

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

**Annual report 2021/22**

The Annual General Meeting adopted the annual report on 2023

**Chairman of the General Meeting**

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Name: Yves Belegaud

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## Entity details

### Entity

Hardi International A/S  
Herthadalvej 10  
4840 Nørre Alslev

Central Business Registration No: 55274517  
Registered in: Guldborgsund  
Financial year: 01.10.2021 - 30.09.2022

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### Board of Directors

Yves Belegaud, Chairman  
Daniel Tragus, Vice Chairman  
Thomas Germain  
Jan Ole Andersen  
Casper Louis Frederiksen

### Executive Board

Jens Kristensen, CEO and President

### Auditors

Grant Thornton Statsautoriseret Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Hardi International A/S for the financial year 01.10.2021 – 30.09.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2022 and of the results of its operations for the financial year 01.10.2021 – 30.09.2022.

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

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

Nørre Alslev, 23.11.2022

### Executive Board

Jens Kristensen  
CEO and President

### Board of Directors

Yves Belegaud  
Chairman

Daniel Tragus  
Vice Chairman

Thomas Germain

Jan Ole Andersen

Casper Louis Frederiksen

## Independent auditor's reports

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

#### Opinion

We have audited the financial statements of Hardi International A/S for the financial year 1 October 2021 - 30 September 2022, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 September 2022 and of the results of the company's activities for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

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

## Independent auditor's reports

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

### Statement on the management commentary

Management is responsible for the management commentary.

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

## Independent auditor's reports

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

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

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

Copenhagen, 23.11.2022

### **Grant Thornton**

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

### **Michael Beuchert**

State Authorised Public Accountant  
mne32794

## Management commentary

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	512.466	486.022	444.353	426.154	503.704
Gross profit/loss	31.907	58.631	71.417	59.393	69.473
Profit from sale of building included in other income	0	0	51.657	0	0
Earnings before interest, tax, depreciation and amortisation	(50.440)	(27.866)	44.640	(17.036)	(8.649)
Operating profit/loss	(57.494)	(34.989)	34.534	(27.474)	(19.241)
Net financials before restructuring expenses	19.467	(13.962)	(40.313)	(25.783)	(39.854)
Restructuring expenses before tax effects	0	(5.296)	(4.477)	(80.208)	0
Profit/loss for the year	(39.577)	(54.852)	(15.252)	(128.496)	(54.840)
Total assets	401.037	412.278	618.487	509.640	595.657
Investments in property, plant and equipment	9.336	7.690	1.526	1.166	1.608
Equity	72.464	115.013	63.424	78.724	157.715
<b>Ratios</b>					
Gross profit (%)	6,2	12,1	16,1	13,9	13,8
EBITDA margin incl. result from subsidiaries (%)	(4,3)	(7,9)	(8,9)	(29,4)	(9,2)
Current Ratio	1,20	1,67	1,70	2,29	2,76
Solvency Ratio	18,1	27,9	10,3	15,4	26,5

## Primary activities

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

## **Management commentary**

### **Development in activities and finances**

The global harvest results continued to be strong this year. Particularly, the Australian, some parts of the European and CIS areas as well as the North American markets moderate to good weather conditions resulting in increases in yields combined with high output prices for many crops. Despite ending a number of government subsidies and tax incentives for investments in agricultural equipment in key markets, introduced during the previous years, the demand for Hardi crop care solutions has seen continued growth this year. We continue to see positive indications by financial institutions towards the farm industry and coupled with the aforementioned beneficial core market developments, has helped drive investments in newer and better spraying equipment which reduces the ecological footprint for the farming industry as a whole. The war in Ukraine following the Russian invasion in March of this year has made it necessary for Hardi to re-direct part of its deliveries to other parts of Europe whilst assisting our Ukrainian importer with parts and necessary new investments to the extent possible.

### **Sales and distribution**

Again this year, Hardi Group saw an opening backlog at record levels and this trend has continued throughout the year resulting in all time high order entry and backlog levels. The global supply chain challenges did not substantially improve this year and thus has resulted in disappointing delays in deliveries to our customers out of our factories in Denmark and Australia. Albeit we did expect last year's increased lead times to continue into this financial year, the lack of critical raw materials and components as well as limitations in attracting the necessary workforce has resulted in further increasing of delivery times. Due to the general slowdown in many sectors, we do see signs on relaxation in the global supply chain challenges and we expect therefore improved deliveries in the coming year.

