



CALJAN A/S
VED MILEPÆLEN 6-8, 8361 HASSELAGER
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 14 May 2024

Johan Carl Ulf Hjertonsson

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COMPANY DETAILS

Company	CALJAN A/S Ved Milepælen 6-8 8361 Hasselager CVR No.: 30 20 56 18 Established: 22 June 1970 Municipality: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Johan Carl Ulf Hjertonsson, chairman Björn Alexander Karlsson Lenander Bengt Andreas Save Randel Per Günther Mathiasen Lisa Åberg
Executive Board	Henrik Olesen
Auditor	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus
Bank	Danske Bank, International Corporate Banking DK Holmens Kanal 2-12 1092 Copenhagen K Nordea Frederiks Plads 40 8000 Aarhus C
Law Firm	Bech-Bruun Værkmestergade 2 8000 Aarhus C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of CALJAN A/S for the financial year 1 January - 31 December 2023.

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 assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Hasselager, 19 March 2024

Executive Board

Henrik Olesen

Board of Directors

Johan Carl Ulf Hjertonsson
Chairman

Björn Alexander Karlsson
Lenander

Bengt Andreas Save Randel

Per Günther Mathiasen

Lisa Åberg

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 2023, which comprise income statement, Balance Sheet, statement of changes in equity, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

INDEPENDENT AUDITOR'S REPORT

- 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.
- 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, 19 March 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Michael Laursen
State Authorised Public Accountant
MNE no. mne26804

Anders Thorhauge
State Authorised Public Accountant
MNE no. mne50630

FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	568,558	706,105	532,049	459,549	419,652
Gross profit/loss.....	150,348	209,545	138,849	138,644	133,573
Operating profit/loss of main activities...	85,044	119,753	62,285	63,009	52,682
Financial income and expenses, net.....	-160	13,435	11,475	-5,370	4,395
Profit/loss for the year before tax.....	141,408	197,496	88,635	57,639	57,077
Profit/loss for the year.....	153,365	221,266	96,908	56,952	103,663
Balance sheet					
Total assets.....	618,348	654,241	535,738	399,694	357,891
Equity.....	452,751	449,182	341,911	315,003	258,074
Invested capital.....	230,951	254,165	277,210	372,481	246,746
Investment in property, plant and equipment.....	-5,766	-4,446	-1,030	-1,746	-442
Average number of full-time employees.....	78	102	100	104	110
Key ratios					
Gross margin.....	26.4	29.7	26.1	30.2	31.8
Operating margin.....	15.0	17.0	12.6	14.4	15.6
Return on invested capital.....	35.1	45.1	21.5	31.8	44.5
Equity ratio.....	73.2	68.7	63.8	78.8	72.1
Return on equity.....	34.0	55.9	29.5	19.9	42.6

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

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
Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Return on invested capital:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT'S REVIEW

Principal activities

Our mission is to create value for the logistic industry handling high volumes of loose loaded cargo efficiently, through innovation, people and partnership.

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. This also includes solutions for automatic loading and unloading of parcels. Furthermore, Caljan supplies equipment for labelling and parcels document handling and also offers complete solutions for depots.

The Caljan Group is owned by Investment Latour AB who also owns several other industrial companies in the Nordic region and is seen as a strong owner for the Caljan Group in continuing the development of the company.

Caljan is fully established in Denmark, Latvia, Germany, France, UK, Austria and US. Caljan A/S in Denmark is the parent company for all group entities and includes HQ and main support functions.

The statutory accounts for Caljan A/S 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.

Development in activities and financial position

During the second half of 2022 and 2023, the global demand for our products declined as a result of normalization of e-commerce growth after hyper growth and high investments under the Covid pandemic. Furthermore, the significant increase in inflation and interest rates reduced the capital expenditures at our main logistic and e-commerce customers. To ensure the future profitability of the Caljan Group it was therefore decided to implement a cost-reduction program and close the assembly in Denmark in July 2023 and thereby consolidate know-how and capacity in the other factories.

