



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
-------------------------	-------------------------

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:	23.05.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 05.08.2023



Resultatregnskap

Beløp i: EUR	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	1,7	21 019 000	19 673 000
Sum inntekter		21 019 000	19 673 000
Kostnader			
Lønnskostnad	2,7,9	12 601 000	11 724 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	3 617 000	3 318 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	2 815 000	
Annen driftskostnad		8 505 000	10 871 000
Sum kostnader		27 538 000	25 913 000
Driftsresultat		-6 519 000	-6 240 000
Finansinntekter og finanskostnader			
Annen finansinntekt	4,7	18 097 000	20 852 000
Sum finansinntekter		18 097 000	20 852 000
Annen finanskostnad	4,7	9 739 000	13 372 000
Sum finanskostnader		9 739 000	13 372 000
Netto finans		8 358 000	7 480 000
Ordinært resultat før skattekostnad		1 839 000	1 240 000
Skattekostnad på ordinært resultat	11	-124 000	35 000
Ordinært resultat etter skattekostnad		1 963 000	1 205 000
Årsresultat		1 963 000	1 205 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	8	1 963 000	1 205 000
Sum overføringer og disponeringer		1 963 000	1 205 000



Balanse

Beløp i: EUR	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	5	4 113 000	14 658 000
Sum immaterielle eiendeler		4 113 000	14 658 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	978 000	1 079 000
Sum varige driftsmidler		978 000	1 079 000
Finansielle anleggsmidler			
Investering i datterselskap	6	311 403 000	244 903 000
Lån til foretak i samme konsern	7	108 770 000	126 661 000
Investeringer i tilknyttet selskap	14	798 000	798 000
Sum finansielle anleggsmidler		420 971 000	372 362 000
Sum anleggsmidler		426 062 000	388 099 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		749 000	668 000
Andre fordringer		15 136 000	1 132 000
Konsernfordringer	7	15 281 000	6 333 000
Sum fordringer		31 166 000	8 133 000
Investeringer			
Andre finansielle instrumenter	13	218 000	572 000
Sum investeringer		218 000	572 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12	250 000	284 000
Sum bankinnskudd, kontanter og lignende		250 000	284 000
Sum omløpsmidler		31 634 000	8 989 000



Balanse

Beløp i: EUR	Note	2021	2020
SUM EIENDELER		457 696 000	397 088 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	146 450 000	146 450 000
Sum innskutt egenkapital		146 450 000	146 450 000
Opptjent egenkapital			
Annen egenkapital	8	-42 271 000	-44 235 000
Sum opptjent egenkapital		-42 271 000	-44 235 000
Sum egenkapital		104 179 000	102 215 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11		154 000
Sum avsetninger for forpliktelser			154 000
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	9		136 000
Sum annen langsiktig gjeld			136 000
Sum langsiktig gjeld		0	290 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	10	194 792 000	195 376 000
Leverandørgjeld		1 315 000	965 000
Kortsiktig konserngjeld	7	153 076 000	94 521 000
Annen kortsiktig gjeld		4 334 000	3 721 000
Sum kortsiktig gjeld		353 517 000	294 583 000
Sum gjeld		353 517 000	294 873 000
SUM EGENKAPITAL OG GJELD		457 696 000	397 088 000



Kverneland AS – Financial statement – Dec 2021



Contents

Board of directors report	2
Statement of Profit or Loss Kverneland AS	8
Balance sheet Kverneland AS	9
Statement of Cash Flow Kverneland AS	10
General information	11
Notes to financial statement Kverneland AS	15



Board of directors report

All amounts in EUR 1 000

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 in Russia and China. The company's business office is in the municipality of Klepp, Norway.

Main events during the year Kverneland Group

The positive trends in the agricultural machinery markets continued into 2021. Increased demand for agricultural machines was driven by good farm income due to high price on crop, in combination with good yield because of generally favourable weather conditions. Dairy farmers could benefit from stable high milk prices. Following the COVID pandemic, various government support programs were installed and together with low dealer inventory levels the order intake in the industry was record high. Kverneland Group experienced order intake increase in all markets compared to the year before. Despite of increasing supply chain challenges linked to logistic and shortage of various components the sales and delivery performance was very good and grew significantly during 2021.

	2021	2020
Net sales Kverneland Group	563.865	497.318

Kverneland Group net sales increased by 13.4% compared to the year before. In addition to supply delivery challenges, significant cost increases in steel and consumables has put pressure on profitability for the Group. Early implementation of sales price increases has mitigated potential drop in profitability linked to increased components cost in 2021. Together with continues low social- and marketing activities and with a favourable currency exchange fluctuation compared to last year, the Group could enjoy a record high profit with an EBIT of 6.8% compared to 4.2% the year before.

In line with the majority of the AG business, Kverneland Group increased the order book significantly in 2021.

	2021	2020
Profit/loss after tax Kverneland Group	31.700	12.963

Review of the financial statement Kverneland AS

Statement of profit and loss

	2021	2020
Operating revenue Kverneland AS	21.019	19.673
Increase in %	6,8 %	

Operating revenue is primarily fees from Kverneland Group's subsidiaries.

	2021	2020
Operating loss (EBIT) Kverneland AS	-6.519	-6.240

The company had an operating loss (EBIT) of EUR -6,5 Mill compared to EUR -6,2 Mill last year.

	2021	2020
Financial income	18.097	19.634

Financial income was EUR 18,1 Mill compared to EUR 19,6 Mill last year.