### **Production and product development**

Effects from efforts to improve production efficiency and to increase the flexibility in the factory to mitigate seasonal fluctuations were significantly curtailed by the aforementioned disrupted international supply chain and hence on-time delivery to our factories of critical components. Further, due to the general buoyancy in many industries close to where our main production activities take place, we have had difficulties in filling open positions in production. This comes alongside the aforementioned significant increase in our markets and the order activity and has thus exacerbated difficulties in continued improvements in efficiencies and delivery times. To mitigate the general disruption in the international supply chain, stock levels were increased during the year. Cost prices have increased substantially and we have seen it necessary to adjust sales prices numerous times during the year. Due to the aforementioned very high order backlog levels sold prior to necessary price increases, the cost price increases have substantially hampered this year's earnings.

## Management commentary

The product offering of the group is increasingly focused on reducing chemical and water consumption during crop care. New products are produced on a newly developed platform strategy following the re-alignment of our production footprint completed last year. The main focus during the year has been to consolidate the effects of this re-alignment and industrialisation of the new trailer line. Over time, the new trailer line will replace the existing high-end range of trailers. Together with the implementation and further development of the common new electronic platform prepared for customers future demand this will create the future base for the entire Hardi group's product range.

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

As outlined in last year's annual report, during the year, on 1<sup>st</sup> October 2021, the Company divested its French wholly owned subsidiary, Group Hardi France S.A. to its owner EXEL Industries S.A., as part of an initiative to consolidate French spraying production and marketing for the French markets under the umbrella of "France Pulvé / French Spraying".

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

During the year, management has developed a new strategic course for the Hardi Group. The aim of the strategic roadmap is to improve health and safety in our entities, create simplicity and improve quality in our highly complex product offering and to make Hardi financially scalable to the fluctuating economic reality of our customers. During the year, Hardi has therefore invested substantial expenses to drive these changes, which will be implemented over a four year period.

## Management commentary

### Results and balance sheet

Figures in brackets are for 2020/21

Revenue amounts to DKK 512.5 million (DKK 486.0 million). Gross profit amounts to DKK 31.9 million (DKK 58.6 million).

EBITDA including results of subsidiaries was DKK -22.1 million (DKK -38.6 million) corresponding to -4.3% (-7.9%) of the revenue.

Depreciation was DKK 7.2 million (DKK 7.1 million). Subsequently, EBIT including results of subsidiaries was DKK -29.3 million (DKK -45.7 million) corresponding to an EBIT margin of -5.7% (-9.42%).

Net financials were DKK -8.7 million (DKK -8.5 million) of which DKK -4.7 million (DKK -2.3 million) is due to exchange rate losses on receivables in foreign currencies. Result before tax was DKK -30.0 million (DKK -54.2 million) which is worse than expectations at the beginning of the financial period due to outside effects such as significant cost price increases and challenges in the global supply chain.

The balance sheet decreased slightly by 2.73% to DKK 401.0 million (DKK 412.3 million) primarily due to improved reduction of intragroup borrowings and internal financing.

### Uncertainty relating to measurement and recognition

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

### Capital funding and Liquidity resources

It is Group policy to continuously ensure the existence of adequate financial resources. The liquidity risk is monitored by the utilisation of short-term credit facilities combined with long-term, fixed credit facilities with a number of banks and intergroup financing. On 30 September 2022, the Company recorded net financial debt of DKK 46.8 million (DKK 68.3 million) of which DKK 86.1 million (DKK 104.8 million) is long-term debt.

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

## Management commentary

### Outlook

The outlook for agriculture in 2022/23 is more difficult to predict than usually is the case due to unpredictable movements in macroeconomic tendencies, war in Europe and increased political tensions in many parts of the world, particularly, Europe, Asia and the USA. Despite these factors, the metrics of the global farm economy remain strong for expected continued high agricultural outputs and an expectation of high commodity prices. Increased environmental pressures, which the farm communities especially in the EU countries are facing, the economic drivers for farmers are uncertain in the medium to long term. Stock levels at several of our importers and dealers has continued to decrease during the year and represents a high level of demand in the market.

