Tel.: +45 89 30 78 00
aarhus@bdo.dk
**www.bdo.dk**

BDO Statsautoriseret revisionsaktieselskab
Kystvejen 29
DK-8000 Aarhus C
CVR no. 20 22 26 70

**CALJAN A/S**

**VED MILEPÆLEN 6-8, 8361 HASSELAGER**

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2019**

**The Annual Report has been presented and adopted at the Company's Annual General Meeting on 12 June 2020**

**Johan Carl Ulf Hjertonsson**

**CVR NO. 30 20 56 18**

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## COMPANY DETAILS

| | | |
|---|---|---|
| **Company** | CALJAN A/S<br>Ved Milepælen 6-8<br>8361 Hasselager | |
| | CVR No.: | 30 20 56 18 |
| | Established: | 22 June 1970 |
| | Registered Office: | Aarhus |
| | Financial Year: | 1 January - 31 December |
| **Board of Directors** | Johan Carl Ulf Hjertonsson, chairman<br>Björn Alexander Karlsson Lenander<br>Bo Anders Mörck<br>Henrik Olesen<br>Brian Jørgensen, elected by employees<br>Lars Greve Simonsen, elected by employees | |
| **Board of Executives** | Henrik Olesen | |
| **Auditor** | BDO Statsautoriseret revisionsaktieselskab<br>Kystvejen 29<br>8000 Aarhus C | |
| **Bank** | Danske Bank, International Corporate Banking DK<br>Holmens Kanal 2-12<br>1092 Copenhagen K | |
| **Law Firm** | Bech-Bruun<br>Værkmestergade 2<br>8000 Aarhus C | |

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of CALJAN A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Hasselager, 12 June 2020

Board of Executives

Henrik Olesen

Board of Directors

| | | |
|---|---|---|
| Johan Carl Ulf Hjertonsson<br>Chairman | Björn Alexander Karlsson<br>Lenander | Bo Anders Mörck |
| Henrik Olesen | Brian Jørgensen<br>Elected by employees | Lars Greve Simonsen<br>Elected by employees |

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholder of CALJAN A/S**

**Opinion**
We have audited the Financial Statements of CALJAN A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**Management's Responsibilities for the Financial Statements**
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control 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 and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

**Statement on Management's Review**
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Aarhus, 12 June 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jeanette Staal
State Authorised Public Accountant
MNE no. mne18547

FINANCIAL HIGHLIGHTS

| | 2019<br>DKK '000 | 2018<br>DKK '000 | 2017<br>DKK '000 | 2016<br>DKK '000 | 2015<br>DKK '000 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net revenue | 419,652 | 426,324 | 417,464 | 230,244 | 281,860 |
| Gross profit/loss | 133,573 | 143,796 | 137,786 | 80,611 | 98,365 |
| Operating profit/loss | 52,682 | 61,362 | 65,196 | 20,660 | 40,142 |
| Financial income and expenses, net | 4,395 | 3,953 | -746 | 2,043 | -25 |
| Profit/loss for the year before tax | 85,467 | 95,725 | 102,108 | -1,378 | 42,100 |
| Profit/loss for the year | 132,053 | 81,323 | 88,039 | -5,057 | 32,752 |
| **Balance sheet** | | | | | |
| Balance sheet total | 393,691 | 356,744 | 249,417 | 185,828 | 202,447 |
| Equity | 293,875 | 234,319 | 153,126 | 106,175 | 117,210 |
| **Cash flows** | | | | | |
| Cash flows from operating activities | 96,090 | -26,348 | 46,374 | 1,766 | 46,618 |
| Cash flows from investment-related activities | -35,834 | 43,454 | -25,730 | -39,860 | -26,235 |
| Cash flows from financing activities | -75,952 | -3,789 | -14,840 | 35,844 | -7,742 |
| Total cash flows | -15,696 | 13,317 | 5,804 | -2,250 | 12,641 |
| Investment in tangible fixed assets | -442 | -445 | -2,759 | -2,287 | -878 |
| **Average number of full-time employees** | **110** | **125** | **104** | **82** | **89** |
| **Ratios** | | | | | |
| Gross margin | 31.8 | 33.7 | 33.0 | 35.0 | 34.9 |
| Profit margin | 12.6 | 14.4 | 15.6 | 9.0 | 14.2 |
| Rate of return | 21.5 | 31.8 | 44.5 | 13.7 | 28.8 |
| Solvency ratio | 74.6 | 65.7 | 61.4 | 57.1 | 57.9 |
| Return on equity | 50.0 | 42.0 | 67.9 | -4.5 | 32.6 |