The total decrease in financial income compared to last year of EUR 1.5 Mill is primarily explained by a decrease in currency exchange gain of EUR 0.9 Mill where the major part is relating to external loan and external currency contracts. In addition there is a decrease in the group contribution of EUR 0.4 Mill.

	2021	2020
Financial expenses	9.739	12.153

Financial expenses were EUR 9,7 Mill compared to EUR 12,2 Mill last year.

The total decrease in financial expenses compared to last year of EUR 2.5 Mill is primarily explained by a decrease in currency exchange loss of EUR 2.4 Mill. Major part of this change is relating to external currency contracts (EUR 1.3 Mill) together with internal deposit (EUR 1.3 Mill).



Shares in subsidiaries and loans to 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, forecast for the next five years are 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 might be booked impairment loss.

	2021	2020
Impairment shares in subsidiaries	-	-

	2021	2020
Profit (+) / Loss (-) after tax Kverneland AS	1.963	1.205

Balance sheet

	2021	2020
Balance sheet Kverneland AS	457.696	397.088
Increase compared to last year	60.608	

The increase in the balance sheet at 31 December is primarily due to increase in shares in subsidiaries by EUR 66.5 Mill (capital injection Kverneland Group Ravenna for the purchase of company ROC) with a corresponding increase in current interest-bearing debt group companies. In addition, there is a decrease of EUR 10.5 Mill in intangible assets related to the transfer of IP rights to the subsidiary Kverneland Group Soest GmbH.

	2021	2020
Equity Kverneland AS	104.179	102.216
Equity ratio	22,8 %	25,7 %

Cash flow

	2021	2020
Cash flow provided by / (used in) operating activities	62.939	30.181
Cash flows used in investing activities	-62.389	29.919
Cash flows provided by / (used in) financing activities	-584	-59.815
Net increase / (decrease) in cash and cash equivalents	-34	284
Cash and cash equivalents at the end of the period	250	284

Net cash flow provided by operating activities has increased by EUR 32.8 Mill primarily due to increase in current interest-bearing debt group companies of EUR 60.5 Mill where the major part is related to the purchase of company ROC by Kverneland Group Ravenna. This also explains the deviation between operating loss and cash flow from operating activities.

Net cash flow used in investing activities is EUR 62.4 Mill compared to EUR 29.9 provided cash last year, primarily related to the increase of shares in subsidiaries by EUR 66.5 Mill (capital injection Kverneland Group Ravenna for the purchase of company ROC) and a decrease of EUR 32.0 Mill in other non-current receivables group companies compared to last year.

Net cash flow used in financing activities has decreased by EUR 59.2 Mill, primarily due to reduction of external debt by EUR 41.8 Mill and reduction of non-current internal debt by EUR 17.4 Mill last year.

All together, the company's net cash flow after financing activities for 2021 is minus EUR 0.03 Mill. Hence, cash and cash equivalents amount to EUR 0.25 Mill at year-end 2021 compared to EUR 0.28 Mill at last year-end.

Capital position

Kverneland AS and all its subsidiaries are funded through the parent company Kubota Holdings Europe B.V. cash pool. In addition, Kverneland AS has an uncommitted revolving credit facility with Mizuho Bank (limit EUR 140 Mill). Per 31 December 2021, total amount drawn on the cash pool was EUR 180.5 Mill.

There are no guarantees connected to the funding of the company. The financing is in line with Kubota Group directive and practice.



Research and development

In the context of organisational and legal restructurings, Kverneland AS transferred per 31 December 2021 the IP rights existing in the field of precision and seed drills to the subsidiary Kverneland Group Soest GmbH, and hence terminated the R&D and the license agreements.

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 primarily involve foreign exchange risk and floating interest rate risk. The company seeks to reduce the risks associated to foreign exchange rates using 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. General negative cost development in energy, electricity and transportation together with the uncertain supply situation also provides risk and uncertainty to the business conditions. Kverneland AS has not entered into derivative hedging agreements to reduce this price risk. The Group has 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, liabilities, and net investments in subsidiaries.

During the year, Kverneland AS and its subsidiaries 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 net exposure for the Group for each currency is hedged by forward contracts in the foreign exchange market in accordance with the currency policy.

The Group's currency policy is to secure 0-100% of anticipated transactions (primarily 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.

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 in the cash pool.

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 primarily 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.

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 currency 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.

	2021	2020
Total absence due to illness for the company (long term and short term):	2,04 %	1,59 %

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

	2021	2020
Number of employees	69	68
Number of female employees	31	27
Female employees percentage:	44,9 %	39,7 %
Managers	12	11
Female managers	4	3
Female managers percentage:	33,3 %	27,3 %

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



Gender equality statement

The company has procedures in place for the salary and job position system that is revised annually. The review takes place in collaboration with representatives of the employees.

Gender grouping	Gender grouping		Wage differences		
	Women	Men	Fixed salary	Bonus	Overtime allowance
			33	27 (12 women and 15 men)	36

Gender grouping		Wage differences		Annualized wage differences		Annualized wage differences	
Women	Men	Women	Men	Women	Men	Women	Men

* revised annually
** revised every other year

Kverneland AS has only part-time employees on voluntary basis. There is no requirements from the company for involuntary overtime work.

The salary structure is assessed at both employment and once a year to verify whether the differences are correct and fair. Any corrections is done 01.07 each year. Appraisal talks are introduced to provide a better structure and even better basis for determination of the salary structure.

Gender equality work includes all basis for discrimination based on Section 1 of the Gender Equality and Discrimination Act: "Prevent discrimination of sex, pregnancy, maternity or adoption leave, caring responsibilities, ethnicity, religion, belief, disability, sexual orientation, gender identity, gender expression, age and other significant circumstances of a person."