In respect of management's expectations for the coming year's sales, based on the very high order back-log going into 2022/23, we expect increased sales and earnings in the next financial year compared to 2021/22. The critical component in achieving these ambitions will be relaxation of the global supply challenges and price development on raw materials and components.

In the coming year, management plans to continue its focus on creating profitable growth via the aforementioned new strategic initiatives on safety, simplicity and scalability as the basis to continuously improve the international organisation, profitability and customers' experience when buying a Hardi product.

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

## Management commentary

### Particular risks

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

### Financial risk

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

### Currency risk

Hardi Group is an internationally-oriented Group with a considerable currency exposure. In 2021/22, approx. 97% of the Group's revenue was settled in other currencies than DKK (mainly EUR) which is in line with 2020/21. Part of the currency risk is reduced to the extent that the Group has assets, equity and liabilities or operating expenses in foreign currencies equivalent to the sales in whole or in part.

### Credit risk

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

### Debtor risk

The Company's trade receivables have – primarily due to higher activity level in the last part of year – increased to DKK 43.2 million at the end of September 2022 (DKK 34.6 million). The Company actively uses credit insurance or letters of credit to secure the trade receivables. Traditionally, the Company has experienced few losses and steps are taken to minimise the loss risk through a thorough credit rating and an extensive use of safe terms of payment.

### Interest rate risk

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

### Liquidity risk

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

## **Management commentary**

### **Intellectual capital resources**

#### **Knowledge of product and market**

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

#### **Knowledge management and knowledge sharing**

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

#### **Staff development**

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

### **Corporate social responsibility and data ethics**

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

Further, the parent company sets out its policy on data ethics and the Company therefore refers to the Annual Report of its parent company.

The outcome is reported in the Annual Group Accounts of EXEL Industries according to the French Corporate Social Responsibilities reporting requirements and requirements under IFRS to describe data ethics policies. With reference to section 99a and d of the Danish Financial Statement Act, Hardi International A/S makes use of the exemption to refer to EXEL Industries Annual Report. The annual report of EXEL Industries S.A. can be obtained at "78 Boulevard Malesherbes 75008 Paris, France" or can be downloaded on <https://www.exel-industries.com/investor-page/?lang=en>

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

## **Management commentary**

### **Diversity policy**

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

### **Events after the balance sheet date**

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

**Income statement for 2021/22**

	<u>Notes</u>	<u>2021/22 DKK'000</u>	<u>2020/21 DKK'000</u>
Revenue	1	512.466	486.022
Production costs	2,3	<u>(480.559)</u>	<u>(427.391)</u>
<b>Gross profit/loss</b>		<b>31.907</b>	<b>58.631</b>
Research and development costs	2,3	(28.546)	(28.010)
Distribution costs	2,3	(21.375)	(20.652)
Administrative costs	2,3	(36.989)	(42.662)
Other operating income	4	28.027	29.810
Other operating expenses	5	<u>(30.518)</u>	<u>(32.106)</u>
<b>Operating profit/loss</b>		<b>(57.494)</b>	<b>(34.989)</b>
Income from investments in group enterprises including costs for restructuring	6	28.170	(10.709)
Other financial income	7	6.616	7.909
Other financial expense	8	<u>(15.319)</u>	<u>(16.458)</u>
<b>Profit/loss before tax</b>		<b>(38.027)</b>	<b>(54.247)</b>
Tax on profit/loss	9	<u>(1.550)</u>	<u>(605)</u>
<b>Profit/loss for the year</b>		<b><u>(39.577)</u></b>	<b><u>(54.852)</u></b>

