



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	913 661 346
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KVERNELAND AS
Forretningsadresse:	Plogfabrikkvegen 1 4353 KLEPP STASJON

### Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
-------------------------	-------------------------

### Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Elin Kverneland
Dato for fastsettelse av årsregnskapet:	31.03.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 03.07.2022



### Resultatregnskap

Beløp i: EUR	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Annen driftsinntekt	1	19 673 000	8 922 000
<b>Sum inntekter</b>		<b>19 673 000</b>	<b>8 922 000</b>
<b>Kostnader</b>			
Lønnskostnad	2	11 724 000	7 235 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	3 318 000	32 000
Annen driftskostnad		10 871 000	4 880 000
<b>Sum kostnader</b>		<b>25 913 000</b>	<b>12 147 000</b>
<b>Driftsresultat</b>		<b>-6 240 000</b>	<b>-3 225 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	4	20 852 000	10 744 000
<b>Sum finansinntekter</b>		<b>20 852 000</b>	<b>10 744 000</b>
Annen finanskostnad	4	13 372 000	16 272 000
<b>Sum finanskostnader</b>		<b>13 372 000</b>	<b>16 272 000</b>
<b>Netto finans</b>		<b>7 480 000</b>	<b>-5 528 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>1 240 000</b>	<b>-8 753 000</b>
Skattekostnad på ordinært resultat	11	35 000	3 405 000
<b>Ordinært resultat etter skattekostnad</b>		<b>1 205 000</b>	<b>-12 158 000</b>
<b>Årsresultat</b>		<b>1 205 000</b>	<b>-12 158 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital	8	1 205 000	-12 158 000
<b>Sum overføringer og disponeringer</b>		<b>1 205 000</b>	<b>-12 158 000</b>



### Balanse

Beløp i: EUR	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	5	14 658 000	
<b>Sum immaterielle eiendeler</b>		<b>14 658 000</b>	
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	5	1 079 000	750 000
<b>Sum varige driftsmidler</b>		<b>1 079 000</b>	<b>750 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6	244 903 000	258 969 000
Lån til foretak i samme konsern	7	126 661 000	141 573 000
Investeringer i tilknyttet selskap	14	798 000	798 000
<b>Sum finansielle anleggsmidler</b>		<b>372 362 000</b>	<b>401 340 000</b>
<b>Sum anleggsmidler</b>		<b>388 099 000</b>	<b>402 090 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer		668 000	455 000
Andre fordringer		1 132 000	947 000
Konsernfordringer	7	6 333 000	2 417 000
<b>Sum fordringer</b>		<b>8 133 000</b>	<b>3 819 000</b>
<b>Investeringer</b>			
Andre finansielle instrumenter	13	572 000	419 000
<b>Sum investeringer</b>		<b>572 000</b>	<b>419 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		284 000	
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>284 000</b>	
<b>Sum omløpsmidler</b>		<b>8 989 000</b>	<b>4 238 000</b>



### Balanse

Beløp i: EUR	Note	2020	2019
<b>SUM EIENDELER</b>		<b>397 088 000</b>	<b>406 328 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	8	146 450 000	146 450 000
<b>Sum innskutt egenkapital</b>		<b>146 450 000</b>	<b>146 450 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	8	-44 235 000	-50 390 000
<b>Sum opptjent egenkapital</b>		<b>-44 235 000</b>	<b>-50 390 000</b>
<b>Sum egenkapital</b>		<b>102 215 000</b>	<b>96 060 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	11	154 000	119 000
<b>Sum avsetninger for forpliktelser</b>		<b>154 000</b>	<b>119 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	7		17 400 000
Øvrig langsiktig gjeld	9	136 000	179 000
<b>Sum annen langsiktig gjeld</b>		<b>136 000</b>	<b>17 579 000</b>
<b>Sum langsiktig gjeld</b>		<b>290 000</b>	<b>17 698 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	10	195 376 000	237 792 000
Leverandørgjeld		965 000	214 000
Kortsiktig konserngjeld	7	94 521 000	54 031 000
Annen kortsiktig gjeld	13	3 721 000	533 000
<b>Sum kortsiktig gjeld</b>		<b>294 583 000</b>	<b>292 570 000</b>
<b>Sum gjeld</b>		<b>294 873 000</b>	<b>310 268 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>397 088 000</b>	<b>406 328 000</b>



## Balanse

<b>Beløp i: EUR</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
---------------------	-------------	-------------	-------------

---



Skatteetaten

Vår dato  
09.12.2019

Din/Deres dato  
03.10.2019

Saksbehandler  
Joakim Engebretsen

800 80 000  
Skatteetaten.no

Din/Deres referanse

Telefon  
92251412

Org.nr  
974761076

Vår referanse  
2019/6508353

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

U.off. offl. § 13, sktvl. § 3-1

PricewaterhouseCoopers AS  
Postboks 748 Sentrum  
0106 OSLO

Att. Robert Høie Stragiotti

## Fritak for konsernregnskapsplikt for Kverneland AS (org.nr. 913 613 346)

Vi viser til deres brev av 3. oktober 2019 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Kverneland AS.

Kverneland AS er morselskap i et underkonsern hvor KUBOTA Corporation er det ultimate morselskapet og er hjemmehørende i Japan. Konsernregnskap utarbeides av KUBOTA Corporation på engelsk språk etter IFRS, hvor Kverneland AS med datterselskaper er omfattet.

Skattekontoret finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Kverneland AS. Det forutsettes at KUBOTA Corporation utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskap. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelse i saken.



Med hilsen

Roar Thorbjørnsen  
Underdirektør  
Innsats, storbedrift  
Skatteetaten

Joakim Engebretsen

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



## Board of Directors' report 2020

### Introduction

Kverneland AS is a holding company owning subsidiaries that manufacture and sell machines, equipment and related services for agriculture. The subsidiaries have plants in Norway, Denmark, Germany, France, the Netherlands, Italy, Russia and China. Kverneland AS has its own sales companies in the main markets of Europe and also in Russia and China. The company's business office is in the municipality of Klepp, Norway.

### Main events in 2020 Kverneland Group

After a short activity slow down during first half of 2020 following the market vacuum linked to the COVID impact for the industry, orders and activities picked up rapidly. Both the industry and Kverneland Group overcame the challenges of COVID and business activities could go on more or less as normal. Actually, the general business climate massively recovered after the COVID shock. The market turned very positive for nearly all world regions from beginning of Q2 and the positive development continued throughout the year. The main drivers for the positive development is high crop prices and climate conditions providing good yield for the farmers. This together with strong governmental investments incentives across Europe has ensured full market recovery.

The forecasted Net sales drop of 7% compared to plan was fully recovered during second half of the year. Net Sales for 2020 amounted to EUR 497.3 Mill which is same level as 2019 where the group recorded a Net sale of EUR 496.6 Mill. Despite restrictions in the course of COVID being in place for the industry and Kverneland Group, this has only to a relatively low extent affected the group. Except from a few weeks in first half with a close down of some of the factories, the supply chain has been kept intact and production gone as planned. 2020 has been a year without participating in any trade shows for the Group and marketing campaigns and dealer events has been limited to a minimum. Regardless of low marketing activity, order book increased significantly during the year. New order during 2020 increased by 15,6% compared to the year before.

With steady production and lower administrative activities and spending, the group recognized a significant increase in profitability.

### Review of the financial statement Kverneland AS

#### Statement of profit and loss

Operating revenues increased by 120.5% and amounted to EUR 19.7 Mill compared to EUR 8.9 Mill last year. The revenues are primarily corporate allocations fees, procurement fees for the support of the Kverneland entities, manufacturing fees, R&D fees, IT fees, spare parts fees and royalty & licenses fees. The reason for the significant increase in operating revenues is the merge of Kverneland Group Business Partner AS with effect from 01.01.2020. Additional operating revenues from the merged company sums up to EUR 12.8 Mill.

The company had an operating loss (EBIT) of EUR -6.2 Mill compared to EUR -3.2 Mill last year.

Financial incomes were EUR 20.8 Mill compared to EUR 10.7 Mill last year. Interest income has decreased by EUR 0.7 Mill from EUR 1.5 Mill in 2019 to EUR 0.8 Mill in 2020. Currency exchange gain has increased by EUR 3.2 Mill. Received dividend is reduced by EUR 0.1 Mill from EUR 0.1 Mill in 2019 to EUR 0.0 Mill in 2020. There have also been an increase in exchange rate gain on currency contracts of EUR 0.3 Mill from EUR 2.7 Mill in 2019 to EUR 3.0 Mill in 2020.