Focus personnel areas are recruitment, pay and working conditions, promotion, development opportunities, facilitation and the opportunity to combine work and family life. Gender equality work as well as working against harassment, sexual harassment and gender-based violence is rooted in the various strategies, tools and guidelines of the company.

Work to ensure equality and non-discrimination:

- Meetings twice a year with HR, employees, management, employee representative and safety representatives
- HR conducts a survey of gender equality in their monthly reports

Measures planned for the coming year:

- Encourage and facilitate women to take manager and/or Board positions, and maintain an ethnic diverse and gender balanced workforce
- Increase facilitation when needed for employees with all types of challenges and/or special needs
- Raising awareness in recruitment and training of both HR, but also managers to avoid pre-judging
- Increased focus on competence and development opportunities also across the organisation
- Facilitate and publish guidelines against harassment and discrimination

Liability insurance

Kverneland AS has a Directors and Officers liability insurance. The insurance is valid for Directors and Officers in Kverneland AS and subsidiaries owned more than 50%. The insurance additionally covers any employee acting in a managerial capacity. The insurance policy is issued by a reputable, specialised insurer with appropriate rating.

The external environment

Kverneland AS is not regulated by any concessions. The company does not pollute the external environment directly. The Group is continuously working to limit emissions from the production plants, including substances that can cause environmental damage. Focus is to meet the requirements set by the local authorities.

Outlook

The general business climate index for the Agricultural Machinery industry in Europe has further stabilised at high level after several months of slight downward correction since its record peak in May and June (where it reached its highest level since 2008).



Despite of the heated market and record high order book, Kverneland Group is planning for a relatively modest increase in sales in 2022 compared to 2021. The near future turnover is already secured, however, supply bottlenecks and indications of high dealer stock for new machines moderates the full year sales expectations slightly. Despite early reaction and several sales price actions, Kverneland Group is expecting further price pressure on cost and productivity challenges due to continuous price increases and shortages on the supplier side.

Kverneland AS owns 100% of the shares in Kverneland Group Europe B.V. that again owns 100% of the shares in the Russian companies Kverneland Group CIS and Kverneland Group Manufacturing Lipetsk. As Kverneland AS is indirectly exposed through its subsidiaries, there is a risk of impairment of the shares in Kverneland Group Europe B.V., depending on the challenging situation in Russia.

With 126 employees in Russia, split between the sales company in Moscow and the factory in Lipetsk, and long tradition with business in Russia and Ukraine, Kverneland Group is strongly affected by the Russian war against Ukraine. With the practical challenges linked to war and constantly changing sanctions towards Russia and Belarus, the business conditions are currently extremely complex and challenging.

The accounting lines that Kverneland Group consider to be exposed due to the war are external accounts receivable in Russia and inventory in the factories. Both in Russia, Belarus and Ukraine, Kverneland Group operate with prepayment or credit insurance. In principle, there is therefore no higher risk associated with the receivables, as long as the payment functions work. As of 21st of April 2022 there is no indications of payment problems either technical problems or payment methods from Russian companies. On the contrary, Russian customers are very focused on paying on time.

Inventory assessments done indicate a low risk of obsolescence in the factories in Europe. With the exception of the factory in Lipetsk, there are minimal challenges with inventory. Produced machines intended for the Russian or Belarussian market could be adapted to other markets with minor changes. The inventory in Lipetsk, on the other hand, will not be fully utilised due to lack of deliveries from Europe. With the stop of supply of components and parts from the other Kverneland Group factories to Russia and based on the production plans and parts available, Lipetsk will be able to consume and sell EUR 1.0 Mill of their total inventory of EUR 2.6 Mill. The remaining EUR 1.6 Mill is at high risk to become obsolete if remaining production parts are not coming. This risk has not been reflected in the local books of Lipetsk and Kverneland Group has therefore added EUR 1.6 Mill in extra inventory provision in Q1 2022.

Allocation of profit for the company

The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

	2021	2020
Profit (+) / Loss (-) of the year	1.963	1.205
Equity Kverneland AS	104.179	102.216
Transferred to equity	1.963	1.205

Klepp stasjon, 23 May 2022

Nobuyuki Ishii
Chairman

Kazunari Shimokawa

Shinichi Yamada

Shin Toda

Arild Gjerde

Einar Erga

~~Henrik Hesselmann~~
Kenneth Olsen

Sven Einar Taksdal

Yasukazu Kamada
President & CEO



Despite of the heated market and record high order book, Kverneland Group is planning for a relatively modest increase in sales in 2022 compared to 2021. The near future turnover is already secured, however, supply bottlenecks and indications of high dealer stock for new machines moderates the full year sales expectations slightly. Despite early reaction and several sales price actions, Kverneland Group is expecting further price pressure on cost and productivity challenges due to continuous price increases and shortages on the supplier side.

Kverneland AS owns 100% of the shares in Kverneland Group Europe B.V. that again owns 100% of the shares in the Russian companies Kverneland Group CIS and Kverneland Group Manufacturing Lipetsk. As Kverneland AS is indirectly exposed through its subsidiaries, there is a risk of impairment of the shares in Kverneland Group Europe B.V., depending on the challenging situation in Russia.

With 126 employees in Russia, split between the sales company in Moscow and the factory in Lipetsk, and long tradition with business in Russia and Ukraine, Kverneland Group is strongly affected by the Russian war against Ukraine. With the practical challenges linked to war and constantly changing sanctions towards Russia and Belarus, the business conditions are currently extremely complex and challenging.