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin: $\frac{\text{Gross profit x 100}}{\text{Net revenue}}$

Profit margin: $\frac{\text{Operating profit/loss x 100}}{\text{Net revenue}}$

Rate of return: $\frac{\text{Profit/loss on ordinary activities x 100}}{\text{Average invested capital}}$

Invested capital: Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities

Solvency ratio: $\frac{\text{Equity, at year end x 100}}{\text{Total equity and liabilities, at year end}}$

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

## FINANCIAL HIGHLIGHTS

The ratios follow in all material respects the recommendations of the Danish Finance Society.

## MANAGEMENT'S REVIEW

### Principal activities
The Caljan Group mainly operates within Logistic solutions through manufacturing of telescopic conveyers and other conveyer products for loading and unloading of loose-loaded cargo. Furthermore, Caljan supplies equipment for labelling and parcels document handling and also offers complete solutions for depots.

The Caljan Group is working on improving industrial safety and productivity worldwide through quality and innovation.

On 29th of November 2019 the Caljan Group was sold by our former owners Rite-Hite International to Investment Latour AB being listed on Nasdaq OMX Stockholm Stock Exchange. Investment Latour AB owns several industrial companies in the Nordic region and is seen as a strong new owner for the Caljan Group in continuing the development of the company.

As a consequence of the new ownership, the names for all Caljan Group companies have been changed and for the Danish parent company it was also decided to change from ApS to A/S. This means that Caljan in Denmark is now Caljan A/S.

Going forward the statutory accounts for Caljan A/S will only include the Danish parent company and not the entire Caljan Group. The Caljan Group consolidated figures can be found in the annual report for Investment Latour AB.

During 2019, the Caljan Group decided to establish a new subsidiary in France to support the growth in the French market and by the end of 2019 Caljan is fully established in Denmark, Latvia, Germany, France, UK and US. Caljan in Denmark is the parent company for all group entities and includes HQ and main support functions.

### Development in activities and financial position
The Caljan Group continued to perform very well with high sales and good performance. We have seen a growth in the Caljan Group sales of 6.5 % in 2019. For the parent company sales were 1.5 % below last year, as the growth has taken place in the foreign subsidiaries.

Order intake in 2019 has also been positive resulting in a very strong backlog for deliveries in 2020.

The result for 2019 of DKK ('000) 85,467 before taxes is satisfactory.

The result for the year DKK ('000) 132,052 is effected by a large deferred tax asset as a result of changed tax status in connection with the sale of Caljan A/S from Rite Hite International to Investment Latour AB. The change in the company’s tax status has resulted in an income of DKK ('000) 59,184 in the income statement.

### Profit/loss for the year compared to expectations
The result for 2019 of DKK ('000) 85,467 before taxes is satisfactory. The result for 2019 is however a little lower than expected, as towards the end of 2019 the delivery date for a couple of larger orders where moved to 2020. This has however given Caljan a very good start to 2020.

### Significant events after the end of the financial year
No significant events have occurred after the end of the financial year with material importance for Caljans financial position.

### Special risks
The development in exchange rates has an impact on the annual result, cash flows and equity due to the Caljan Groups foreign activities and international sales. It is the company's policy to hedge against commercial foreign exchange exposure. Hedging is mainly done through forward contracts in connection with entering into sales contracts in foreign currencies.

## Environmental considerations

Environmental goal
It is the objective of Caljan to be an environmentally conscious company and partner. In order to achieve this goal, we will contribute to a sustainable development by reducing waste and energy consumption as well as continuously improving the environmental considerations within the Group. We will increase the employees' environmental awareness, place demands on our suppliers, focus on resource consumption, ensure a correct disposal as well as provide a sound working environment.