Financial expenses were EUR 13.4 Mill compared to EUR 16.3 Mill last year. The main reasons for the decrease is the change of the exchange rate loss from EUR 5.3 Mill in 2019 to EUR 9.1 Mill in 2020 and impairment of shares in subsidiaries as were EUR 0.0 Mill for 2020 compared to EUR 7.5 Mill in 2019.

Shares in subsidiaries of Kverneland AS are tested for impairment annually. Calculation of the recoverable amount of a cash generating unit is based on the estimates of the value the entity will have for the operations. For this purpose, the budget for 2021 has been applied in addition to forecasts for the next five years made by the management. Historical figures are also taken into account when making the estimates. In addition, future expectations have been critically considered and both sales forecasts and cost estimates are considered against the Group's strategic plans. Based on this analysis, there has not been booked any loss in 2020, compared to EUR 7.5 Mill 2019.

For 2020 the company had a profit of EUR 1.2 Mill compared to a loss of EUR -12.2 Mill in 2019.



## Balance Sheet

Compared to last year the company's balance sheet at 31 December 2020 was reduced by EUR 9.2 Mill down to EUR 397.1 Mill. This reduction is mainly due to 1) increase in intangible assets by EUR 14.7 Mill (merge of Kverneland Group Business Partner AS), 2) decrease in shares in subsidiaries with EUR 14.1 Mill, 3) non-current receivable group companies decrease by EUR 30.0 Mill from 32,2 Mill in 2019 to EUR 0,2 Mill in 2020, 4) non-current debt group companies decreased by EUR 17.4 Mill in 2019 to EUR 0.0 Mill in 2020, 5) current interest-bearing debt decreased by EUR 42.4 Mill from EUR 237.8 Mill in 2019 to EUR 195.4 Mill in 2020 and 6) current interest-bearing debt group companies increased by EUR 37.7 Mill from EUR 53.3 in 2019 to EUR 91.0 in 2020.

Equity at 31 December 2020 was EUR 102.2 Mill (EUR 96.1 Mill last year) equal to an equity ratio of 25.7% (23.6% last year).

## Cash Flow

Net cash flow from operating activities in 2020 was EUR 29.8 Mill compared to EUR 2.6 Mill last year. This is mainly due to changes in other receivables group companies and in current interest-bearing debt group companies.

Change in investment activities from EUR 2.0 Mill in 2019 to EUR 30.0 in 2020 is mainly related to changes in non-current receivables group companies.

Net capital expenses from financing activities in 2020 was EUR -59.8 Mill, compared to EUR -4.6 Mill last year.

All together the company's net cash flow after financing activity for 2020 was EUR 0.3 Mill. Hence cash and cash equivalents amount to EUR 0.3 Mill at year-end 2020 (EUR 0.0 Mill last year).

## Capital position

The company is funded through the Kubota Holdings Europe B.V. cash pool and by uncommitted revolving credit facilities with the following banks: Mizuho Bank (limit EUR 140 Mill) and Sumitomo Mitsui Banking Corporation Europe (limit EUR 80 Mill). Per 31 December 2020 total amount drawn on the cash pool was EUR 195.4 Mill and bank facilities EUR 0.0 Mill.

There are no guarantees connected to the funding of the company.

## Research and development

The company currently has no research or development activities itself. Capitalized research and development projects is carried by Kverneland Group Soest. The projects are mainly new patents related to various seed drills as well as new seed drills.

## Going concern assumption

Pursuant to Section 3-3 in the Accounting Act it is confirmed that the financial statement have been prepared under the going concern assumption and the board confirms that the assumptions is present at the date of approval of the financial statements.

## Financial risk factors

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Based upon a careful judgment of risk Kverneland AS uses derivative financial instruments to manage exchange rate risk.

## Market risk

Kverneland AS's activities are exposed to financial risks, which mainly involve foreign exchange risk and floating interest rate risk. The company seeks to reduce the risks associated to foreign exchange rates through the use of derivative financial instruments.

Through its subsidiaries Kverneland AS is exposed to fluctuations in steel prices. Risk exposure is primarily in the price of steel as raw material, but also indirectly in component costs. Kverneland AS has not entered into derivative hedging agreements to reduce this price risk. The Group has per 31 December 2020 fixed-price contracts for purchase of steel with a price term of 3 to 6 months for different steel types.



## **Foreign exchange risk**

Kverneland AS operates internationally through its subsidiaries and is exposed to foreign exchange risk arising from various currency exposures. The main currency is Euro. All exposure to fluctuations in the Euro against other currencies implies a foreign exchange risk. Foreign exchange risk is connected to several currencies including NOK, GBP, USD, CAD and RUB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in subsidiaries.

During 2020 Kverneland AS had sales or purchases in a number of currencies. The handling of currency risk is different for different kinds of exposures. The net exposure against each currency is calculated based on expected future cash inflow and outflow for the company. Kverneland AS performs hedging of selected currencies by internal forward contracts of exposure from subsidiaries. The consolidated exposure for each country is hedged by forward contracts in the foreign exchange market in accordance with the Forward policy.

The Group's Forward policy is to secure 0-100% of anticipated transactions (mainly export sales and purchase of goods) in NOK and GBP at a maximum of 6 months ahead.

Exposure from assets in foreign currencies is partly secured by balance sheet hedging for assets financed in the same currency.

## **Interest rate risk**

Kverneland AS's interest rate risk is related to current interest-bearing loans. Loans with a floating interest rate cause an interest rate risk for the company's cash flow. There is no hedge of interest risk 31 December 2020.

The company is primarily exposed to interest rate risk through changes in EURIBOR. Interest rate risk in Kverneland AS is against short term EURIBOR, since majority of the loans are based on 1-3 months EURIBOR.

## **Credit risk**

Credit risk arises in transactions with derivative financial instruments, deposits in banks and financial institutions. Beyond that, credit risk in Kverneland AS is mainly related to trade receivables subsidiaries and loans to subsidiaries.

## **Liquidity risk**

Kverneland AS and most of the subsidiaries are included in a cash pool service by BNP Paribas where Kubota Holdings Europe B.V. is the master account holder. The Kubota subsidiaries of Kubota Holdings Europe B.V. are also or will be included in this cash pool. There is an uncommitted overdraft agreement with BNP Paribas of EUR 50 Mill connected to the cash pool and in addition, Kubota Holdings Europe B.V. has significant uncommitted credit lines to finance the cash pool.

Cash flow forecasting is performed by each entity on a monthly basis. The cash flow forecast is consolidated and used in detail by Group Finance to make decisions regarding funding requirements for the period ahead.

Kverneland Group is financed through the cash pool and also have uncommitted facilities with Mizuho Bank (EUR 140 Mill) and Sumitomo Mitsui Banking Corporation Europe (EUR 80 Mill). Normally the external facilities are not used and per 31.12.2020 there was no drawing on these facilities. There are no guarantees connected to the facilities. The financing is in line with Kubota directive and practice.

## **Capital risk management**

Kverneland Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Kverneland AS has adopted the very strict policy of capital injections in subsidiaries. Any capital injection or loan conversion is subject to Kubota Senior management team approval.

The Group's financial structure comprises interest-bearing debt exclusive derivative financial instruments, cash and cash equivalents as well as equity.

Kverneland AS's subsidiaries will have a capital structure that will always reflect capital costs, market conditions, legal and fiscal conditions and other relevant assessment criteria in each case.



## Fair value estimation

Kverneland AS has forward exchange contracts that are booked at fair value in the balance sheet and exchange rate differences that are booked in the statement of profit or loss of each accounting period. The fair value is based on mark-to-market reports from the financial institutions. The input in the calculations and the calculations are reasonable checked by Group Finance. Forward contracts are in the balance sheet presented under current assets as "Derivative financial instruments".

## Working environment and equal opportunities

Important focus areas for the Management are satisfactory flow of information and the greatest possible degree of openness and involvement both within the local companies and by means of shared internal information and communication. This takes place through various channels and in a number of ways.

The total absence due to illness for the company (long-term and short-term) was 1,46% in 2020.