The accounting lines that Kverneland Group consider to be exposed due to the war are external accounts receivable in Russia and inventory in the factories. Both in Russia, Belarus and Ukraine, Kverneland Group operate with prepayment or credit insurance. In principle, there is therefore no higher risk associated with the receivables, as long as the payment functions work. As of 21st of April 2022 there is no indications of payment problems either technical problems or payment methods from Russian companies. On the contrary, Russian customers are very focused on paying on time.

Inventory assessments done indicate a low risk of obsolescence in the factories in Europe. With the exception of the factory in Lipetsk, there are minimal challenges with inventory. Produced machines intended for the Russian or Belarussian market could be adapted to other markets with minor changes. The inventory in Lipetsk, on the other hand, will not be fully utilised due to lack of deliveries from Europe. With the stop of supply of components and parts from the other Kverneland Group factories to Russia and based on the production plans and parts available, Lipetsk will be able to consume and sell EUR 1.0 Mill of their total inventory of EUR 2.6 Mill. The remaining EUR 1.6 Mill is at high risk to become obsolete if remaining production parts are not coming. This risk has not been reflected in the local books of Lipetsk and Kverneland Group has therefore added EUR 1.6 Mill in extra inventory provision in Q1 2022.

Allocation of profit for the company

The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

	2021	2020
Profit (+) / Loss (-) of the year	1.963	1.205
Equity Kverneland AS	104.179	102.216
Transferred to equity	1.963	1.205

Klepp stasjon, 23 May 2022

Nobuyuki Ishii
Chairman

Kazunari Shimokawa


Shinichi Yamada

Shin Toda

Arild Gjerde

Einar Erga

~~Henrik Hesselmann~~
Kenneth Olsen

Sven Einar Taksdal

Yasukazu Kamada
President & CEO



Despite of the heated market and record high order book, Kverneland Group is planning for a relatively modest increase in sales in 2022 compared to 2021. The near future turnover is already secured, however, supply bottlenecks and indications of high dealer stock for new machines moderates the full year sales expectations slightly. Despite early reaction and several sales price actions, Kverneland Group is expecting further price pressure on cost and productivity challenges due to continuous price increases and shortages on the supplier side.

Kverneland AS owns 100% of the shares in Kverneland Group Europe B.V. that again owns 100% of the shares in the Russian companies Kverneland Group CIS and Kverneland Group Manufacturing Lipetsk. As Kverneland AS is indirectly exposed through its subsidiaries, there is a risk of impairment of the shares in Kverneland Group Europe B.V., depending on the challenging situation in Russia.

With 126 employees in Russia, split between the sales company in Moscow and the factory in Lipetsk, and long tradition with business in Russia and Ukraine, Kverneland Group is strongly affected by the Russian war against Ukraine. With the practical challenges linked to war and constantly changing sanctions towards Russia and Belarus, the business conditions are currently extremely complex and challenging.

The accounting lines that Kverneland Group consider to be exposed due to the war are external accounts receivable in Russia and inventory in the factories. Both in Russia, Belarus and Ukraine, Kverneland Group operate with prepayment or credit insurance. In principle, there is therefore no higher risk associated with the receivables, as long as the payment functions work. As of 21st of April 2022 there is no indications of payment problems either technical problems or payment methods from Russian companies. On the contrary, Russian customers are very focused on paying on time.

Inventory assessments done indicate a low risk of obsolescence in the factories in Europe. With the exception of the factory in Lipetsk, there are minimal challenges with inventory. Produced machines intended for the Russian or Belarussian market could be adapted to other markets with minor changes. The inventory in Lipetsk, on the other hand, will not be fully utilised due to lack of deliveries from Europe. With the stop of supply of components and parts from the other Kverneland Group factories to Russia and based on the production plans and parts available, Lipetsk will be able to consume and sell EUR 1.0 Mill of their total inventory of EUR 2.6 Mill. The remaining EUR 1.6 Mill is at high risk to become obsolete if remaining production parts are not coming. This risk has not been reflected in the local books of Lipetsk and Kverneland Group has therefore added EUR 1.6 Mill in extra inventory provision in Q1 2022.

Allocation of profit for the company

The Board of Directors proposes the following allocation of the annual result for Kverneland AS (EUR Mill):

	2021	2020
Profit (+) / Loss (-) of the year	1.963	1.205
Equity Kverneland AS	104.179	102.216
Transferred to equity	1.963	1.205

Klepp stasjon, 23 May 2022

Nobuyuki Ishii
Chairman

Arild Gjerde

Kazunari Shimokawa

Einar Erga

Shinichi Yamada

~~odden Jigrestad~~
~~for Henrik Hesselmann~~
Kenneth Olsen

Shin Toda

Sven Einar Taksdal

Yasukazu Kamada
President & CEO



Statement of Profit or Loss Kverneland AS

1 January – 31 December

(EUR 1 000)	Note	2021	2020
Operating revenue	1,7	21.019	19.673
Salaries, wages and other personnel expenses	2,7,9	12.601	11.724
Depreciation and amortisation	5	3.617	3.318
Impairment fixed assets	5	2.815	-
Other operating expenses	3,7	8.506	10.872
Operating expenses		27.539	25.913
Operating loss		-6.519	-6.240
Financial income	4,7	18.097	19.634
Financial expenses	4,7	9.739	12.153
Profit (+) / Loss (-) before income tax expense		1.839	1.240
Income tax expense	11	-124	35
Profit (+) / Loss (-) for the year attributable to shareholders		1.963	1.205
Transferred to equity	8	1.963	1.205