**Balance Sheet at 30.09.2022**

	<u>Notes</u>	<u>2021/22 DKK'000</u>	<u>2020/21 DKK'000</u>
Acquired licences		4.239	6.841
<b>Intangible assets</b>	10	<u>4.239</u>	<u>6.841</u>
Plant and machinery		13.964	14.300
Other fixtures and fittings, tools and equipment		6.465	2.390
Property, plant and equipment in progress		8.136	6.991
<b>Property, plant and equipment</b>	11	<u>28.565</u>	<u>23.681</u>
Investments in group enterprises		68.295	50.522
Deferred tax	13	13.740	15.132
<b>Fixed asset investments</b>	12	<u>82.035</u>	<u>65.654</u>
<b>Fixed assets</b>		<u>114.839</u>	<u>96.176</u>
Raw materials and consumables		91.139	76.810
Work in progress		11.760	11.998
Manufactured goods and goods for resale		10.902	9.233
<b>Inventories</b>		<u>113.801</u>	<u>98.041</u>
Trade receivables		43.218	34.613
Receivables from group enterprises		110.896	132.983
Other short-term receivables		5.866	9.458
Prepayments	14	4.384	1.747
<b>Receivables</b>		<u>164.364</u>	<u>178.801</u>
<b>Cash</b>		<u>8.033</u>	<u>39.260</u>
<b>Current assets</b>		<u>286.198</u>	<u>316.102</u>
<b>Assets</b>		<u>401.037</u>	<u>412.278</u>

**Balance Sheet at 30.09.2022**

	<u>Notes</u>	<u>2021/22 DKK'000</u>	<u>2020/21 DKK'000</u>
Contributed capital	15	100.000	100.000
Retained earnings		(27.536)	15.013
<b>Equity</b>		<b><u>72.464</u></b>	<b><u>115.013</u></b>
Other provisions	16	3.233	3.693
<b>Provisions</b>		<b><u>3.233</u></b>	<b><u>3.693</u></b>
Debt to group enterprises		86.144	104.759
<b>Non-Current liabilities</b>	17	<b><u>86.144</u></b>	<b><u>104.759</u></b>
Bank loans		0	53.730
Trade payables		60.755	59.585
Debt to group enterprises		141.059	24.086
Other payables	18	37.382	50.564
Income tax payable		0	848
<b>Current liabilities other than provisions</b>		<b><u>239.196</u></b>	<b><u>188.813</u></b>
<b>Liabilities other than provisions</b>		<b><u>325.340</u></b>	<b><u>293.572</u></b>
<b>Equity and liabilities</b>		<b><u>401.037</u></b>	<b><u>412.278</u></b>
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with control	22		
Transactions with related parties	23		
Ownership	24		
Consolidation	25		
Fees for auditors elected on the general meeting	26		
Proposed distribution of profit/loss	27		
Accounting policies	28		

**Statement of changes in equity for September 2022**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	100.000	15.013	115.013
Extraordinary dividend paid in 2021/22	0	(7.439)	(7.439)
Exchange rate adjustments	0	4.467	4.467
Profit/loss for the year	0	(39.577)	(39.577)
<b>Equity end of year</b>	<b>100.000</b>	<b>(27.536)</b>	<b>72.464</b>

**Notes**

	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>1. Revenue</b>		
Europe	367.237	368.788
Countries under the North American Free Trade Agreement (USA, Canada and Mexico)	35.339	30.026
Other countries	109.890	87.208
	<u>512.466</u>	<u>486.022</u>

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

	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>2. Staff costs</b>		
Wages and salaries	164.823	160.731
Pension costs	12.953	12.166
Other social security costs	3.277	3.072
	<u>181.053</u>	<u>175.969</u>

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

Average number of employees	<u>418</u>	<u>409</u>
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	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	2.602	2.601
Depreciation on property, plant and equipment	4.452	4.503
Profit/loss from sale of intangible assets, plant and equipment	(145)	19
	<u>6.909</u>	<u>7.123</u>

	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>4. Other operating income</b>		
Income related to trademark, patents, management fee	28.027	29.810
	<u>28.027</u>	<u>29.810</u>