The Caljan Group continued to perform well during 2023 but with declining sales and a lower result compared to the record year 2022.

Compared to 2022 we have seen a 14% reduction in the Caljan Group sales after two years with more than 30% growth per year. For the parent company sales were 20% below last year and the main driver for the decreased sales is the changing market conditions as described above. As we have delivered some large projects to our strategic accounts in Europe during 2023, the sales in Europe have only been 3% lower than Last Year, while the markets outside Europe, with US as the key market, have decreased by 45% due to extraordinary big projects last year. Especially our key accounts within e-commerce and parcel carriers have been holding back on placing new larger orders for our products and solutions.

The challenging market conditions have however given us the opportunity to continue on building and improving our Aftermarket offering - and we have extended the Aftermarket organization and sales in the DACH region and in the US. Going forward, we see the Aftermarket as a key growth driver.

The challenges in the global supply chains improved during 2023 after a period with high freight rates, increasing raw material prices and long lead times impacting our deliveries.

Our foreign subsidiaries have been able to pay a total of DKK ('000) 56,523 in dividends to the parent company due to very good performance and results which also is a significant contribution to the reported results for 2023.

The profit before tax for 2023 of DKK ('000) 141,409 has decreased by 28% compared to 2022, but it is considered satisfactory.

Order intake has been a challenge during 2023 due to the general economic climate and with order intake on a lower level compared to 2022. We did see minor improvements in order intake and in our pipeline during Q4 of 2023. After two years with very high activity and growth we have entered 2024 with a backlog similar to pre-covid in 2021.

MANAGEMENT'S REVIEW

Development in activities and financial position (continued)

Based on the financial performance during 2023, the equity increased from DKK ('000) 449,176 in 2022 to DKK ('000) 452,752 in 2023. Equity ratio improved from 68.7 in 2022 to 71.9 in 2023.

The financing of the Caljan Group is mainly based on a strong equity and own generated cash. Intercompany loans between the parent company and the subsidiaries have been established for internal funding in combination with a cash pool setup via our main bank. For the Caljan Group the net cash position was equivalent to DKK ('000) 100,828 at the end of 2023 and a further credit limit of DKK ('000) 30,000 was available. This is viewed to be more than sufficient to fund the Caljan Group operations.

Profit/loss for the year compared to expectations

Compared to the expectations of an operating profit of DKK ('000) 60,000-80,000 for 2023, Caljan A/S has delivered DKK ('000) 85,044 which is considered satisfactory. The revenue during 2023 was lower than expected, but due to product mix with higher margins and a reduced cost level the operating result exceeded expectations. For the Caljan Group the result for 2023 is below the expectations as the global sales decreased due to the changing market conditions. To off-set some of the impact from the reduced sales, the fixed cost base has been reduced through a cost-reduction program in the Caljan Group including closing the assembly in Denmark. The reduced cost level will have a positive impact on results going forward.

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 Caljan's financial position.

Special risks

The development in exchange rates has an impact on the annual result, cash flows and equity due to the Caljan Group's foreign activities and international sales. It is the company's policy to hedge against commercial foreign exchange exposure in currencies fluctuating towards DKK. Therefore, no hedging of our EUR exposure is done, and hedging is mainly done through forward contracts in connection with entering into larger sales contracts in foreign currencies. During 2023 the overall FX impact has been negative mainly due to USD becoming weaker towards EUR and DKK. Hedging has been done throughout the year and the total positive impact for the parent company is DKK ('000) 6,789.

Intellectual capital resources

The Caljan Group has a strong intellectual capital resource, with strong patents and IP rights together with our strong in-house technical departments. We do our utmost to preserve these assets through engaging the employees and securing a good and stable 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 of the market now and in the future. In 2023, the development cost for the Caljan Group has increased by 17% compared to 2022. 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.