Balance sheet Kverneland AS

31 December

(EUR 1 000)	Note	2021	2020
ASSETS			
Intangible assets	5	4.113	14.658
Property, plant and equipment	5	978	1.079
Shares in subsidiaries	6	311.403	244.903
Non-current receivables group companies	7	204	204
Investments in shares	14	798	798
Non-current assets		317.496	261.642
Trade receivables		749	668
Trade receivables group companies	7	15.281	6.333
Other current receivables		15.136	1.132
Derivative financial instruments	13	218	572
Other receivables group companies	7	108.564	126.458
Cash and cash equivalents	12	250	284
Current assets		140.199	135.446
TOTAL ASSETS		457.696	397.088
EQUITY			
Paid in capital	8	146.450	146.450
Accumulated loss	8	-42.272	-44.235
TOTAL EQUITY		104.179	102.216
LIABILITIES			
Pension liabilities	9		136
Deferred tax liability	11		154
Non-current debt		-	290
Trade payables		1.315	965
Trade payables group companies	7	1.587	3.514
Current interest-bearing debt	10	194.792	195.376
Current interest-bearing debt group companies	7	151.489	91.007
Other current debt		4.334	3.721
Current liabilities		353.517	294.582
TOTAL LIABILITIES		353.517	294.872
TOTAL EQUITY AND LIABILITIES		457.696	397.088

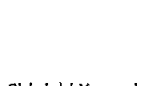
Klepp stasjon, 23 May 2022



Nobuyuki Ishii
Chairman



Kazunari Shimokawa



Shinichi Yamada



Shin Toda

Arild Gjerde

Yasukazu Kamada
President & CEO

Einar Erga

~~Henrik Hesselmann~~
Kenneth Olsen

Sven Einar Taksdal



Balance sheet Kverneland AS

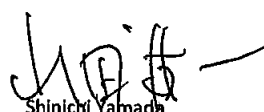
31 December

(EUR 1 000)	Note	2021	2020
ASSETS			
Intangible assets	5	4.113	14.658
Property, plant and equipment	5	978	1.079
Shares in subsidiaries	6	311.403	244.903
Non-current receivables group companies	7	204	204
Investments in shares	14	798	798
Non-current assets		317.496	261.642
Trade receivables		749	668
Trade receivables group companies	7	15.281	6.333
Other current receivables		15.136	1.132
Derivative financial instruments	13	218	572
Other receivables group companies	7	108.564	126.458
Cash and cash equivalents	12	250	284
Current assets		140.199	135.446
TOTAL ASSETS		457.696	397.088
EQUITY			
Paid in capital	8	146.450	146.450
Accumulated loss	8	-42.272	-44.235
TOTAL EQUITY		104.179	102.216
LIABILITIES			
Pension liabilities	9		136
Deferred tax liability	11		154
Non-current debt		-	290
Trade payables		1.315	965
Trade payables group companies	7	1.587	3.514
Current interest-bearing debt	10	194.792	195.376
Current interest-bearing debt group companies	7	151.489	91.007
Other current debt		4.334	3.721
Current liabilities		353.517	294.582
TOTAL LIABILITIES		353.517	294.872
TOTAL EQUITY AND LIABILITIES		457.696	397.088

Klepp stasjon, 23 May 2022

Nobuyuki Ishii
Chairman

Kazunari Shimokawa


Shinichi Yamada

Shin Toda

Arild Gjerde

Einar Erga

~~Henrik Hesselmann~~
Kenneth Olsen

Sven Einar Taksdal

Yasukazu Kamada
President & CEO



Balance sheet Kverneland AS

31 December

(EUR 1 000)	Note	2021	2020
ASSETS			
Intangible assets	5	4.113	14.658
Property, plant and equipment	5	978	1.079
Shares in subsidiaries	6	311.403	244.903
Non-current receivables group companies	7	204	204
Investments in shares	14	798	798
Non-current assets		317.496	261.642
Trade receivables		749	668
Trade receivables group companies	7	15.281	6.333
Other current receivables		15.136	1.132
Derivative financial instruments	13	218	572
Other receivables group companies	7	108.564	126.458
Cash and cash equivalents	12	250	284
Current assets		140.199	135.446
TOTAL ASSETS		457.696	397.088
EQUITY			
Paid in capital	8	146.450	146.450
Accumulated loss	8	-42.272	-44.235
TOTAL EQUITY		104.179	102.216
LIABILITIES			
Pension liabilities	9		136
Deferred tax liability	11		154
Non-current debt		-	290
Trade payables		1.315	965
Trade payables group companies	7	1.587	3.514
Current interest-bearing debt	10	194.792	195.376
Current interest-bearing debt group companies	7	151.489	91.007
Other current debt		4.334	3.721
Current liabilities		353.517	294.582
TOTAL LIABILITIES		353.517	294.872
TOTAL EQUITY AND LIABILITIES		457.696	397.088