We have environmentally minded employees
We wish to continuously broaden our employees' resource and environmental awareness through information about environmental initiatives together with providing the necessary education and training.

We guarantee a sound working environment
Caljan shows consideration for the working environment for the individual employee through a defined working environment policy. Our active safety organization focuses among others on ergonomic designed workstations, RPI (repetitive strain injury) and reductions of work-related injuries to zero. In addition, we follow up on Work Place Assessments and employee satisfaction surveys.

We have an eye on the resource consumption
Caljan desires through energy saving initiatives to reduce its CO2-emissions which primarily arises through consumption of heat, electricity and transport. Holding telephone conferences reduces travel activity. Additionally, we work on limiting the consumption on other resources such as water, office supplies, graphical materials and cleaning detergents.

We recycle
Caljan wishes to diminish the environmental impact from the company's waste. This is among others done by sorting paper and cardboard to recycling, handing in toner cassettes, sending batteries and other polluting materials to recycling as well as partial recycling of electrical components. Materials such as iron and metal are gathered and returned to the supplier who recycles these materials.

We place demands on our suppliers
Caljan attaches positive meaning to environmental considerations when choosing suppliers and products. Wherever possible, Caljan examines potential suppliers' environmental behavior.

We consider the environment when developing products
When we develop new products or upgrade existing, our focus is on using materials with the least environmental impact and use of resources.

We follow up
Caljan Rite-Hite wants to be able to measure our environmental efforts continually and consequently prioritize the areas with the highest effect. We wish to enter into an open dialogue with customers and partners regarding the result of this effort.

We have a mutual responsibility
It is the employees' responsibility that the environmental policy at Caljan Rite-Hite is upheld. Through continuous improvements the management will constantly develop and enhance the environmental profile.

## Intellectual capital resources
The Group has a strong intellectual capital resource which is mainly the technical departments in Denmark, Latvia and Germany. We do our outmost to preserve these assets through engaging the employees and securing a good and staple work environment.

**Research and development activities**

The Group's products are continuously adapted and improved as a natural part of the process of making sure we meet the requirements from the market now and in the future. In 2019, the development cost for the Caljan Group has increased by 50% compared to 2018. The year's development projects do not fulfill the accounting criteria for recognition in the Balance Sheet and have consequently been recognized as expenses. Development activities for the upcoming years are expected to be growing in line with the overall growth in sales.

**Future expectations**

The Caljan Group has entered 2020 with a strong backlog and expects to continue the growth in the different markets going forward. The current health crisis around Covid-19 is expected to impact the overall growth and financial results for 2020, but at the current stage it is not possible to quantify the impact, as this is closely linked to the extend and time frame of the crisis.

**Corporate social responsibility**

The Group is committed to conducting its business in compliance with all domestic and foreign laws. Just as importantly, the Group is committed to conducting its business in a way that is fair and ethically correct.

- We shall not intentionally mislead, lie to or misrepresent any person or business. All books and records must accurately reflect the company's business operations.

- We will not bribe or give anything of value to any customer, subcontractor or supplier, or government official, for the purpose of improperly obtaining or rewarding favorable treatment, apart from normal and customary business entertainment and promotion.

- We will not accept any bribes or gifts that are or may be sufficiently large to influence our decision-making.

- We will not disclose company confidential information to third parties and we shall not seek or accept from any person information to which we are not entitled.

- We will not misuse, or divert to improper purposes, company resources.

- We will not enter into any agreement with any competitor to fix prices or otherwise restrict competition.

- We will have no personal, business or financial interests that conflict with or are incompatible with our obligations to our owners.

- We will not, directly or indirectly, donate Group funds to any candidate for political office or political organization. We will not require any employee to make political contributions as a condition of their employment.

- We will not discriminate against any person on the basis of race, color, creed, gender, national origin, age, handicap, sexual orientation, or veteran's status.

- We will not engage in sexual harassment.

**Child labor**

The majority of all suppliers are within Europe. We thrust that all our suppliers are in compliance with local laws. We are frequently visiting our suppliers which has let us to believe that child labor is not used by any of our suppliers.