MANAGEMENT'S REVIEW

Future expectations

After two years with record high order intake and backlog, due to hyper growth during the pandemic, the backlog has normalized. We are beginning to see positive signs of the market coming back with a minor increase in pipeline as well as order intake during Q4 of 2023. However, we expect a slow recovery and therefore we expect our total revenue to decrease in 2024 for Caljan Group as well as for the parent company due to a lower backlog.

The result in the parent company has been very good in 2022 and 2023, we therefore also expect this to normalize in 2024 with an expected operating profit of DKK ('000) 40,000-50,000. For the Caljan Group in total, we also expect the result before tax to decrease compared to 2023 to a level around DKK ('000) 100,000.

ESG statement for annual report

At Caljan, we are dedicated to upholding the highest standards of Environmental, Social, and Governance (ESG) practices, as outlined in our Code of Conduct and Sustainability Policy. These principles are integral to our business operations and are reflected in our commitment to the Science Based Target initiative, the UN Global Compact, and specific Sustainable Development Goals (SDGs).

In line with our Sustainability Policy, Caljan actively pursues measures to reduce our carbon footprint, manage energy consumption, reduce waste, consider the environmental impact of product development, and prioritize water conservation.

For further details on Caljan business model we refer to the management review, section "principal activities" see above.

Environmental (E):

Caljan is resolutely focused on protecting the environment. In line with our Sustainability Policy, Caljan actively pursues measures to reduce our carbon footprint, manage energy consumption, reduce waste, consider the environmental impact of product development, and prioritize water conservation. We have set strategic objectives which outline our priorities and focus areas within the realm of Environment.

We actively participate in the Science Based Target initiative, aiming for a minimum 5% reduction of CO2 annually. Aligned with SDG 13 (Climate Action), our goal is to achieve a net-zero carbon footprint no later than by 2050, with a 50% emission reduction by 2030 compared to 2022. We manage energy consumption, reduce waste, and consider environmental impacts in product development. Our comprehensive approach includes obtaining ISO 14001 Environmental management certification for all production facilities by 2025.

Environmental objectives 2023

Energy consumption

To reach net-zero emissions, we must be resolute. Our headquarters and our largest manufacturing site will be certified according to ISO 50001, to ensure that we continually improve our efficiency and avoid unnecessary energy consumption. Our goal is to reduce consumption by a minimum of 5% annually in relations to net sales each year.

Based on energy reviews conducted in Denmark and Latvia actions has been initiated. This led to the decrease in energy consumption in these countries. In the other countries consumption are more or less similar to last year, but for the group in total there is a reduction of 7% in total for 2023.

For Caljan Group, our energy consumption is considered the most significant risks to environmental and climate conditions.

MANAGEMENT'S REVIEW

ESG statement for annual report (continued)

Energy mix

As our operations require energy, we will support Sustainable Development Goal No.7, ensuring energy is clean and affordable. By 2030 fossil fuel will be replaced by 100% renewable electricity.

The amount of renewable electricity has increased to 66%, which is an improvement from 63% in 2023, and a huge improvement from the 4% in 2021.

Actions for further improvement are set for 2024. Where amongst other we implement solar panels at our Manufacturing Facility in Latvia as well as implementing a new Building Management System.

CO2 emission

To find an absolute measurement for greenhouse gas emissions, we measure emissions in CO2 equivalents. Within scope 1 and 2 we will reduce emissions by 20% by 2025 and 50% by 2030, compared to 2021 measurements. Scope 3 goals are yet to be made. Net Zero in accordance with SBTi shall be reached no later than 2050.

CO2 emissions was reduced by 7% in Q4 2023 compared to Q4 2022 (559 Ton in 2022 vs. 521 Ton in 2023). Only Unleaded fuel is increased. For the year 2023 we see a total reduction of 3.5%.

Environmental certified facilities

An integrated management system compliant with ISO 14001:2015 has been established to ensure a fact-based and proactive approach. We obtained certification for our sites in Latvia and Denmark in the spring of 2023.

We aim to certify all larger production sites no later than 2025 and have planned certification of UK in 2024.