Klepp stasjon, 23 May 2022

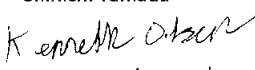
Nobuyuki Ishii
Chairman


Arild Gjerde

Kazunari Shimokawa


Einar Erga

Shinichi Yamada


~~Olebjørn Vigrestad~~
for ~~Henrik Hesselmann~~
Kenneth Olsen

Shin Toda


Sven Einar Taksdal

Yasukazu Kamada
President & CEO



Statement of Cash Flow Kverneland AS

1 January – 31 December

(EUR 1 000)	Note	2021	2020
Cash flow from operating activities			
Income / (loss) before tax		1.839	1.240
Depreciation, amortisation and net impairment losses	5	6.432	3.812
Gain / (loss) fixed assets		103	-
(Increase) / decrease in net pension positions		(136)	(43)
(Increase) / decrease in other operating balances		4.856	(15.345)
Increase / (decrease) in current interest-bearing debt group companies		60.482	37.689
Taxes received / (paid)		(30)	-
(Increase) / decrease in trade receivables		(9.030)	(527)
Increase / (decrease) in trade payables		(1.576)	3.354
Cash flow provided by / (used in) operating activities		62.939	30.181
Cash flow from investing activities			
Investments in fixed assets	5	(3.289)	(2.067)
(Increase) / decrease in financial investments	6	(66.500)	-
(Increase) / decrease in other non-current assets		-	31.985
Proceeds from sale of assets		7.400	-
Cash flows used in investing activities		(62.389)	29.919
Cash flow from financing activities			
Increase / (decrease) in external debt	10	(584)	(42.415)
Net increase / (decrease) in other financing activities		-	(17.400)
Cash flows provided by / (used in) financing activities		(584)	(59.815)
Cash and cash equivalents at the beginning of the period		284	-
Net increase / (decrease) in cash and cash equivalents		(34)	284
Cash and cash equivalents at the end of the period		250	284



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.

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 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 revalued amounts to their residual values over their expected useful lives. 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 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.



Kverneland AS has internally developed and acquired intangible assets. The company has none 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 and liabilities at fair value in the statement of profit or loss

Financial assets and liabilities 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 and liabilities in this category are classified as current 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.

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 in the balance sheet. 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 from time to time 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.

Pensions

Kverneland AS has two kinds of pension schemes.

The main pension scheme is a defined contribution plan. 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.

Kverneland AS has in addition a pension scheme (AFP) which is shared between several employers (multi-employer plans). The multi-employer plans are defined benefit plans, but are treated as a defined contribution plan as the necessary information is not available to calculate the pension liability.

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.

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 based on 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.



Notes to financial statement Kverneland AS

All amounts in EUR 1 000

Note 1. Operating revenue

Operating revenue is primarily fees from Kverneland Group's subsidiaries.

	2021	2020
Rental income	32	35
Corporate allocation fee	4.311	4.232
Procurement fee	1.118	1.068
Manufacturing fee	1.064	981
IT fee	7.735	6.890
Global sales fee	334	331
Spare parts fee	4.407	4.070
Royalty & licences internal	1.516	1.461
R&D fee	501	606
Operating revenues	21.019	19.673

Note 2. Salaries, wages and other personnel expenses

	2021	2020
Salaries and wages	11.232	10.415
Payroll tax	986	835
Pension cost	119	206
Other benefits to employees	264	268
Salaries, wages and other personnel expenses	12.601	11.724

Full-time employees	69	68
Female employees	31	27

Paid compensation to CEO 2021	Salaries
Shingo Hanada	228

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.

Paid Board of Director's fee		2021
Einar Erga	Board member	7
Sven Einar Taksdal	Board member	7
Henrik Hesselmann	Board member	7
Otto Skurve	Observer	2
Total		23

Note 3. Other operating expenses

	2021	2020
Fee related to financial audit	201	214
Fee related to tax consulting	10	45
Fee related to other services	54	94
Total fees to appointed auditor	265	353

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



Note 4. Financial items

	2021	2020
Interest income	335	611
Exchange rate gain	9.598	10.530
Group contribution	8.065	8.493
Dividend	100	
Total financial income	18.097	19.634
Interest cost	700	775
Exchange rate loss	8.889	11.329
Other financial expenses	150	49
Total financial expenses	9.739	12.153
Net financial items	8.358	7.480

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

Note 5. Intangible assets and property, plant and equipment

	R&D	Software	Intangibles in progress	Total
Acquisition cost 1 January	13.928	7.919	3.254	25.101
Investment	-	120	3.083	3.202
Disposal	-13.928	-100	-4.737	-18.764
Reclassification		706	-706	-
Acquisition cost 31 December	-	8.645	894	9.539
Accumulated amortisation / impairment 1 January	6.190	4.254		10.443
Amortisation	2.260	1.187		3.448
Disposal	-11.265	-15		-11.280
Impairment	2.815			2.815
Accumulated amortisation / impairment 31 December	-	5.426		5.426
Net book value 31 December	-	3.219	894	4.113

Economic life	3-5 years	3-10 years
Amortisation plan	Straight-line	Straight-line

	Land	Buildings & structure	Furniture & fittings	Tangibles in progress	Total
Acquisition cost 1 January	480	1.648	671	209	3.008
Investment				86	86
Disposal			-20		-20
Reclassification			241	-241	-
Acquisition cost 31 December	480	1.648	892	54	3.074
Accumulated depreciation / impairment 1 January		1.423	506		1.929
Depreciation		29	141		169
Disposal			-2		-2
Accum. depreciation / impairment 31 December	-	1.451	645		2.096
Net book value 31 December	480	196	247	54	978

Economic life	20-35 years	3-10 years
Depreciation plan	Straight-line	Straight-line



Note 6. Shares in subsidiaries and other companies

Kverneland AS owns the following subsidiaries per 31 December:

Company name	Time of acquisition	Business address	Ownership %	Equity share	Profit share	Book value 31.12
Owned by Kverneland AS						
Kverneland Group Sverige AB	01.01.1969	Nyköping, Sweden	100.00	1.870	489	92
Kverneland Group Operations Norway AS	04.01.1988	Klepp stasjon, Norway	100.00	84.856	-873	88.369
Kverneland Group Ireland Ltd.	01.05.1993	Kilkenny, Ireland	100.00	3.437	201	3.183
Kverneland Group Holding (DK) AS	01.11.1994	Kerteminde, Denmark	100.00	44.593	-1.589	60.719
Kverneland Group Polska Sp.z.o.o.	17.11.1997	Torun, Poland	100.00	4.718	613	1.248
Kverneland Group Europe B.V.	01.04.1998	Nieuw-Vennep, the Netherlands	100.00	57.974	-55	38.781
Kverneland Holding France, SAS	01.12.1998	Saint Jean de Braye, France	100.00	45.937	-211	51.246
Kverneland Group Italia S.r.l.	01.01.1999	Castiglione delle Stiviere, Italy	90.00	2.373	74	378
Kverneland Group Hungária KFT	27.04.2000	Szolnok, Hungary	100.00	2.732	163	207
Kverneland Agricultural Equipment (Daqing) Co. Ltd.	26.08.2010	Daqing, China	100.00	-2.765	-1.400	0
Kverneland Group Ravenna S.r.l.	17.12.2012	Russi, Italy	100.00	74.138	177	66.500
Kverneland Group Soest GmbH	20.12.2019	Soest, Germany	5.11	936	-29	682
						311.403
Owned by subsidiaries						
Kverneland Group Danmark AS	01.01.1965	Kerteminde, Denmark				
Kverneland Group UK Ltd.	01.01.1978	Merseyside, the United Kingdom				
Kverneland Group France, SAS	01.01.1982	Saint Jean de Braye, France				
Kverneland Group Ibérica S.A.	01.01.1990	Barcelona, Spain				
Kverneland Group Kerteminde AS	01.05.1993	Kerteminde, Denmark				
Kverneland Group Devizes Ltd.	01.05.1993	Merseyside, the United Kingdom				
Kverneland Group Modena S.p.A.	01.01.1995	Modena, Italy				
Kverneland Holding (UK) Ltd.	01.05.1995	Merseyside, the United Kingdom				
Kverneland Group Soest GmbH	01.01.1996	Soest, Germany				
Kverneland Holding (DE) GmbH	01.05.1996	Soest, Germany				
Kverneland Group Gottmadingen N.V.	01.05.1998	Gottmadingen, Germany				
Kverneland Group Nieuw-Vennep B.V.	01.05.1998	Nieuw-Vennep, the Netherlands				
Kverneland Group Benelux B.V.	01.05.1998	Dronten, the Netherlands				
Vicon Agricultural Holdings Ltd.	01.05.1998	Merseyside, the United Kingdom				
Kverneland Group Deutschland GmbH	01.01.1999	Soest, Germany				
Kverneland Group Les Landes Génusson SAS	01.01.1999	Les Landes Génusson, France				
Kverneland Group Mechatronics B.V.	01.12.2001	Nieuw-Vennep, the Netherlands				
OOO Kverneland Group CIS	28.06.2005	Moscow, Russia				
OOO Kverneland Group Manufacturing Lipetsk	05.12.2006	Lipetsk, Russia				
Kverneland Group Metz SAS	14.06.2007	Flevy, France				
Kverneland Group International GmbH	05.11.2010	Soest, Germany				

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 7.3%.



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 loans from Kverneland AS to its subsidiaries. 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:

Sale / purchase of services:	2021	2020
Corporate allocation fee	5.306	5.168
Procurement fee	1.118	1.068
Manufacturing fee	1.064	981
IT fee	7.596	7.284
Global sales fee	334	331
Spare parts fee	4.407	4.070
Royalty & licences internal	1.516	1.461
R&D fee	501	2.107
Group contribution	8.065	8.493
Interest income lending to subsidiaries	283	433
Interest cost lending from subsidiaries	257	222
Forward income internal	60	53
Forward cost internal	6	4
Gain (+) / loss (-) internal currency contracts	-340	-399
Personnel cost recharge hiring out	1.661	-
Personnel cost recharged hired in	11.650	7.691
Other	-1.237	1.173
Receivables / payables group companies:	2021	2020
Non-current receivables group companies	204	204
Trade receivables group companies	15.281	6.333
Other receivables group companies	108.564	126.458
Trade payables group companies	-1.587	-3.514
Current interest-bearing debt group companies	-151.489	-91.007
Total	-29.027	38.474



Note 8. Equity

	2021	2020
Share capital:		
At 1 January	53.092	53.092
At 31 December	53.092	53.092
Share premium:		
At 1 January	93.358	93.358
At 31 December	93.358	93.358
Paid in capital at 31 December	146.450	146.450
Accumulated loss:		
At 1 January	-44.235	-38.440
Profit (+) / Loss (-) for the year attributable to shareholders	1.963	-5.795
At 31 December	-42.272	-44.235
Total equity	104.179	102.216

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.

Note 9. Pension liabilities

The defined benefit pension obligation to prior top management has been terminated during the year.