**Target figures and policies for the underrepresented gender**

It is the objective of Caljan to promote diversity, including obtaining a reasonable representation of both women and men in the Board of Directors.

It is also the objective of the Board of Directors to ensure that its members supplement each other in the best possible way with regard to e.g. competence, age, background, sex, and nationality as relevant to the needs of the company.

The recommendation of candidates for the Board of Directors will thus always be based on an assessment of the competences and experience of the individual candidate, how they match the needs of the company and of the contribution to the total efficiency of the Board of Directors.
At present, all board members excluding employee representatives elected at the general meeting are men.

The Board of Directors has set a target of increasing the proportion of women over the next 5 years, so that the percentage of women in the Board of Directors and at other levels of management in Caljan at least equal the representation of women in the employee base - currently corresponding to 16%.

The target regarding the under-represented gender does not apply to the Group's subsidiaries in foreign countries.

The target regarding the under-represented gender does not apply to the Group's subsidiaries in foreign countries.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2019<br>DKK | 2018<br>DKK |
|---|---|---|---|
| **NET REVENUE** | 1 | **419,652,261** | **426,323,676** |
| Cost of sales | | -274,465,412 | -278,224,291 |
| Other operating income | | 164,727 | 6,949,616 |
| Other external expenses | 2 | -11,778,415 | -11,252,939 |
| **GROSS PROFIT/LOSS** | | **133,573,161** | **143,796,062** |
| Staff costs | 3 | -77,104,678 | -79,047,407 |
| Depreciation, amortisation and impairment | | -3,786,738 | -3,386,980 |
| **OPERATING PROFIT** | | **52,681,745** | **61,361,675** |
| Result of equity investments in group enterprises | | 28,390,052 | 30,410,427 |
| Other financial income | 4 | 5,083,284 | 4,413,874 |
| Other financial expenses | 5 | -687,964 | -461,035 |
| **PROFIT BEFORE TAX** | | **85,467,117** | **95,724,941** |
| Tax on profit/loss for the year | 6, 7 | 46,585,616 | -14,401,476 |
| **PROFIT FOR THE YEAR** | 8 | **132,052,733** | **81,323,465** |

## BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2019<br>DKK | 2018<br>DKK |
|---|---|---|---|
| Intangible fixed assets acquired | | 8,856,467 | 2,894,468 |
| **Intangible fixed assets** | 9 | **8,856,467** | **2,894,468** |
| | | | |
| Land and buildings | | 18,805,671 | 18,961,932 |
| Production plants and machinery | | 606,029 | 4,460,569 |
| Other plants, machinery, tools and equipment | | 1,231,801 | 1,637,444 |
| **Tangible fixed assets** | 10 | **20,643,501** | **25,059,945** |
| | | | |
| Equity investments in group enterprises | | 130,559,708 | 69,669,622 |
| **Fixed asset investments** | 11 | **130,559,708** | **69,669,622** |
| | | | |
| **FIXED ASSETS** | | **160,059,676** | **97,624,035** |
| | | | |
| Raw materials and consumables | | 6,977,129 | 9,303,352 |
| Work in progress | | 11,259,615 | 16,643,974 |
| Finished goods and goods for resale | | 3,286,066 | 2,134,824 |
| **Inventories** | | **21,522,810** | **28,082,150** |
| | | | |
| Trade receivables | | 108,932,939 | 41,525,125 |
| Receivables from group enterprises | | 40,126,853 | 163,750,076 |
| Deferred tax assets | 12 | 53,972,000 | 0 |
| Other receivables | | 1,211,277 | 4,122,576 |
| Receivables corporation tax | | 3,823,322 | 0 |
| Prepayments and accrued income | 13 | 1,346,945 | 3,247,641 |
| **Receivables** | | **209,413,336** | **212,645,418** |
| | | | |
| **Cash and cash equivalents** | | **2,695,661** | **18,392,192** |
| | | | |
| **CURRENT ASSETS** | | **233,631,807** | **259,119,760** |
| | | | |
| **ASSETS** | | **393,691,483** | **356,743,795** |