Equal opportunities and equal treatment of individuals regardless of skin colour, gender, ethnic identity, association with organisations et cetera are fundamental to the company's treatment of payment and employment conditions for comparable positions. Kverneland wants to reflect the communities in which we operates, and we are continuously working to attract, recruit and develop in a broadest possible extent. We therefore work with initiatives to strengthen awareness, knowledge of diversity and inclusion in various aspects of our HR processes.

### Figures 2020:

No. of employees 68 of whom women 27 (39,7%) and no. of managers 22 of whom women 8 (36,4%). Percentage of employees with non-norwegian nationality is 13% (9 of 68).

### Goals for 2021:

Encouraging and facilitating women to take manager and/or Board positions, and maintain an ethnic diverse and gender balanced workforce.

### General diversity activities:

- Flexible working hours and working place addressing the possibility of work balance and family life.
- Evenly working environment survey to catch up on well-being, teamwork and diversity.
- In recruitment focusing on the best candidate despite gender, race, cultural background or disability.

## The external environment

The company is not regulated by any concessions. The company does not pollute the external environment.

## Outlook

The general business climate index for the Agricultural Machinery industry in Europe has continued to increase sharply also into 2021. It appears that the industry is continuously adjusting its future expectations to a surprisingly well performing current business.

The order intake for Kverneland Group reflects the good market mood. Positive retails and reduction in dealer stock gives a positive outlook. Stock levels in Sales companies are much lower than last year, which facilitate a stable and increased production. Total order book as of March 1<sup>st</sup> is EUR 151.2 Mill vs. EUR 104.7 Mill same time last year. This is an increase of 44.5%

Restrictions and risk connected to COVID are however still in place. New waves of COVID outbreak can on short notice impact the supply chain management in terms of lack of access to components needed for production as well as delivery performance from our factories to customers due to availability of trucks and containers for shipping. Local or global society lockdown can also lead to closing of factories and production facilities. Hence, spread of infection measurements are still in place in all Group facilities. The Group continues to follow the various government policies and strong business travel, workplace and event restrictions are still in place. At the same time, we do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Despite existing risk linked to COVID in addition to a beginning significant increase of steel cost, the general outlook for the group is currently very positive for both volume and profitability.



**Allocation of profit for the company**

Kverneland AS had a profit in 2020 of EUR 1.2 Mill.

Equity in Kverneland AS per 31 December 2020 was EUR 102.2 Mill. The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

<u>Profit of the year</u>	<u>1.2</u>
<u>Transferred to retained earnings</u>	<u>1.2</u>

Klepp stasjon, 31 March 2021

  
Nobuyuki Ishii  
Chairman

Nobushige Ichikawa

  
Junji Ota

  
Takehiro Ueda

Arlid Gjerde

Einar Erga

Henrik Hesselmann

Sven Einar Taksdal

Shingo Hanada  
President & CEO



**Allocation of profit for the company**

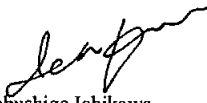
Kverneland AS had a profit in 2020 of EUR 1.2 Mill.

Equity in Kverneland AS per 31 December 2020 was EUR 102.2 Mill. The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

<u>Profit of the year</u>	<u>1.2</u>
<u>Transferred to retained earnings</u>	<u>1.2</u>

Klepp stasjon, 31 March 2021

Nobuyuki Ishii  
*Chairman*

  
Nobushige Ichikawa

Junji Ota

Takehiro Ueda

Arild Gjerde

Einar Erga

Henrik Hesselmann

Sven Einar Taksdal

Shingo Hanada  
*President & CEO*



**Allocation of profit for the company**

Kverneland AS had a profit in 2020 of EUR 1.2 Mill.

Equity in Kverneland AS per 31 December 2020 was EUR 102.2 Mill. The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

<u>Profit of the year</u>	<u>1.2</u>
<u>Transferred to retained earnings</u>	<u>1.2</u>

Klepp stasjon, 31 March 2021

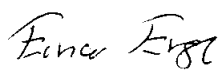
Nobuyuki Ishii  
*Chairman*

Nobushige Ichikawa

Junji Ota

Takehiro Ueda

Arild Gjerde

  
Einar Erga

  
Henrik Hesselmann

  
Sven Einar Taksdal

Shingo Hanada  
*President & CEO*



**Allocation of profit for the company**

Kverneland AS had a profit in 2020 of EUR 1.2 Mill.

Equity in Kverneland AS per 31 December 2020 was EUR 102.2 Mill. The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

Profit of the year	1.2
Transferred to retained earnings	1.2

Klepp stasjon, 31 March 2021

Nobuyuki Ishii  
Chairman

Arild Gjerde

Nobushige Ichikawa

Einar Erga

Junji Ota

Henrik Hesselmann

Takehiro Ueda

Sven Einar Taksdal

Shingo Hanada  
President & CEO



**Allocation of profit for the company**

Kverneland AS had a profit in 2020 of EUR 1.2 Mill.

Equity in Kverneland AS per 31 December 2020 was EUR 102.2 Mill. The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

<u>Profit of the year</u>	<u>1.2</u>
<u>Transferred to retained earnings</u>	<u>1.2</u>

Klepp stasjon, 31 March 2021

Nobuyuki Ishii  
*Chairman*

Nobushige Ichikawa

Junji Ota

Takehiro Ueda

Arild Gjerde

Einar Erga

Henrik Hesselmann

Sven Einar Taksdal

  
Shingo Hanada  
*President & CEO*

ここにテキストを入力



## Statement of Profit or Loss Kverneland AS

1 January – 31 December

(EUR Mill)	Note	2020	2019
<b>Operating revenues</b>	1,7	19.7	8,9
Salaries, wages and other personnel expenses	2,7	11.7	7.2
Depreciation and amortisation	5	3.3	-
Other operating expenses	3,7	10.9	4.9
<b>Operating expenses</b>		25.9	12.1
<b>Operating loss</b>		-6.2	-3.2
Financial income	4,7	20.8	10.7
<b>Financial expenses</b>	4,6	13.4	16.3
<b>Profit/Loss before income tax expense</b>		1.2	-8.8
Income tax expense	11	-	3.4
<b>Profit/Loss for the year attributable to shareholders</b>		1.2	-12.2

**Balance Sheet Kverneland AS**

31 December

(EUR Mill)	Note	2020	2019
<b>ASSETS</b>			
Property, plant and equipment	5	1.1	0.7
Intangible assets	5	14.7	-
Shares in subsidiaries	6	244.9	259.0
Non-current receivables group companies	7	0.2	32.2
Investments in shares	14	0.8	0.8
<b>Non-current assets</b>		<b>261.7</b>	<b>292.7</b>
Trade receivables		0.6	0.5
Trade receivables group companies	7	6.3	2.4
Other current receivables		1.1	0.9
Derivative financial instruments	13	0.6	0.4
Other receivables group companies	7	126.5	109.4
Cash and cash equivalents	12	0.3	-
<b>Current assets</b>		<b>135.4</b>	<b>113.6</b>
<b>Total assets</b>		<b>397.1</b>	<b>406.3</b>
<b>EQUITY</b>			
Paid in capital	8	146.5	146.5
Retained earnings	8	-44.3	-50.4
<b>Total equity</b>		<b>102.2</b>	<b>96.1</b>
<b>LIABILITIES</b>			
Non-current debt group companies	7	-	17.4
Pension liabilities	9	0.1	0.2
Deferred tax liability	11	0.2	0.1
<b>Non-current debt</b>		<b>0.3</b>	<b>17.7</b>
Trade payables		1.0	0.2
Trade payables group companies	7	3.5	0.7
Current interest-bearing debt	10	195.4	237.8
Current interest-bearing debt group companies	7	91.0	53.3
Derivative financial instruments	13	-	-
Other current debt		3.7	0.5
<b>Current liabilities</b>		<b>294.6</b>	<b>292.5</b>
<b>Total liabilities</b>		<b>294.9</b>	<b>310.2</b>
<b>Total equity and liabilities</b>		<b>397.1</b>	<b>406.3</b>



