December 2019 | 6,436 | 667 | 7,103 |
| Impairment losses and amortisation at 1 January 2019 | 3,560 | 0 | 3,560 |
| Amortisation for the year | 309 | 0 | 309 |
| Impairment losses and amortisation at 31 December 2019 | 3,869 | 0 | 3,869 |
| **Carrying amount at 31 December 2019** | 2,567 | 667 | 3,234 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 7 Property, plant and equipment

| | Group | | |
|---|---|---|---|
| DKK'000 | Land and buildings | Fixtures and fittings, other plant and equipment | Total |
| Cost at 1 January 2019 | 25,269 | 1,605 | 26,874 |
| Foreign exchange adjustments | 0 | -44 | -44 |
| Additions | 0 | 14 | 14 |
| Disposals | 0 | -49 | -49 |
| Cost at 31 December 2019 | 25,269 | 1,526 | 26,795 |
| Revaluations at 1 January 2019 | 15,790 | 0 | 15,790 |
| Value adjustments for the year | 768 | 0 | 768 |
| Revaluations at 31 December 2019 | 16,558 | 0 | 16,558 |
| Impairment losses and depreciation at 1 January 2019 | 11,659 | 1,428 | 13,087 |
| Foreign exchange adjustments | 0 | -37 | -37 |
| Depreciation | 768 | 98 | 866 |
| Depreciation and impairment of disposals | 0 | -33 | -33 |
| Impairment losses and depreciation at 31 December 2019 | 12,427 | 1,456 | 13,883 |
| **Carrying amount at 31 December 2019** | 29,400 | 70 | 29,470 |
| Carrying amount at 31 December 2019, if no revaluation had been made | 14,345 | 0 | |

| | Parent company | | |
|---|---|---|---|
| DKK'000 | Land and buildings | Fixtures and fittings, other plant and equipment | Total |
| Cost at 1 January 2019 | 25,269 | 744 | 26,013 |
| Cost at 31 December 2019 | 25,269 | 744 | 26,013 |
| Revaluations at 1 January 2019 | 15,790 | 0 | 15,790 |
| Value adjustments for the year | 768 | 0 | 768 |
| Revaluations at 31 December 2019 | 16,558 | 0 | 16,558 |
| Impairment losses and depreciation at 1 January 2019 | 11,659 | 664 | 12,323 |
| Depreciation | 768 | 46 | 814 |
| Impairment losses and depreciation at 31 December 2019 | 12,427 | 710 | 13,137 |
| **Carrying amount at 31 December 2019** | 29,400 | 34 | 29,434 |
| Carrying amount at 31 December 2019, if no revaluation had been made | 14,345 | 0 | |

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

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 8 Investments

| DKK'000 | Parent company<br>Investments in group entities |
|---|---|
| Cost at 1 January 2019 | 1,698 |
| Disposals | -6 |
| Cost at 31 December 2019 | 1,692 |
| Value adjustments at 1 January 2019 | 5,492 |
| Foreign exchange adjustments | -678 |
| Profit/loss for the year | -3,351 |
| Reversal of prior year impairment losses | -15,349 |
| Reversal of impairment losses on assets disposed | 16,234 |
| Offset in receivables | 985 |
| Value adjustments at 31 December 2019 | 3,333 |
| **Carrying amount at 31 December 2019** | 5,025 |

**Parent company**

| Name | Legal form | Domicile | Interest |
|---|---|---|---|
| **Subsidiaries** | | | |
| Graintec Chile Ltda. | Ltda. | Chile | 100.00% |
| Graintec China Ltd. | Ltd. | China | 100.00% |

### 9 Deferred tax assets

Deferred tax assets relate to provisions and prepaid expenses.

| DKK'000 | Group 2019 | Group 2018 | Parent company 2019 | Parent company 2018 |
|---|---|---|---|---|
| **10 Construction contracts** | | | | |
| Selling price of work performed | 397,756 | 293,012 | 354,994 | 256,069 |
| Progress billings | -418,853 | -328,520 | -375,891 | -283,298 |
| | -21,097 | -35,508 | -20,897 | -27,229 |
| recognised as follows: | | | | |
| Construction contracts(assets) | 8,858 | 1,407 | 8,494 | 1,383 |
| Construction contracts(liabilities) | -29,955 | -36,915 | -29,391 | -28,612 |
| | -21,097 | -35,508 | -20,897 | -27,229 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies.