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## BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2019 DKK | 2018 DKK |
|---|---|---|---|
| Share capital | 14 | 25,400,000 | 25,400,000 |
| Retained profit | | 268,474,881 | 134,419,400 |
| Proposed dividend | | 0 | 74,500,000 |
| **EQUITY** | | **293,874,881** | **234,319,400** |
| Provision for deferred tax | 12 | 0 | 2,289,157 |
| Other provisions for liabilities | | 5,872,221 | 5,776,963 |
| **PROVISION FOR LIABILITIES** | | **5,872,221** | **8,066,120** |
| Mortgage debt | | 11,899,578 | 13,362,704 |
| Other liabilities | | 2,159,793 | 0 |
| **Long-term liabilities** | 15 | **14,059,371** | **13,362,704** |
| Short-term portion of long-term liabilities | 15 | 1,463,126 | 1,452,471 |
| Prepayments received from customers | | 43,597,615 | 57,712,545 |
| Trade payables | | 18,608,483 | 18,472,840 |
| Payables to group enterprises | | 7,340,779 | 271,302 |
| Corporation tax | | 0 | 11,564,998 |
| Other liabilities | | 8,875,007 | 11,521,415 |
| **Current liabilities** | | **79,885,010** | **100,995,571** |
| **LIABILITIES** | | **93,944,381** | **114,358,275** |
| **EQUITY AND LIABILITIES** | | **393,691,483** | **356,743,795** |

| | Note |
|---|---|
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## EQUITY

| | Share capital | Retained profit | Proposed dividend | Total |
|---|---|---|---|---|
| Equity at 1 January 2019 | 25,400,000 | 134,419,400 | 74,500,000 | 234,319,400 |
| Dividend paid | | | -74,500,000 | -74,500,000 |
| Foreign exchange adjustments | | 1,998,719 | | 1,998,719 |
| Net adjustment of hedging instruments | | 4,029 | | 4,029 |
| Proposed distribution of profit | | 132,052,733 | | 132,052,733 |
| **Equity at 31 December 2019** | **25,400,000** | **268,474,881** | **0** | **293,874,881** |

## CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

| | 2019<br>DKK | 2018<br>DKK |
|---|---|---|
| Profit/loss for the year | 132,052,733 | 81,323,465 |
| Reversed depreciation of the year | 3,786,738 | 3,386,980 |
| Reversed realization gains | 16 | -12,500 |
| Profit/loss from subsidiaries | -28,390,052 | -30,410,427 |
| Adjustment of other financial expenses | 0 | -59,250 |
| Reversed tax on profit/loss for the year | -46,585,616 | 14,401,476 |
| Other adjustments | 5,167 | 147,811 |
| Corporation tax paid | -25,064,998 | -3,924,448 |
| Change in inventory | 6,559,340 | 2,173,878 |
| Change in receivables | 61,027,404 | -112,834,841 |
| Change in current liabilities (ex bank and tax) | -7,396,425 | 18,181,135 |
| Other cash flows from operating activities | 95,258 | 1,278,771 |
| **CASH FLOWS FROM OPERATING ACTIVITY** | **96,089,565** | **-26,347,950** |
| Purchase of intangible fixed assets | -7,850,987 | -1,541,814 |
| Purchase of tangible fixed assets | -442,334 | -444,669 |
| Sale of tangible fixed assets | 2,961,011 | 0 |
| Purchase of financial assets | -30,501,315 | 0 |
| Dividend from subsidiaries | 0 | 18,625,250 |
| Sale of fixed assets investments | 0 | 26,815,576 |
| **CASH FLOWS FROM INVESTING ACTIVITY** | **-35,833,625** | **43,454,343** |
| Proceeds from long-term borrowing | 0 | 15,000,000 |
| Repayments of loans | -1,452,471 | -18,789,075 |
| Dividend paid in the financial year | -74,500,000 | 0 |
| **CASH FLOWS FROM FINANCING ACTIVITY** | **-75,952,471** | **-3,789,075** |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **-15,696,531** | **13,317,318** |
| Cash and cash equivalents at 1. januar | 18,392,192 | 5,074,874 |
| **CASH AND CASH EQUIVALENTS AT 31. DECEMBER** | **2,695,661** | **18,392,192** |
| Specification of cash and cash equivalents at 31 December: | | |
| Cash and cash equivalents | 2,695,661 | 18,392,192 |
| **CASH AND CASH EQUIVALENTS, NET DEBT** | **2,695,661** | **18,392,192** |