Klepp stasjon, 31 March 2021

  
Nobuyuki Ishii  
Chairman

Nobushige Ichikawa

  
Junji Ota

  
Takehiro Ueda

Arild Gjerde

Einar Erga

Henrik Hesselmann

Sven Einar Taksdal

Shingo Hanada  
President & CEO



Klepp stasjon, 31 March 2021

Nobuyuki Ishii  
*Chairman*

Nobushige Ichikawa

Junji Ota

Takehiro Ueda

Arild Gjerde

Einar Erga

Henrik Hesselmann

Sven Einar Taksdal

Shingo Hanada  
*President & CEO*



Klepp stasjon, 31 March 2021

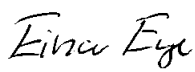
Nobuyuki Ishii  
*Chairman*

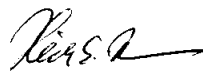
Nobushige Ichikawa

Junji Ota

Takehiro Ueda

Arild Gjerde

  
Einar Erga

  
Henrik Hesselmann

  
Sven Einar Taksdal

Shingo Hanada  
*President & CEO*



Klepp stasjon, 31 March 2021

Nobuyuki Ishii  
*Chairman*

Arild Gjerde

Nobushige Ichikawa

Einar Erga

Junji Ota

Henrik Hesselmann

Takehiro Ueda

Sven Einar Taksdal

Shingo Hanada  
*President & CEO*



Klepp stasjon, 31 March 2021

Nobuyuki Ishii  
*Chairman*

Nobushige Ichikawa

Junji Ota

Takehiro Ueda

Arild Gjerde

Einar Erga

Henrik Hesselmann

Sven Einar Taksdal

Shingo Hanada  
*President & CEO*

**Statement of Cash Flow Kverneland AS**

1 January – 31 December

(EUR Mill)	Note	2020	2019
<b>Cash flow from operating activities</b>			
Loss before income tax expense		1.2	-8.8
Depreciation, amortisation and impairment	5	3.8	-
Change in trade receivables (including group trade receivables)		-0.5	1.5
Change in trade payables (including group trade payables)		3.3	-0.8
Change in other receivables group companies		-17.4	19.3
Change in current interest-bearing debt group companies		37.7	-6.5
Change in net derivate financial instruments		-0.2	-1.0
<u>Change in other current items</u>		1.9	-1.1
<b>Net cash flow operating activities</b>		<b>29.8</b>	<b>2.6</b>
<b>Cash flow from investing activities</b>			
Paid in capital	8	-	-
Investment in property, plant and equipment	5	-0.1	-
Investment in intangible assets	5	-1.9	-
Investments in non-current financial assets	6	0.0	-7.6
Impairment on non-current financial assets	6	-	7.5
Change in non-current receivables group companies		32.0	-
<u>Change in non-current financial assets</u>		-	2.1
<b>Net cash flow investing activities</b>		<b>30.0</b>	<b>2.0</b>
<b>Cash flow from financing activities</b>			
Change in non-current debt (including group non-current debt)		-17.4	-0.6
Increased current loan	10	262.0	3 405.0
Payment of current loan	10	-487.0	-3 643.0
<u>Other changes in current loan</u>	10	182.6	234.0
<b>Net cash flow financing activities</b>		<b>-59.8</b>	<b>-4.6</b>
Cash and cash equivalents at 1 January		-	-
<u>Net change in cash and cash equivalents</u>		0.3	-
<u>Cash and cash equivalents at 31 December</u>		0.3	-



## General information

Kverneland AS (*the company*) is registered and domiciled in Norway. Head office is located at Plogfabrikkvegen 1, 4353 Klepp stasjon. The company is fully owned by Kubota Holdings Europe BV with the ultimate parent company Kubota Corporation. Kubota Corporation is registered and domiciled in Osaka, Japan. The company is also exempt from preparing consolidated financial statements. The consolidated financial statement can be obtained by contacting the ultimate parent company Kubota Corporation. Kverneland AS's financial statement were authorised for issue by the Board of Directors on 31 March 2021.

## Merge

In 2020 Kverneland Group Business Partner AS was merged into Kverneland AS. The merger effective date for accounting purposes was set to 01.01.2020 and implemented with continuity on the booked value for Kverneland AS's accounts (group continuity). Comparable figures last year for Kverneland AS are unchanged.

## Summary of significant accounting policies

The accounting principles applied in the preparation of Kverneland AS's financial statement are set out below. These principles have been consistently applied to each year presented, unless otherwise noted.

## Basis of preparation

The financial statement of Kverneland AS has been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles in Norway.

The preparation of financial statements in conformity with generally accepted accounting principles requires management estimates and assumptions that affect the reported assets and liabilities, revenues and expenses and disclosures of contingent assets and contingent liabilities. Actual results may differ from these estimates and assumptions.

Kverneland AS adopts the going concern basis in preparing its financial statement.

## Foreign currency conversion

### Functional and presentation currency

The financial statement is presented in Euro (EUR), which is the company's functional and presentation currency.

### Transactions and balances

Foreign currency transactions are converted into the functional currency using the average exchange rates for the month. Realised foreign exchange rate gains and losses resulting from the settlement of such transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Balance sheet transactions are converted into the functional currency at the closing rate.

Foreign exchange rate gains and losses related to loans, cash and cash equivalents are presented net in the statement of profit or loss within financial income or financial expenses.

Exchange rate impact on non-monetary financial assets and liabilities is a part of the fair value assessment. Exchange rate differences on non-monetary items are recognised in the statement of profit or loss as part of the fair value gain or loss.

## Property, plant and equipment

Assets are classified as property, plant and equipment if they are determined to be owned or used for a longer period.

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.



Land and art is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their expected useful lives, as follows:

Buildings	20-30 years
Machinery	5-10 years
Vehicles	3-5 years
Furniture & fittings	2-7 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is larger than its estimated recoverable amount.

### **Intangible assets**

Intangible assets, acquired as part of an acquisition or directly, where a measurable link to future returns has been identified, are capitalised. These assets are amortised on a straight-line basis over the expected useful lives, maximum 10 years. Research and development costs are capitalised when this is in accordance with requirements for capitalising.

Kverneland AS has internally developed and acquired intangible assets. The company has no indefinite intangible assets. An impairment test is executed when there are indications of loss of value.

### **Financial assets**

#### **Classification**

In Kverneland AS, financial assets are classified in the following categories: at fair value in the statement of profit or loss and as loans and receivables. The classification of financial assets is done based on the characteristics and purpose of the financial instrument and is determined at the time of the initial recognition. If the value of the financial instrument is negative, it will be classified as financial liability.

#### **Financial assets at fair value in the statement of profit or loss**

Financial assets at fair value in the statement of profit or loss are forward contracts entered into to secure future income and cost as well as interest rate- and foreign exchange rate swaps related to non-current loans. Assets in this category are classified as current assets if the total market value is positive and the transaction falls due during the next 12 months. Transactions falling due after 12 months are classified as non-current assets.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, unless when the maturity is more than 12 months after the end of the reporting period. Loans and receivables comprise "trade and other receivables" as well as cash and cash equivalents in the balance sheet.

#### **Recognition and measurement**

Financial assets booked at fair value in the statement of profit or loss are at first recognition booked at fair value. Transaction costs are booked to the statement of profit or loss. Financial assets at fair value in the statement of profit or loss are valued at fair value also after the first recognition. Loans and receivables are valued at fair value at the time of the transaction and later valued at amortised cost using effective interest method. Exchange rate differences related to interest rate- and exchange rate swaps are booked to the statement of profit or loss as financial items.

#### **Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.



## **Impairment of financial assets**

An assessment of possible losses is made for the financial assets. Provisions for future losses are deducted in the value of the financial assets.

### **Assets carried at amortised cost**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the company uses to determine if there is objective evidence of an impairment loss include:

- Significant financial difficulty of the obligor
- A breach of contract
- The company, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the company would not otherwise consider
- It becomes probable that the debtor will enter bankruptcy or other financial reorganisation
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - Adverse changes in the payment status of borrowers in the portfolio; and
  - National or local economic conditions that correlate with defaults on the assets in the portfolio

The company first assesses whether the objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

## **Derivative financial instruments**

Kverneland AS uses various derivative financial instruments as forward contracts, interest rate- and exchange rate swaps and fixed interest loans as tools to manage the risk from changes in foreign exchange rates and interest. Kverneland AS does not use derivative financial instruments for trade purposes. Derivative financial instruments are booked at fair value. Exchange rate gains and losses are booked under net financial items in the statement of profit or loss. Gains and losses will be based on exchange rates and interest rates on the balance sheet date. Hedge accounting is not applied in Kverneland AS.