## Notes

### 5. Other operating expenses

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Income from investments in group enterprises including costs for restructuring</b>		
Income/loss from investments in group enterprises	28.170	(5.413)
Costs for closing down factories before tax effects	0	(5.296)
	<b>28.170</b>	<b>(10.709)</b>
	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>7. Other financial income</b>		
Financial income arising from group enterprises	2.509	2.907
Exchange rate adjustments	4.107	5.002
	<b>6.616</b>	<b>7.909</b>
	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>8. Other financial expenses</b>		
Financial expenses from group enterprises	5.632	8.149
Interest expenses	100	74
Exchange rate adjustments	8.829	7.298
Other financial expenses	758	937
	<b>15.319</b>	<b>16.458</b>
	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>9. Tax on ordinary profit/loss for the year</b>		
Current tax	(161)	(109)
Change in deferred tax for the year	(1.392)	(499)
Prior year adjustment	3	3
	<b>(1.550)</b>	<b>(605)</b>

**Notes**

	<b>Acquired licences DKK'000</b>
<b>10. Intangible assets</b>	
Cost beginning of year	28.885
Reclassifications	0
Adjustment beginning of year	0
Additions	0
<b>Cost end of year</b>	<b>28.885</b>
Amortisation and impairment losses beginning of year	(22.044)
Adjustment beginning of year	0
Amortisation for the year	(2.602)
<b>Amortisation and impairment losses end of year</b>	<b>(24.646)</b>
<b>Carrying amount end of year</b>	<b>4.239</b>

	<b>Plant and machinery DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
<b>11. Property, plant and equipment</b>			
Cost beginning of year	233.465	69.063	6.991
Additions	3.425	4.766	1.145
Disposals	0	(753)	0
<b>Cost end of year</b>	<b>236.890</b>	<b>73.076</b>	<b>8.136</b>
Depreciation and impairment losses beginning of the year	(219.165)	(66.673)	0
Depreciation for the year	(3.761)	(691)	0
Reversal regarding disposals	0	753	0
<b>Depreciation and impairment losses end of the year</b>	<b>(222.926)</b>	<b>(66.611)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>13.964</b>	<b>6.465</b>	<b>8.136</b>

**Notes**

	<b>Investments in group enterprises DKK'000</b>	<b>Deferred tax DKK'000</b>
<b>12. Fixed asset investments</b>		
Cost beginning of year	429.153	15.132
Additions	935	0
Disposals	(131.526)	(1.392)
<b>Cost end of year</b>	<b>298.562</b>	<b>13.740</b>
Impairment losses beginning of year	(378.631)	0
Exchange rate adjustments	4.467	0
Reversed impairment related to disposals	124.087	0
Internal profit of stocks	(4.308)	0
Share of profit/loss after tax	32.478	0
Dividend	(1.788)	0
Investments with negative equity value depreciated over receivables	(6.572)	0
<b>Impairment losses end of year</b>	<b>(230.267)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>68.295</b>	<b>13.740</b>

	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Subsidiaries:			
Hardi Norge AS	Norway	AS	100,00
Hardi Service S.A	France	S.A	100,00
Ilemo-Hardi S.A	Spain	S.A	100,00
Hardi North America Inc.	USA	Inc.	100,00
Hardi Australia Pty. Ltd.	Australia	Ltd.	100,00
Hardi GmbH	Germany	GmbH	100,00
Hardi Agricultural Equipment (Shanghai) Co., Ltd.	China	Ltd.	100,00

**Notes**

	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>13. Deferred tax</b>		
Property, plant and equipment	1.811	2.364
Inventories	608	1.021
Provisions	610	1.036
Other taxable temporary differences	10.711	10.711
	<u>13.740</u>	<u>15.132</u>
<b>14. Prepayments</b>		
Prepayments relates to prepaid insurance and prepaid MS Dynamics license agreement.		
<b>15. Contributed capital</b>		
The share capital comprise 1 share class. No shares carries special rights.		
	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>16. Other provision</b>		
Provision beginning of year	3.693	3.554
Charged to profit/loss	0	139
Released in year	(460)	0
	<u>3.233</u>	<u>3.693</u>
<b>17. Non-Current liabilities</b>		<u>2021/22</u> <u>DKK'000</u>
Long term interest bearing debt expected to fall due as follows:		
Within 1 year (included in current liabilities)		18.621
2-5 years		79.184
Over 5 years		6.960
		<u>104.765</u>
	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>18. Other short-term payables</b>		
Wages and salaries, personal income taxes, social security costs, etc. payable	11.222	24.296
Holiday pay obligation	22.652	22.655
Other costs payable	3.508	3.613
	<u>37.382</u>	<u>50.564</u>