NOTES

| | 2019<br>DKK | 2018<br>DKK | Note |
|---|---|---|---|
| **Net revenue** | | | 1 |
| Revenue, Denmark | 8,397,372 | 16,061,277 | |
| Revenue, Europe | 359,025,831 | 327,108,799 | |
| Revenue, countries outside Europe | 52,229,058 | 83,153,600 | |
| | **419,652,261** | **426,323,676** | |
| **Segment details (activities)** | | | |
| Products | 387,581,895 | 398,906,604 | |
| After sales service | 32,070,366 | 27,417,072 | |
| | **419,652,261** | **426,323,676** | |
| **Fee to statutory auditors** | | | 2 |
| Specification of fees: | | | |
| Statutory audit | 415,550 | 323,000 | |
| Tax consultancy | 208,500 | 39,000 | |
| Other services | 27,700 | 97,000 | |
| | **651,750** | **459,000** | |
| **Staff costs** | | | 3 |
| Average number of employees<br>110 (2018: 125) | | | |
| Wages and salaries | 70,020,965 | 72,084,426 | |
| Pensions | 4,568,835 | 4,519,880 | |
| Social security costs | 1,243,820 | 1,147,427 | |
| Other staff costs | 1,271,058 | 1,295,674 | |
| | **77,104,678** | **79,047,407** | |
| **Other financial income** | | | 4 |
| Group enterprises | 1,550,282 | 3,557,139 | |
| Other interest income | 3,533,002 | 856,735 | |
| | **5,083,284** | **4,413,874** | |
| **Other financial expenses** | | | 5 |
| Group enterprises | 124,360 | 0 | |
| Other interest expenses | 563,604 | 461,035 | |
| | **687,964** | **461,035** | |

## NOTES

| | 2019<br>DKK | 2018<br>DKK | Note |
|---|---|---|---|
| **Tax on profit/loss for the year** | | | 6 |
| Calculated tax on taxable income of the year | 9,676,678 | 13,164,998 | |
| Adjustment of deferred tax | 2,921,278 | 1,236,478 | |
| Adjustm. of deferred tax due to change in tax status | -59,183,572 | 0 | |
| | **-46,585,616** | **14,401,476** | |

**Special items** 7

The company was sold during the financial year from the former owners Rite Hite International to Investment Latour AB.

As a result of the sale the company has changed tax status from branch taxation to corporate taxation, and deferred tax is therefore calculated on a different basis. The changed tax status has resulted in a step up of the tax values which has resulted in a higher deferred tax asset.

The balance of the accounts is thus not affected, except that large temporary differences have arisen between the tax and accounting values. This has resulted in income in the income statement of DKK ('000) 59,184, which is thus not a result of a transaction in Caljan A/S.

| | 2019<br>DKK | 2018<br>DKK | |
|---|---|---|---|
| **Proposed distribution of profit** | | | 8 |
| Proposed dividend for the year | 0 | 74,500,000 | |
| Retained earnings | 132,052,733 | 6,823,465 | |
| | **132,052,733** | **81,323,465** | |

**Intangible fixed assets** 9

| | Intangible fixed assets acquired |
|---|---|
| Cost at 1 January 2019 | 7,232,735 |
| Additions | 7,850,987 |
| **Cost at 31 December 2019** | **15,083,722** |
| Amortisation at 1 January 2019 | 4,338,267 |
| Amortisation for the year | 1,888,988 |
| **Amortisation at 31 December 2019** | **6,227,255** |
| **Carrying amount at 31 December 2019** | **8,856,467** |