## **Trade receivables**

Trade receivables are amounts due from customers for products sold or services performed in the ordinary operating cycle of business. If collection is expected in 1 year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables and other receivables are recognised initially at fair value. Any provision for impairment of receivables is deducted by assessment at later stages. Provision for impairment of receivables is established when there are significant indicators that the company will not be able to collect the entire outstanding amount.

## **Cash and cash equivalents**

Cash and cash equivalents include cash, deposits and financial instruments purchased for an original maturity of 3 months or less. Bank overdrafts are shown as current interest-bearing debt in the balance sheet.

## **Shares**

Shares classified as non-current assets are recorded at cost unless circumstances that are not expected to be transient, indicates a lower value. Foreign exchange gains or losses on monetary items considered as part of the net investment in a foreign company represent an addition or deduction to the company's net investment and is presented together with shares in subsidiaries.



## Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 1 year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Borrowings

Loans are booked at fair value at the payment of the loan, with a deduction for transaction costs. Thereafter borrowings are booked at amortised cost calculated using the effective interest rate. The difference between the total loan amount (net of transaction costs) and redemption value is recognised in the statement of profit or loss during the loan's maturity. Fees related to establishment of loan facilities are booked in the balance sheet as part of the loan unless fees are related to renewal of already established facilities. The fees are expensed during the loan's maturity. Other liabilities are classified as non-current liabilities if the maturity date is more than 1 year from the date it was originated. First year planned payments on non-current debt are reclassified as current debt.

Financial liabilities are valued at amortised cost unless the liabilities are the derivative financial instruments, which are classified as fair value in the statement of profit or loss.

## Current and deferred income tax

Deferred income tax is calculated in accordance with the liability method. Based on this method, deferred income tax liabilities and deferred income tax assets are calculated on temporary differences between the valuation of assets and liabilities for accounting and tax purposes. Deferred income tax is not recognised for goodwill. The annual charge is the change in deferred income tax liabilities or deferred income tax assets in the balance sheet from the prior balance sheet date to the current balance sheet date, to the extent the deferred income tax is not related to transactions that are posted directly to equity. The effect of changes in tax regulations and tax rates are recorded to the statement of profit or loss when the change has been resolved.

The statement of profit or loss includes income tax expense, which comprises the income tax expense related to the fiscal result of the year. The income tax expense consists of current income tax liability and the net change in deferred income taxes as described above. Current income tax liabilities are calculated based on the fiscal result, and change in deferred income taxes are calculated based on the annual change in temporary differences.

## Pension liabilities

Pension cost and pension liabilities are calculated in accordance with IAS 19R "Employee Benefits".

Kverneland AS has different kinds of pension schemes. In 2005 Kverneland AS transferred to defined contribution plans, but there are still some old defined benefit plans left. A defined contribution plan is a pension plan under which the company pays fixed contributions to publicly or privately administrated pension insurance plans on a mandatory, contractual or voluntary basis. Kverneland AS has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In cases where there is no deep market in such bonds, the market rates of government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumption are charged or credited to equity in the period which they arise.

Past-service costs are recognised immediately in the statement of profit or loss.

The net pension cost for the period is included in salaries, wages and other personnel expenses and consists of current service cost, interest cost, past service cost and gains and losses on settlements and curtailments.



## **Contingent liabilities**

Potential liabilities are accounted for if the likelihood of materialisation is more than 50%. The best estimate of the liability is used to determine the balance sheet value.

## **Leases**

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and the financial expenses to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of financial expenses, are included in non-current interest-bearing debt. The interest element of the financial expense is charged to the statement of profit or loss over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The property, plant and equipment acquired under financial leases are depreciated over the shorter of the useful life of the asset and the lease term.

## **Revenue recognition**

Revenues from sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. Interest income is recognised on an accrual basis using the effective interest method.

## **Cash flow analysis**

Cash flow analysis is prepared according to the indirect method.



## Financial risk management

### Financial risk factors

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Based upon a careful judgment of risk Kverneland AS uses derivative financial instruments to manage exchange rate risk.

### Market risk

Kverneland AS's activities are exposed to financial risks, which mainly involve foreign exchange risk and floating interest rate risk. The company seeks to reduce the risks associated to foreign exchange rates through the use of derivative financial instruments.

Through its subsidiaries Kverneland AS is exposed to fluctuations in steel prices. Risk exposure is primarily in the price of steel as raw material, but also indirectly in component costs. Kverneland AS has not entered into derivative hedging agreements to reduce this price risk. The Group has per 31 December 2020 fixed-price contracts for purchase of steel with a price term of 3 to 6 months for different steel types.

### Foreign exchange risk

Kverneland AS operates internationally through its subsidiaries and is exposed to foreign exchange risk arising from various currency exposures. The main currency is Euro. All exposure to fluctuations in the Euro against other currencies implies a foreign exchange risk. Foreign exchange risk is connected to several currencies including NOK, GBP, USD, CAD and RUB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in subsidiaries.

During 2020 Kverneland AS had sales or purchases in a number of currencies. The handling of currency risk is different for different kinds of exposures. The net exposure against each currency is calculated based on expected future cash inflow and outflow for the company. Kverneland AS performs hedging of selected currencies by internal forward contracts of exposure from subsidiaries. The consolidated exposure for each country is hedged by forward contracts in the foreign exchange market in accordance with the Forward policy.

The Group's Forward policy is to secure 0-100% of anticipated transactions (mainly export sales and purchase of goods) in the NOK and GBP at a maximum of 6 months ahead.

Exposure from assets in foreign currencies is partly secured by balance sheet hedging for assets financed in the same currency.

### Interest rate risk

Kverneland AS's interest rate risk is related to current interest-bearing loans. Loans with a floating interest rate cause an interest rate risk for the company's cash flow. There is no hedge of interest risk 31 December 2020.

The company is primarily exposed to interest rate risk through changes in EURIBOR. Interest rate risk in Kverneland AS is against short term EURIBOR, since majority of the loans are based on 1-3 months EURIBOR.

### Credit risk

Credit risk arises in transactions with derivative financial instruments, deposits in banks and financial institutions. Beyond that, credit risk in Kverneland AS is mainly related to trade receivables subsidiaries and loans to subsidiaries.

### Liquidity risk

Kverneland AS and most of the subsidiaries are included in a cash pool service by BNP Paribas where Kubota Holdings Europe B.V. is the master account holder. The Kubota subsidiaries of Kubota Holdings Europe B.V. are also or will be included in this cash pool. There is an uncommitted overdraft agreement with BNP Paribas of EUR 50 Mill connected to the cash pool and in addition, Kubota Holdings Europe B.V. has significant uncommitted credit lines to finance the cash pool.

Cash flow forecasting is performed by each entity on a monthly basis. The cash flow forecast is consolidated and used in detail by Group Finance to make decisions regarding funding requirements for the period ahead.

Kverneland Group is financed through the cash pool and also have uncommitted facilities with Mizuho Bank (EUR 140 Mill) and Sumitomo Mitsui Banking Corporation Europe (EUR 80 Mill). Normally the external facilities are not



used and per 31.12.2020 there was no drawing on these facilities. There are no guarantees connected to the facilities. The financing is in line with Kubota directive and practice.

## **Capital risk management**

Kverneland Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Kverneland AS has adopted the very strict policy of capital injections in subsidiaries. Any capital injection or loan conversion is subject to Kubota Senior management team approval.

The Group's financial structure comprises interest-bearing debt exclusive derivate financial instruments, cash and cash equivalents as well as equity.

Kverneland AS's subsidiaries will have a capital structure that will always reflect capital costs, market conditions, legal and fiscal conditions and other relevant assessment criteria in each case.

## **Fair value estimation**

Kverneland AS has forward exchange contracts that are booked at fair value in the balance sheet and exchange rate differences that are booked in the statement of profit or loss of each accounting period. The fair value is based on mark-to-market reports from the financial institutions. The input in the calculations and the calculations are reasonable checked by Group Finance. Forward contracts are in the balance sheet presented under current assets as "Derivative financial instruments".



## Notes to the financial statement Kverneland AS

All amounts in EUR Million unless otherwise specifically stated.