A) Defined contribution plan and Multi-employer plan

	2021	2020
Pension cost - defined contribution plan	248	227
Members in plan - defined contribution plan	67	67
Pension cost - multi employer plan (new AFP)	115	81
Members in plan - multi employer plan (new AFP)	71	66

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

B) Defined benefit plan

	2021	2020
Defined Benefit Pension Plan - Members on retirement	-	1
Amounts recognised in the balance sheet	2021	2020
Present value of pension liability for funded obligations	-	-156
Fair value of plan assets	-	37
Total	-	-119
Payroll tax	-	-17
Total net liability in the balance sheet	-	-136
The movement in the defined benefit obligation over the year	2021	2020
At 1 January	-156	-212
Current service cost	156	-0
Interest cost pension liability		-3
Unrecognised actuarial gain		34
Exchange rate differences		25
Benefit paid		-
At 31 December	-	-156



The movement in the fair value of plan assets of the year	2021	2020
At 1 January	37	55
Expected return on plan assets	-37	1
Reameasurements (OCI)		1
Exchange rate differences		-6
Benefit paid		-15
At 31 December	-	37

5 years of history	2021	2020	2019	2018	2017
Present value pension liability funded obligations	-	-155,8	-211,9	-237,8	-258,9
Fair value of plan assets	-	36,7	55,5	69,8	67,3
Total net liability in the balance sheet	-	-119,1	-156,4	-168,0	-191,6

Note 10. Interest-bearing debt

	2021	2020
Current debt KHE entities	194.792	195.376
Current interest-bearing debt (Kubota Holdings Europe cash pool)	194.792	195.376

There are no activated loan costs per 31 December.

Total credit lines	Maturity	2021
Mizuho Bank Ltd.	uncommitted	140.000

Note 11. Income taxes

	2021	2020
Tax corrections previous years	-	-97
Withholding tax paid (+) / received (-)	30	-
Tax expense current year	-	-
Change in deferred tax current year	-154	132
Income tax expense	-124	35

Reconciliation of actual income tax expense to calculated income tax expense	2021	2020
Profit (+) / loss (-) before income tax expense	1.839	1.240
Tax rate	22 %	22 %
Calculated income tax expense	405	273
Tax effect on non-deductible expenses	8	544
Tax effect on non-taxable income	22	-
Withholding tax	30	-
Effect of deviation in estimates of deferred income tax from prior periods	-	865
Other	-589	-1.647
Income tax expense	-124	35

Specification of deferred income tax	2021	2020
Deferred income tax liability:		
Taxable gain/loss account	-	81
Tax related to FX differences on derivatives	48	126
Total deferred income tax liability	48	206
Deferred income tax assets:		
Taxable gain/loss account	415	-
Tax depreciation	55	23
Tax loss carry forward and unused allowances carried forward	5.843	7.047
Pension and OCI	-	30
Total deferred income tax assets	6.313	7.099
Valuation allowance reserve	-6.265	-7.047
Net DTA (+) / DTL (-) in the balance sheet	-	-154



Note 12. Restricted bank deposits

Kverneland AS had per 31 December NOK 2 645 671 as restricted bank deposits related to employees' tax deduction.

Note 13. Derivative financial instruments

	2021	2020
Current assets:		
Derivative financial assets - forward contracts external	129	536
Derivative financial assets - forward contracts group companies	90	35
Total booked derivative financial instruments	218	572

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 for financial items for the effect booked in the statement of profit or loss.

Forward contracts

Nominal amount for outstanding forward contracts per 31 December is:

Currency	Bought / Sold	Net amount	Average remaining number of days
Euro (EUR)	Sold	6.858	65
Pound Sterling (GBP)	Sold	8.394	59
Norwegian Kroner (NOK)	Bought	170.000	69

Note 14. Investments in shares

	Shares (%)	Booked value	Equity share	Profit share
Kverneland Group Czech spol. s.r.o.	49,0 %	795	2.759	301
Total		795	2.759	301

Note 15. Guarantee commitments

Kverneland AS had the following guarantee commitments at 31 December:

Specification of guarantee commitments	2021	2020
Bank guarantee obligation in Germany	1.000	1.000
Guarantee obligation regarding tax deduction and VAT	518	1.175
Total	1.518	2.175

In addition, Kverneland AS had issued:

- 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 regarding Kverneland Group Agricultural Equipment Daqing.



Note 16. Subsequent events

Kverneland AS owns 100% of the shares in Kverneland Group Europe B.V. that again owns 100% of the shares in the Russian companies Kverneland Group CIS and Kverneland Group Manufacturing Lipetsk. As Kverneland AS is indirectly exposed through its subsidiaries, there is a risk of impairment of the shares in Kverneland Group Europe B.V., depending on the challenging situation in Russia.

With 126 employees in Russia, split between the sales company in Moscow and the factory in Lipetsk, and long tradition with business in Russia and Ukraine, Kverneland Group is strongly affected by the Russian war against Ukraine. With the practical challenges linked to war and constantly changing sanctions towards Russia and Belarus, the business conditions are currently extremely complex and challenging. All business with Russia and Belarus were immediately put on pause at the outbreak of the war. With significant increased focus on diligence and compliance linked to the restrictive measures implemented by the western world, some limited business were gradually retained in order to meet commitments to dealers and to keep the Russian entities operational as much as possible. Net sales in Russia, Belarus and Ukraine together amounted to EUR 36.7 Million (approximately 7%) in 2021. The expected sales volumes to Russia, Ukraine and Belarus for 2022 is highly unpredictable and most likely significant lower than in the past. With the general high order book, the Group expects to be able to re-route potential missing orders and sales in Russia, Belarus and Ukraine to other markets during the year.



To the General Meeting of Kverneland AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Kverneland AS (the Company), which comprise the balance sheet as at 31 December 2021, the statement of profit or loss and statement of cash flow for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Kverneland AS



Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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>

Stavanger, 23 May 2022
PricewaterhouseCoopers AS

Tom Notland
State Authorised Public Accountant



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.