NOTES

Note

## Tangible fixed assets 10

| | Land and buildings | Production plants and machinery | Other plants, machinery, tools and equipment |
|---|---|---|---|
| Cost at 1 January 2019 | 36,816,976 | 19,764,970 | 5,657,894 |
| Additions | 59,230 | 93,057 | 290,047 |
| Disposals | 0 | -9,220,858 | 0 |
| **Cost at 31 December 2019** | **36,876,206** | **10,637,169** | **5,947,941** |
| Depreciation and impairment losses at 1 January 2019 | 17,855,045 | 15,304,402 | 4,020,449 |
| Reversal of depreciation of assets disposed of | 0 | -6,259,831 | 0 |
| Depreciation for the year | 215,490 | 986,569 | 695,691 |
| **Depreciation and impairment losses at 31 December 2019** | **18,070,535** | **10,031,140** | **4,716,140** |
| **Carrying amount at 31 December 2019** | **18,805,671** | **606,029** | **1,231,801** |

## Fixed asset investments 11

| | Equity investments in group enterprises |
|---|---|
| Cost at 1 January 2019 | 64,257,858 |
| Additions | 30,501,315 |
| **Cost at 31 December 2019** | **94,759,173** |
| Revaluation at 1 January 2019 | 45,576,418 |
| Exchange adjustment | 847,347 |
| Profit/loss for the year | 26,848,273 |
| **Revaluation at 31 December 2019** | **73,272,038** |
| Impairment losses and amortisation of goodwill at 1 January 2019 | 40,164,622 |
| Exchange adjustment | -1,151,372 |
| Impairment losses for the year | -1,541,747 |
| **Impairment losses and amortisation of goodwill at 31 December 2019** | **37,471,503** |
| **Carrying amount at 31 December 2019** | **130,559,708** |

### Investments in subsidiaries (DKK)

| Name and registered office | Equity | Profit/loss for the year | Ownership |
|---|---|---|---|
| Caljan GmbH, Germany | 38,685,229 | 14,373,318 | 100 % |
| Caljan Ltd., England | 21,243,201 | 1,541,747 | 100 % |
| Caljan Latvia, Latvia | 37,048,939 | 10,212,030 | 100 % |
| Caljan US, USA | 33,410,518 | 2,262,936 | 100 % |
| Caljan Sarl., France | 171,803 | - | 100 % |

NOTES

Note

**Deferred tax assets** 12

Deferred tax comprises deferred tax on inventory, intangible and tangible fixed assets, prepayments, long-term liabilities and tax losses.

| | 2019<br>DKK | 2018<br>DKK |
|---|---|---|
| Deferred tax comprises of: | | |
| Intangible fixed assets | 53,824,120 | -636,783 |
| Tangible fixed assets | 18,476 | -1,045,096 |
| Inventories | -224,505 | -216,534 |
| Prepayments | 0 | -400,979 |
| Long-term liabilities | 0 | 10,235 |
| Tax losses | 353,909 | 0 |
| | **53,972,000** | **-2,289,157** |
| Deferred tax, beginning of year | -2,289,157 | -1,065,714 |
| Deferred tax of the year, income statement | -2,921,278 | -1,236,478 |
| Deferred tax of the year, equity | -1,137 | 13,035 |
| Adjustment due to branch taxation | 59,183,572 | 0 |
| **Deferred tax assets 31 December 2019** | **53,972,000** | **-2,289,157** |

As at 31. December 2019 the company's deferred tax assets are DKK ('000) 201,263 of which DKK ('000) 53,972 are recognized in the balance sheet. The tax asset primarily relates to temporary differences between accounting and tax values of intangible fixed assets. The tax asset is recognized on the basis of expectations for positive tax profits in the coming years, which means that the temporary differences are expected to be partly utilized. The assessments are based on the company's budgets for the coming years. The budgets were prepared in connection with strategic decisions of the company, but are otherwise in accordance with the company's normal budgeting procedure.