### Note 1. Operating revenues

Operating revenues include income from rent of property to Kverneland Group's Norwegian operations, corporate allocations fee, procurement fee, manufacturing fee, R&D fee, IT fee, marketing fee Norway, spare parts fee and license fee from Kverneland Group's subsidiaries.

### Note 2. Salaries, wages and other personnel expenses

	2020	2019
Salaries and wages	10.4	6.8
Payroll tax	0.8	0.3
Pension cost defined benefit plan	0.2	0.1
Other benefits to employees	0.3	0.1
<b>Total salaries, wages and other personnel expenses in the statement of profit or loss</b>	<b>11.7</b>	<b>7.2</b>

The company has 68 full-time employees in 2020, as include all employees from Kverneland Business Partner AS after the merge in January 2020.

<b>Paid compensation to CEO in 2020 (EUR 1 000)</b>	<b>Salaries</b>	<b>Bonus</b>	<b>Other</b>
Kazunari Shimokawa	429.8	-	0.0

The CEO does not have any loans from the company. Employees in Kverneland AS receive a bonus when certain performance objectives are met. The bonus payments are limited up to 40.0% of the annual salary.

<b>Paid Board of Directors' fee (EUR 1 000)</b>		<b>2020</b>
Einar Erga	Board member	6.8
Sven Erik Taksdal	Board member	6.8
Henrik Hesselmann	Board member	6.8
Otto Skurve	Observer	2.0
<b>Total</b>		<b>22.4</b>

### Note 3. Other operating expenses

<b>Specification of fees to appointed auditor</b>	<b>2020</b>	<b>2019</b>
Audit fee	0.21	0.19
Fee related to tax consulting	0.02	0.05
<b>Other fees</b>	<b>0.12</b>	<b>0.04</b>
<b>Total fees to appointed auditor</b>	<b>0.35</b>	<b>0.29</b>

These costs are included in "Other operating expenses" in the statement of profit or loss.



## Note 4. Financial items

	2020	2019
Interest income	0.8	1.5
Exchange rate gain	8.5	5.4
Exchange rate gain currency contracts	3.0	2.7
Group contribution	8.5	0.9
Dividend	0.0	0.1
<b>Total financial income in the statement of profit or loss</b>	<b>20.8</b>	<b>10.7</b>
Interest costs	0.8	1.1
Exchange rate loss	9.2	5.3
Exchange rate loss currency contracts	3.4	2.4
Impairment shares in subsidiaries	-	7.5
Other financial expenses	0.0	0.1
<b>Total financial expenses in the statement of profit or loss</b>	<b>13.4</b>	<b>16.3</b>
<b>Net financial items in the statement of profit or loss</b>	<b>7.4</b>	<b>-5.6</b>

For information regarding different risks, please see "Financial risk management".

Currency exchange rate NOK/EUR at the balance sheet date was 10.4703 and the average rate in 2020 was 10.7115.



**Note 5. Intangible assets and property, plant and equipment**

All figures in EUR 1 000

	Furniture & fittings	Site and buildings	Land	Inv. in progress	Total
<b>2019 – Tangible fixed assets</b>					
Acquisition cost:					
At 1 January	220.2	1 442.3	480.4	-	2 142.9
Acquisitions	11.6	-	-	-	11.6
At 31 December	231.8	1 442.3	480.4	-	2 154.5
Amortisation/depreciation and impairment:					
Accumulated at 1 January	202.2	1 159.2	-	-	1 361.4
Amortisation/depreciation	2.9	28.9	-	-	31.8
Accumulated at 31 December	205.1	1 188.1	-	-	1 393.2
Net book value at 31 December	26.7	254.2	480.4	-	761.3
Economic life	3-10 years	20-35 years			
Amortisation/depreciation plan	Straight-line	Straight-line			
<b>2020 – Tangible fixed assets</b>					
Acquisition cost:					
At 1 January	231.8	1 442.3	480.4	-	2 154.5
Merge	652.6	205.5	-	1 715.5	2 573.6
Acquisitions	-	-	-	145.7	145.7
Disposal	-317.3	-	-	-	-317.3
Impairments/reclassification	103.8	-	-	-1 652.1	-1 548.3
At 31 December	670.9	1 647.8	480.4	209.1	3 008.2
Amortisation/depreciation and impairment:					
Accumulated at 1 January	205.1	1 188.1	-	-	1 393.2
Merge	504.8	205.5	-	-	710.3
Amortisation/depreciation	113.8	28.9	-	-	142.7
Disposal	-317.3	-	-	-	-317.3
Accumulated at 31 December	506.4	1 422.5	-	-	1 928.9
Net book value at 31 December	164.5	225.3	480.4	209.1	1 079.3
Economic life	3-10 years	20-35 years			
Amortisation/depreciation plan	Straight-line	Straight-line			



All figures in EUR 1 000

<b>2019 – Intangible fixed assets</b>	<b>Software</b>	<b>R&amp;D</b>	<b>Inv. in progress</b>	<b>Total</b>
<b>Acquisition cost:</b>				
At 1 January	129.3	-	-	129.3
Acquisitions	-	-	-	-
<b>At 31 December</b>	<b>129.3</b>	<b>-</b>	<b>-</b>	<b>129.3</b>
<b>Amortisation/depreciation and impairment:</b>				
Accumulated at 1 January	129.3	-	-	129.3
Amortisation/depreciation	-	-	-	-
<b>Accumulated at 31 December</b>	<b>129.3</b>	<b>-</b>	<b>-</b>	<b>129.3</b>
<b>Net book value at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Economic life	3-10 years	3-5 years		
Amortisation/depreciation plan	Straight-line	Straight-line		

<b>2020 – Intangible fixed assets</b>	<b>Software</b>	<b>R&amp;D</b>	<b>Inv. in progress</b>	<b>Total</b>
<b>Acquisition cost:</b>				
At 1 January	129.3	-	-	129.3
Merge	6 567.2	7 607.2	10 080.1	24 254.5
Acquisitions	7.7	-	1 913.1	1 920.8
Disposal	-111.3	-2 096.4	-	-2 207.7
Impairments/reclassification	1 325.9	8 417.3	-8 739.0	1 004.2
<b>At 31 December</b>	<b>7 918.8</b>	<b>13 928.1</b>	<b>3 254.2</b>	<b>25 101.1</b>
<b>Amortisation/depreciation and impairment:</b>				
Accumulated at 1 January	129.3	-	-	129.3
Merge	3 170.3	6 176.4	-	9 346.7
Amortisation/depreciation	1 065.4	2 109.7	-	3 175.1
Disposal	-111.3	-2 096.4	-	-2 207.7
<b>Accumulated at 31 December</b>	<b>4 253.7</b>	<b>6 189.7</b>	<b>-</b>	<b>10 443.4</b>
<b>Net book value at 31 December</b>	<b>3 665.1</b>	<b>7 738.4</b>	<b>3 254.2</b>	<b>14 657.7</b>
Economic life	3-10 years	3-5 years		
Amortisation/depreciation plan	Straight-line	Straight-line		

Intangible assets relate mainly to internally generated IT projects, and research & development.

Some assets have been reclassified from investment in progress from/to tangible and intangible, in total with EUR 26.0 from intangible to tangible and EUR 1 649.6 have been reclassified from tangible to intangible.