| DKK'000 | Parent company 2019 | Parent company 2018 |
|---|---|---|
| **12 Share capital** | | |
| Analysis of the share capital: | | |
| 2,700 A shares of DKK 1,000.00 nominal value each | 2,700 | 2,700 |
| 300 B shares of DKK 1,000.00 nominal value each | 300 | 300 |
| | 3,000 | 3,000 |

The parent's share capital has remained DKK 3,000 thousand over the past 5 years.

### 13 Treasury shares

**Parent company**

| | Number | Nominal value | Share of capital | Purchase/ sales sum |
|---|---|---|---|---|
| | | DKK'000 | | DKK'000 |
| Balance at 1 January 2019 | 270,000 | 270 | 9.00% | |
| Sold in the year | -105,000 | -105 | -3.50% | -711 |
| Balance at 31 December 2019 | 165,000 | 165 | 5.50% | |

Treasury shares i.a. to manage when shareholders join or retire form the Company.

The shares acquired are B Shares.

| DKK'000 | Group 2019 | Group 2018 | Parent company 2019 | Parent company 2018 |
|---|---|---|---|---|
| **14 Deferred tax** | | | | |
| Deferred tax at 1 January | 5,041 | 12 | 5,866 | 393 |
| Adjustment of the deferred tax charge for the year | 862 | -397 | 1,316 | 89 |
| Tax on equity transactions | 166 | 1,239 | 166 | 1,239 |
| Tax adjustment, prior years | 0 | 4,145 | 0 | 4,145 |
| Change in joint taxation contribution payable | 384 | 0 | 384 | 0 |
| Foreign exchange adjustments | 61 | 42 | 0 | 0 |
| **Deferred tax at 31 December** | 6,514 | 5,041 | 7,732 | 5,866 |
| Analysis of the deferred tax | | | | |
| Deferred tax assets | 0 | -825 | 0 | 0 |
| Deferred tax liabililties | 6,514 | 5,866 | 7,732 | 5,866 |
| | 6,514 | 5,041 | 7,732 | 5,866 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 15 Non-current liabilities other than provisions

| DKK'000 | Group<br>Total debt at 31/12 2019 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Mortgage debt | 8,027 | 445 | 7,582 | 5,808 |
| Other payables | 1,011 | 0 | 1,011 | 0 |
| | 9,038 | 445 | 8,593 | 5,808 |

| DKK'000 | Parent company<br>Total debt at 31/12 2019 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Mortgage debt | 8,027 | 445 | 7,582 | 5,808 |
| Other payables | 1,011 | 0 | 1,011 | 0 |
| | 9,038 | 445 | 8,593 | 5,808 |

### 16 Provisions

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, property, plant and equipment and tax losses.

Other provisions comprise provisions for liabilities for defect commitments. Liabilities for defect commitments relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods and services. The obligation is expected to be settled over the liability for defect-period.

### 17 Contractual obligations and contingencies, etc.

**Other financial obligations**

**Group**

Rent and lease liabilities include a rent obligation totalling DKK 337 thousand in interminable rent agreements with remaining contract terms of 0-2 years. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 1,044 thousand, with remaining contract terms of 1-3 years.

**Parent company**

The Company is jointly taxed with its parent, THORASO HOLDING ApS, which acts as management company in the joint taxation, and other Danish group entities. Together with other jointly taxed group entities, the Company has joint and several liability for payment of income taxes and withholding taxes falling due for payment in the group of jointly taxed entities.

Rent and lease liabilities include a rent obligation totalling DKK 10 thousand in interminable rent agreements with remaining contract terms of 0-1 years. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 1,044 thousand, with remaining contract terms of 1-3 years.

The Company has provided a guarantee for Graintec China ltd.'s balance with the company's bank.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 18 Collateral

Land and buildings at a carrying amount of DKK 25,500 thousand at 31 December 2019 have been put up as security for debt to mortgage credit institutions, totalling DKK 8,027 thousand.