## Notes

	<u>2021/22</u> <u>DKK'000</u>	<u>2020/21</u> <u>DKK'000</u>
<b>19. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<u>51.909</u>	<u>57.237</u>
	<u>2021/22</u> <u>DKK'000</u>	<u>2021/21</u> <u>DKK'000</u>
<b>20. Contingent liabilities</b>		
Other contingent liabilities towards Parent and fellow subsidiaries	<u>8.413</u>	<u>8.413</u>
<b>Contingent liabilities related to Parent and fellow subsidiaries</b>	<u>8.413</u>	<u>8.413</u>

## 21. Related parties with control

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

## Notes

### 22. Transactions with related parties

The following transactions occurred with related parties:

	<u>2021/22</u> <u>DKK'000</u>
Sales of machines and components	291.108
Purchase of machines and components	89.836
Property lease	6.137
Management fees and royalties paid	30.518
Management fees and royalties received	28.027
Other administrative costs paid	1.082
Interest income	2.509
Interest expenses	5.632
Items included in assets and liabilities related to transactions with related parties:	
Dividend paid to parent	7.439
Capital increase in subsidiary	935
Dividend received from subsidiaries	1.788
Outstanding balances at 30.09.2022	
Trade receivables, subsidiaries	47.492
Impairment of receivables in subsidiaries	1.146
Trade receivables, other group companies	12.367
Loan receivable, subsidiaries	51.037
Trade payables, subsidiaries	3.455
Trade payables, other group companies	6.421
Loan payable, other group companies	104.765

## Notes

### 23. Ownership

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

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

### 24. Consolidation

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

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

### 25. Capital funding and Liquidity resources

It is Group policy to continuously ensure the existence of adequate financial resources. The liquidity risk is monitored by the utilisation of short-term credit facilities combined with long-term, fixed credit facilities with a number of banks and intergroup financing. On 30 September 2022, the Company recorded net financial debt of DKK 46.8 million (DKK 68.3 million) of which DKK 86.1 million (DKK 104.8 million) is long-term debt. The Parent, EXEL Industries S.A, will ensure that any needed interim financing is provided for the Group.

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

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

	<u>2021/22</u> <u>DKK'000</u>	<u>2021/21</u> <u>DKK'000</u>
<b>27. Proposed distribution of profit/loss</b>		
Retained earnings	<u>(27.536)</u>	<u>(54.852)</u>
	<b>(27.536)</b>	<b>(54.852)</b>

## 28. Accounting policies

### Reporting class

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

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

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

### Consolidated financial statements

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

### Recognition and measurement

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

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

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

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

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

### Uncertainty relating to measurement and recognition

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

## **Accounting policies**

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

## **Foreign currency translation**

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

## **Income statement**

### **Revenue**

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

### **Production costs**

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

### **Research and development costs**

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

### **Distribution costs**

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

## **Accounting policies**

### **Administrative expenses**

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

### **Other operating income and expenses**

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

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

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

### **Other financial income**

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

### **Other financial expenses**

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

### **Income taxes**

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

## Accounting policies

### Balance sheet

#### Intellectual property rights etc.

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

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

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

#### Property, plant and equipment

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

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

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

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

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

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

## Accounting policies

### Investments in group enterprises

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

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

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

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

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

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

### Leases

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

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

## Accounting policies

### Deferred tax

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

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

### Inventories

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

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

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

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

### Receivables

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

### Income tax payable or receivable

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

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

## Accounting policies

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

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

### Other financial liabilities

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

### Deferred income

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

### Cash flow statement

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

## Financial highlights

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

Ratios	Calculation formula	Ratios reflect
Gross profit margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The enterprise's manufacturing profitability.
EBITDA margin(%)	$\frac{\text{Operating profit/loss excl. amortisation of goodwill} \times 100}{\text{Revenue}}$	The enterprise's operating profitability.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	The enterprise's ability to service its short term obligations
Solvency Ratio	$\frac{\text{Equity} \times 100}{\text{Total Assets}}$	The enterprise's resistance to future losses

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

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