**Note 6. Shares in subsidiaries and other companies**

Kverneland AS owns the following subsidiaries per 31 December 2020:

<b>Company name</b>	<b>Time of acquisition</b>	<b>Business address</b>	<b>Owner-ship %</b>	<b>Equity share</b>	<b>Profit share</b>
<b>Owned by Kverneland AS</b>					
Kverneland Group Sverige AB	01.01.69	Nyköping, Sweden	100.00	1.4	0.1
Kverneland Group Operations Norway AS	04.01.88	Kverneland, Norway	100.00	81.9	1.0
Kverneland Group Ireland Ltd.	01.05.93	Kilkenny, Ireland	100.00	3.2	0.2
Kverneland Group Holding (DK) AS	01.11.94	Kerteminde, Denmark	100.00	46.2	-1.1
Kverneland Group Polska Sp.z o.o.	17.11.97	Torun, Poland	100.00	4.2	0.2
Kverneland Group Europe B.V.	01.04.98	Nieuw-Vennep, the Netherlands	100.00	58.0	-0.1
Kverneland Holding France, SAS	01.12.98	Saint Jean de Braye, France	100.00	46.1	0.0
Kverneland Group Italia srl	01.01.99	Castiglione delle Stiviere, Italy	90.00	2.3	-0.8
Kverneland Group Hungária KFT	27.04.00	Szolnok, Hungary	100.00	2.6	0.2
Kverneland Agricultural Equipment (Daqing) Co. Ltd.	26.08.10	Daqing, China	100.00	-1.2	-1.2
Kverneland Group Ravenna S.r.l.	17.12.12	Russi, Italy	100.00	7.4	1.4
Kverneland Group Soest GmbH	20.12.19	Soest, Germany	5.11	0.9	0.0
<b>Owned by subsidiaries</b>					
Kverneland Group Danmark AS	01.01.65	Kerteminde, Denmark	100.00	5.6	0.3
Kverneland Group UK Ltd.	01.01.78	Merseyside, the United Kingdom	100.00	9.2	0.3
Kverneland Group France, SAS	01.01.82	Saint Jean de Braye, France	100.00	11.4	0.0
Kverneland Group Ibérica S.A.	01.01.90	Barcelona, Spain	100.00	8.2	0.2
Kverneland Group Kerteminde AS	01.05.93	Kerteminde, Denmark	100.00	20.6	4.2
Kverneland Group Devides Ltd.	01.05.93	Merseyside, the United Kingdom	100.00	0.6	-0.3
Kverneland Group Modena S.p.A	01.01.95	Modena, Italy	100.00	-7.5	-0.1
Kverneland Holding (UK) Ltd.	01.05.95	Merseyside, the United Kingdom	100.00	16.2	-
Kverneland Group Soest GmbH	01.01.96	Soest, Germany	94.89	17.5	0.4
Kverneland Holding (DE) GmbH	01.05.96	Soest, Germany	100.00	23.8	0.8
Kverneland Group Gottmadingen N.V.	01.05.98	Gottmadingen, Germany	100.00	7.9	0.1
Kverneland Group Nieuw-Vennep B.V.	01.05.98	Nieuw-Vennep, the Netherlands	100.00	35.6	3.1
Kverneland Group Benelux B.V.	01.05.98	Dronten, the Netherlands	100.00	3.0	0.2
Kverneland Group Deutschland GmbH	01.01.99	Soest, Germany	100.00	5.7	0.1
Vicon Agricultural Holdings Ltd.	01.05.98	Merseyside, the United Kingdom	100.00	2.2	-
Kverneland Group Les Landes Génusson SAS	01.01.99	Les Landes Génusson, France	100.00	4.0	-0.1
Kverneland Group Mechatronics B.V.	01.12.01	Nieuw-Vennep, the Netherlands	100.00	4.1	0.5
OOO Kverneland Group CIS	28.06.05	Moscow, Russia	100.00	-6.9	-4.5
OOO Kverneland Group Manufacturing Lipetsk	05.12.06	Lipetsk, Russia	100.00	-11.4	-5.6
Kverneland Group Metz SAS	14.06.07	Flevy, France	100.00	38.0	2.7
<u>Kverneland Group International GmbH</u>	<u>05.11.10</u>	<u>Soest, Germany</u>	<u>100.00</u>	<u>0.4</u>	<u>-0.1</u>

The above listed equity and profit amounts are based on group figures (IFRS) for all subsidiaries and are denominated in EUR.



Shares in subsidiaries and other companies are assessed in proportion to impairment with analysis of future cash flows. The interest rate is set based on a calculation of WACC (Weighted Average Capital Cost) and is set at 5.7% (changed from 6.4% in 2019).

<u>Company name</u>	<u>Ownership %</u>	<u>Book value 31.12.20</u>
Kverneland Group Sverige AB	100.00	0.1
Kverneland Group Operations Norway AS	100.00	88.4
Kverneland Group Ireland Ltd.	100.00	3.2
Kverneland Group Holding (DK) AS	100.00	60.7
Kverneland Group Polska Sp.z o.o.	100.00	1.2
Kverneland Group Europe B.V.	100.00	38.8
Kverneland Holding France, SAS	100.00	51.2
Kverneland Group Italia srl	90.00	0.4
Kverneland Group Hungária KFT	100.00	0.2
<u>Kverneland Group Soest GmbH</u>	<u>5.11</u>	<u>0.7</u>
<u>Total</u>		<u>244.9</u>

## Note 7. Related parties transactions

Kverneland AS is acting as internal bank for all Kverneland Group's subsidiaries. Current receivables in Kverneland Group represent current credits offered as part of Kverneland AS's operation as the internal bank for Kverneland Group.

Non-current group receivables represent loan from Kverneland AS to Kverneland Group Ravenna. Together with shares in the subsidiaries, the non-current receivables represent Kverneland AS's total investment in subsidiaries.

All receivables in the balance sheet classified as current assets are current and due within 12 months.

All payables in the balance sheet classified as current liabilities are current and due within 12 months.

### Related party transactions:

All figures in EUR 1 000

<u>Sale of services:</u>	<u>2020</u>	<u>2019</u>
Corporate allocations fee to subsidiaries	5 167.8	5 325.4
Procurement fee to subsidiaries	1 068.1	1 241.0
Manufacturing fee	981.1	923.3
R&D fee	2 107.5	2 142.7
IT fee	7 284.1	-
Marketing fee Norway	331.0	-
Spare part fee	4 069.6	-
Royalty & licenses to subsidiaries	1 461.4	-
Interest lending to subsidiaries	483.3	1 116.4
Dividend from subsidiaries	-	86.4
Gain on internal currency contracts	-	356.9
Other	-	242.0



<b>Purchases of services:</b>	<b>2020</b>	<b>2019</b>
Interest lending from subsidiaries	677.2	529.7
Hired personnel	7 690.9	5 876.2
Loss on internal currency contracts	399.1	-
Other	1 173.2	16.4

<b>Receivables and payables from group companies:</b>	<b>2020</b>	<b>2019</b>
All figures in EUR 1 000		
Non-current receivables group companies	0.2	32.2
Trade receivables group companies	6.3	2.4
Other current receivables group companies	126.5	109.4
Non-current debt group companies	-	-17.4
Trade payables group companies	-3.5	-0.7
Current interest-bearing debt group companies	-91.0	-53.3
Total	38.5	72.6

## Note 8. Equity

<b>Equity items in the balance sheet:</b>	<b>2020</b>	<b>2019</b>
Share capital:		
At 1 January	53.1	53.1
Capital injection	-	-
At 31 December	53.1	53.1
Share premium:		
At 1 January	93.4	93.4
Capital injection	-	-
At 31 December	93.4	93.4
Paid in capital at 31 December	146.5	146.5
Retained earnings:		
At 1 January	-50.4	-38.3
At 1 January from KgBP	4.9	-
Profit/loss for the year attributable to shareholders	1.2	-12.2
At 31 December	-44.3	-50.4
Total equity	102.2	96.1

The share capital is NOK 478.4 Mill consisting of 154 309 190 shares with a face value of NOK 3.10 each.

Kubota Holdings Europe B.V. owns all the shares in the company as of 31 December 2020. The ownership has been transferred from Kubota Norway Holdings AS to Kubota Holdings Europe B.V. in 2019.



## Note 9. Pension liabilities

Kverneland AS applied defined contribution plans from 2005. A defined contribution plan is a pension plan where Kverneland AS pays fixed instalments to a separate legal entity. The company has no legal or other obligation to pay any excess contribution if the entity should lack funds to pay all employees their accrued benefits in this and previous periods.

In addition Kverneland AS has an insured pension obligation based on defined benefit plan. This apply to top management obligation.

All figures in EUR 1 000.

### A) Defined contribution plan

	2020	2019
Pension cost	226.8	3.6

In the statement of profit or loss, pension cost is presented as part of "Salaries, wages and other personnel expenses".

The defined contribution plan covers 67 persons in 2020.