Land and buildings in the amount of DKK 4,400 thousand (2018: DKK 4,400 thousand) have been provided as security for the Company's credit facilities. Furthermore, EUR 449 thousand has been deposited in cash.

Guarantees for a total of DKK 19.509 thousand (2018: DKK 9,260 thousand) have been provided as collateral for contracts and supplies.

### 19 Currency and interest rate risks and use of derivative financial instruments

The Group uses forward exchange contracts to hedge expected currency risks relating to purchase and sale in the coming year. Contractual value at 31 December 2019 totalled DKK -13 thousand (2018: DKK 0 thousand).

### 20 Related parties

**Group**

Graintec A/S' related parties comprise the following:

**Significant influence**

| Related party | Domicile | Basis for significant influence |
|---|---|---|
| THORASO HOLDING ApS | Sindal | Share ownership |

**Information about consolidated financial statements**

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---|---|---|
| THORASO HOLDING ApS | Sindal | Skaarupgaard 59, 9870 Sindal, Denmark |

| DKK'000 | Parent company 2019 | Parent company 2018 |
|---|---|---|
| **21 Appropriation of profit/loss** | | |
| **Recommended appropriation of profit/loss** | | |
| Other statutory reserves | 1,584 | 0 |
| Retained earnings/accumulated loss | -1,320 | -4,565 |
| | 264 | -4,565 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK'000 | Group 2019 | Group 2018 |
|---|---|---|---|
| 22 | **Adjustments** | | |
| | Amortisation/depreciation and impairment losses | 1,213 | 968 |
| | Gain/loss on the sale of non-current assets | 16 | 0 |
| | Financial income | -540 | -1,338 |
| | Financial expenses | 842 | 655 |
| | Tax for the year | 828 | 4,678 |
| | Other adjustments | -319 | 0 |
| | | 2,040 | 4,963 |
| 23 | **Changes in working capital** | | |
| | Change in inventories | -99 | 636 |
| | Change in receivables | 10,434 | 17,143 |
| | Change in trade and other payables | -1,335 | -8,662 |
| | Other changes in working capital | -11,175 | -37,930 |
| | | -2,175 | -28,813 |
| 24 | **Cash and cash equivalents at year-end** | | |
| | Cash according to the balance sheet | 43,745 | 36,449 |
| | Securities included as cash and cash equivalents | 0 | 7,319 |
| | | 43,745 | 43,768 |

*"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."*

**Michael Gregers Mortensen**
**Direktion**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-949593592211*
*IP: 87.58.xxx.xxx*
*2020-03-24 15:42:39Z*
NEM ID

**Per Schak Andreasen**
**Bestyrelse**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-185570020176*
*IP: 62.107.xxx.xxx*
*2020-03-24 16:07:14Z*
NEM ID

**Samuel Waldorph Andreasen**
**Bestyrelse**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-224497146338*
*IP: 178.157.xxx.xxx*
*2020-03-24 18:02:16Z*
NEM ID

**Morten Bagger Larsen**
**Bestyrelse**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-591570937196*
*IP: 176.20.xxx.xxx*
*2020-03-24 18:15:45Z*
NEM ID

**Søren Milner**
**Bestyrelse**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-276775531399*
*IP: 83.92.xxx.xxx*
*2020-03-25 12:54:51Z*
NEM ID

**Markus Wied Dethlefsen**
**Bestyrelse**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-066047425896*
*IP: 87.54.xxx.xxx*
*2020-03-25 13:15:25Z*
NEM ID

**Tom Barreth Lassen**
**Statsautoriseret revisor**
På vegne af: Ernst & Young P/S
*Serienummer: CVR:30700228-RID:1277382224436*
*IP: 86.52.xxx.xxx*
*2020-03-25 13:23:39Z*
NEM ID

**Per Schak Andreasen**
**Dirigent**
På vegne af: Graintec A/S
*Serienummer: PID:9208-2002-2-185570020176*
*IP: 62.107.xxx.xxx*
*2020-03-25 14:17:12Z*
NEM ID

*Penneo dokumentnøgle: K2D3D-ZE6W3-H1EYG-M40YH-H67S2-Y2J2V*