**Prepayments and accrued income** 13

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

| | 2019<br>DKK | 2018<br>DKK |
|---|---|---|
| **Share capital** (14) | | |
| Specification of the share capital: | | |
| A-shares, 1,016,000 in the denomination of 25 DKK | 25,400,000 | 25,400,000 |
| | **25,400,000** | **25,400,000** |

NOTES

Note

## Long-term liabilities 15

| | 31/12 2019 total liabilities | Repayment next year | Debt outstanding after 5 years | 31/12 2018 total liabilities | Current portion at the beginning of the year |
|---|---|---|---|---|---|
| Mortgage debt.................... | 13,362,704 | 1,463,126 | 5,938,945 | 14,815,175 | 1,452,471 |
| Other liabilities.................. | 2,159,793 | 0 | 2,159,793 | 0 | 0 |
| | **15,522,497** | **1,463,126** | **8,098,738** | **14,815,175** | **1,452,471** |

## Contingencies etc. 16

**Contingent assets**

The company has a deferred tax asset of DKK ('000) 201,263 of which DKK ('000) 53,972 has been recognized in the balance sheet.

**Joint liabilities**

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of HULTAFORS GROUP DANMARK A/S, which serves as management company for the joint taxation.

## Charges and securities 17

| | Carrying amount of assets DKK | Nominal value of mortgage or outstanding debt DKK |
|---|---|---|
| Owner mortgage registred to the mortgagor totalling DKK 26,000,000 providing security on land and buildings as well as other property,plant and equipment at a total..................... | 18,805,671 | 13,362,704 |
| Mortgage deeds registred to the mortgagor totalling DKK 8,330,000 providing security on land and buildings as well as other property,plant and equipment at a total..................... | 18,805,671 | 13,362,704 |

## Related parties 18

**Controlling interest**

Investment AB Latour J A Wettergrens gata 7, Box 336, 401 25 Göteborg, Sweden.

**Other related parties having performed transactions with the company**

Other related parties consists of Executive Board, Board of Directors and subsidiaries and related companies.

**Transactions with related parties**

The company did not carry out any substantial transactions that were not concluded on market conditions.

## NOTES

Note

**Derivative financial instruments** 19

| Currency | Payment/Expiry | Hedging-transaction DKK | Netposition DKK |
|---|---|---|---|
| GBP | 29th May 2020 | 11,380,096 | 29,666 |
| | | **11,380,096** | **29,666** |

**Consolidated financial statements** 20

The company is a part of the consolidated financial statements of Investment AB Latour J A Wettergrens gata 7, Box 336, 401 25 Göteborg, Sweden.

## ACCOUNTING POLICIES

The Annual Report of CALJAN A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

**Consolidated financial statements**
Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Investment AB Latour J A Wettergrens gata 7, Box 336, 401 25 Göteborg, Sweden.

## INCOME STATEMENT

**Net revenue**
Net revenue from sale of finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Provided that sales agreements contain a concurent agreement on installation after delivery, recognition as revenue is not made of the amount corresponding to the estimated remaining installation expenses until after installation has been completed.

**Other operating income**
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

**Cost of sales**
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

**Other external expenses**
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

**Staff costs**
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

**Investments in subsidiaries**
The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

**Financial income and expenses**
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

## ACCOUNTING POLICIES

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

The tax effect of a changed tax status is recognized in the income statement. The changed tax status has resulted in a step up of the tax values, which gives an income which is recognized in the income statement.

## BALANCE SHEET

### Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

### Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment and leashold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

| | Useful life | Residual value |
|---|---|---|
| Buildings | 10-60 years | 0 % |
| Production plant and machinery | 3-20 years | 0 % |
| Other plant, fixtures and equipment | 3-5 years | 0 % |

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

## ACCOUNTING POLICIES

**Fixed asset investments**
Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

**Impairment of fixed assets**
The carrying amount of intangible fixed and tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

## ACCOUNTING POLICIES

**Inventories**
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

**Receivables**
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

**Accruals, assets**
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

**Cash and cash equivalents**
Liquid assets comprise cash banks and cash in hand.

**Other provisions for liabilities**
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 2 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

## ACCOUNTING POLICIES

**Tax payable and deferred tax**
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

The company has changed tax status from branch taxation to corporate taxation, and deferred tax is therefore calculated on a different basis. The changed tax status has resulted in a step up of the tax values which has resulted in a higher deferred tax asset.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

**Liabilities**
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

**Derivative financial instruments**
Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

## ACCOUNTING POLICIES

**Foreign currency translation**
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

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

## CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.