### B) Defined benefit plan

<b>The amounts recognised in the balance sheet are determined as follows</b>	2020	2019
Present value of pension liability for funded obligations	-155.9	-211.9
Fair value of plan assets	36.8	55.5
Total	-119.1	-156.4
Payroll tax	-16.8	-22.0
<b>Total net liability in the balance sheet</b>	<b>-135.9</b>	<b>-178.4</b>

<b>The movement in the defined benefit obligation over the year</b>	2020	2019
At 1 January	-211.9	-237.8
Current service cost	-0.4	-0.6
Interest cost pension liability	-3.4	-5.9
Unrecognised actuarial gain	34.4	21.1
Exchange rate differences	25.4	11.3
Benefit paid	-	-
<b>At 31 December</b>	<b>-155.9</b>	<b>-211.9</b>

<b>The movement in the fair value of plan assets of the year</b>	2020	2019
At 1 January	55.5	69.8
Expected return on plan assets	0.9	1.7
Unrecognised actuarial gain	1.4	3.7
Exchange rate differences	-6.0	-3.0
Benefit paid	-15.0	-16.7
<b>At 31 December</b>	<b>36.8</b>	<b>55.5</b>

<b>The amounts recognised in the statement of profit or loss</b>	2020	2019
Current service cost	-	-
Interest cost pension liability	2.5	4.2
Payroll tax	0.4	0.6
Exchange rate differences	25.4	11.3



Total pension cost	28.3	16.1
--------------------	------	------

In the statement of profit or loss, pension cost is presented as part of "Salaries, wages and other personnel expenses". For more information, please see note 2.

The insured pension plan covers now only one person.

<b>Economic assumptions for pension plan (%)</b>	<b>2020</b>	<b>2019</b>
Discount rate	1.50	1.80
Expected future increase in salary	2.00	2.25
Expected annual increase of pension payments	1.30	1.30
Expected increase in the basis for calculation of government contribution	1.75	2.00
Expected return on plan assets	1.50	1.80

The actuarial calculations assume commonly used insurance assumptions for demographic factors and turnover rates. Assumptions for mortality are based on published statistics and experience in Norway.

<b>5 years of history</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Present value of pension liability for funded obligations	-155.9	-211.9	-237.8	-258.9	-261.1
Fair value of plan assets	36.8	55.5	69.8	67.3	67.6
Total	-119.1	-156.4	-168.0	-191.6	-193.5

## Note 10. Interest-bearing debt

	<b>2020</b>	<b>2019</b>
Current interest-bearing debt	195.4	237.8
Bank overdraft	-	-
Total current interest-bearing debt in the balance sheet	195.4	237.8
Total interest-bearing debt	195.4	237.8

<b>Average interest in %</b>	<b>2020</b>	<b>2019</b>
Uncommitted current debt	0.0	0.1

There are no activated loan costs per 31 December 2020.

<b>Company loans in the balance sheet</b>	<b>2020</b>	<b>2019</b>
Mizuho Bank Ltd	0.0	25.0
Kubota Holdings Europe cash pool	195.4	12.8
Kubota Corporation	0.0	200.0
Total drawn amount on credit lines	195.4	237.8

<b>Total credit lines</b>	<b>Maturity</b>	<b>2020</b>
Mizuho Bank Ltd	uncommitted	140.0
Sumitomo Mitsui Banking Corporation Europe	uncommitted	80.0
Total		220.0



## Note 11. Income taxes

All figures in EUR 1 000

<b>Income tax expense</b>	<b>2020</b>	<b>2019</b>
Tax corrections previous years	-96.9	-2.0
Paid/received withholding tax	0.0	1.8
Change in deferred income tax	131.3	3 352.6
Hereof changes booked through other comprehensive income pension	0.8	3.0
<b>Income tax expense</b>	<b>35.2</b>	<b>3 355.4</b>

<b>Reconciliation of actual income tax expense to calculated income tax expense</b>	<b>2020</b>	<b>2019</b>
Profit/Loss before income tax expense	1 240.3	-8 802.7
Calculated income tax expense	272.9	-1 936.6
Tax effect of permanent differences	544.2	-0.4
Tax effect of income not subject to tax	0.0	1 631.0
Paid withholding tax	0.0	1.8
Effect of deviation in estimates of deferred income tax from prior periods	864.9	3 441.5
Other	-1 646.8	218.1
<b>Income tax expense</b>	<b>35.2</b>	<b>3 355.4</b>

<b>Specification of deferred income tax</b>	<b>2020</b>	<b>2019</b>
Deferred income tax liability:		
Taxable gain/loss account	80.7	107.1
<b>Total deferred income tax liability</b>	<b>80.7</b>	<b>107.1</b>
Deferred income tax assets:		
Tax depreciation	22.8	40.7
Tax loss carry-forward and unused allowances carried forward	8 604.0	7 739.0
Tax related to exchange rate differences on derivatives	-125.8	-92.2
Pension liabilities and OCI pension	29.9	39.2
<b>Total deferred income tax assets</b>	<b>8 530.9</b>	<b>7 726.7</b>
Valuation allowance reserve	-8 604.0	-7 739.0
<b>Net deferred income tax assets in the balance sheet</b>	<b>-153.8</b>	<b>-119.4</b>

## Note 12. Restricted bank deposits

Kverneland AS had per 31.12.2020 NOK 2 825 101 as restricted bank deposits related to employees' tax deduction.



**Note 13. Derivative financial instruments**

	2020	2019
Derivative financial instruments; forward contracts net	0.6	0.4
<b>Total booked derivative financial instruments</b>	<b>0.6</b>	<b>0.4</b>
	<b>2020</b>	<b>2019</b>
Current assets:		
Derivative financial instruments; forward contracts group companies	0.6	0.4
Current liabilities:		
Derivative financial instruments; forward contracts external	-	-
<b>Total booked derivative financial instruments</b>	<b>0.6</b>	<b>0.4</b>

Derivative financial instruments at fair value through the statement of profit or loss are classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. All changes to the value of derivative financial instruments are booked to the statement of profit or loss as financial income or financial expenses.

See note 4 for the effect booked in the statement of profit or loss.

**Forward contracts**

Nominal amount for outstanding forward contracts per 31 December 2020 is:

<b>Currency</b>		<b>Bought/ sold</b>	<b>Net amount</b>	<b>Average remaining no. of days</b>
Euro	(EUR)	Sold	12.1	58
Pound Sterling	(GBP)	Sold	5.8	35
Norwegian Kroner	(NOK)	Bought	200.0	67

**Note 14. Investments in shares**

<b>Company</b>	<b>Share (%)</b>	<b>Booked value</b>	<b>Equity share</b>	<b>Profit share</b>
Kverneland Group Czech spol. s.r.o.	49.00	0.8	2.4	0.1
<b>Total</b>		<b>0.8</b>	<b>2.4</b>	<b>0.1</b>

**Note 15. Guarantee commitments**

At the end of 2020, Kverneland AS had guarantee commitments (including parental guarantees on behalf of subsidiaries) of EUR 2.2 Mill compared to EUR 2.4 Mill at the end of 2019.

In addition, Kverneland AS had issued per end of 2020:

- Letter of Comfort to the benefit of Kverneland Group Europe B.V. and Kverneland Group Soest GmbH regarding Kverneland Group CIS and Kverneland Group Manufacturing Lipetsk.
- Letter of Comfort to the benefit of Kverneland Group Soest GmbH and Kverneland Group Operations Norway AS regarding Kverneland Group Agricultural Equipment Daqing.

<b>Specification of guarantee commitments</b>	<b>2020</b>	<b>2019</b>
Bank guarantee obligation in Germany	1.0	1.0
Guarantee obligation regarding tax deduction and VAT	1.2	1.4
<b>Total</b>	<b>2.2</b>	<b>2.4</b>



To the General Meeting of Kverneland AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

---

#### *Opinion*

We have audited the financial statements of Kverneland AS, which comprise the Balance Sheet as at 31 December 2020, the Statement of Profit or Loss and Statement of Cash Flow the year then ended, and Notes to the financial statement, as well as a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and cash flow for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

---

#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

---

#### *Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

*PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger  
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no  
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and  
authorised accounting firm*



Independent Auditor's Report - Kverneland AS



---

### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

---

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

---

### *Report on Other Legal and Regulatory Requirements*

---

#### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

---

#### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report - Kverneland AS



Stavanger, 31 March 2021  
**PricewaterhouseCoopers AS**

Tom Notland  
State Authorised Public Accountant  
(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

**Name**  
Notland, Tom

**Method**  
BANKID\_MOBILE

**Date**  
2021-04-28 14:31

**This document package contains:**

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.