Social (S):

We prioritize a safe, fair, and ethically correct working environment. Caljan's Vision Zero initiative underscores our commitment to achieving zero workplace accidents. Our Code of Conduct establishes standards for transparency, honesty, and respect, ensuring a workplace free from discrimination, harassment, and misinformation. By fostering a diverse and inclusive workplace, we adhere to SDG 8 (Decent Work and Economic Growth). Additionally, our engagement initiatives empower employees to actively participate in creating a safe workplace, and contributing to sustainable goals via reporting of improvements and hazards.

Our primary risk is if we have work-related accidents or if our employees feel harassed at work. This could have an impact on our ability to attract and retain employees.

At Caljan, we will continue our focus on ensuring good and healthy working conditions for our employees.

Near-miss

We have seen a decrease in the amount of registered Near misses, which is due to our focus on Risks and the reporting of hazards during the last year. This means that we are identifying and reducing the risk even before it turns into a Near miss.

LTI (Lost Time Incident)

The increased focus on awareness, training and systems that we initiated few years ago seem to show its effect now. We are working focused towards the global Vision Zero framework. Caljan Lost Time Injury Frequency rate reached a very low level of 0.9 in 2023 compared to our target of being below 5.0. The Severity rate was reduced to 7.9 with only 9 Absence days registered in 2023.

MANAGEMENT'S REVIEW

ESG statement for annual report (continued)

Gender equality

In 2023 we have in total 81 managers, whereof 14 are female. (Male 83% - Female 17%). We have put strategic focus and a target of minimum 20% female managers by 2025. And recently released a Policy for Gender-Balanced and Inclusive Leadership at Caljan to support our ambitions.

Furthermore, a new Non-Discrimination & Anti-Harassment/Anti-Bullying policy has been implemented outlining and supporting the gender diversity target and ambition.

Internal Processes for Gender Equality

Caljan is dedicated to creating an inclusive and supportive work environment for all. Our commitment to diversity and inclusion is evident in our talent acquisition process, ensuring equal opportunities for male and female candidates, while encouraging individuals from all backgrounds to apply, irrespective of gender, culture, religion, age, and other factors.

We believe in maintaining a gender-balanced talent pipeline, and starting from Q3 2024, diversity will be integral to both the hiring process and the evaluation of performance and potential.

Leadership Responsibility

Leaders at Caljan are entrusted with the responsibility of assessing and fostering the development of performance and potential. This commitment is integrated into our personal development plan, emphasizing the importance of supporting the growth and success of all team members.

Target figures and policies for the underrepresented gender in Management

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 regarding 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.

During 2023 there has been changes to the Board of Directors. The closure of the Danish production impacted the employment of one of the 2 employee representatives. A new election for employee representatives will be performed Q1 2024. The current board consists of 5 members in total of which 1 member is employee representative. The female representation of board members appointed by the shareholder is 25%.

The Board of Directors has set a target of increasing the proportion of women over the next 3 years, so that the percentage of women in the Board of Directors and at all management levels with employee responsibility in Caljan at least equal the representation of women in the employee base - currently corresponding to around 20%.

In Caljan A/S senior management group the women's representation is currently 14%. We will continue to focus on improving the gender distribution in the different management teams of the company when promoting or recruiting new managers. When possible, Caljan makes sure that both genders are represented in the final stages of the recruitment process.

MANAGEMENT'S REVIEW

Status	2022	2023
Supreme governing body		
Total number of members (shareholder elected).....	4	4
% of underrepresented gender.....	0%	25%
Target figures in percentages.....	25	25
Year of achievement of target figures.....	2023	accomplished
Other levels of management		
Total number of members.....	7	7
% of underrepresented gender.....	14%	14%
Target figures in percentages.....	28	28
Year of achievement of target figures.....	2026	2026

The Other levels of management consists of two management levels, the first level of management consists of the CEO, and the other level of management level consists of the Senior Management Team.

During 2023 one member of the senior management team has been replaced with an internal candidate. The remaining members of management, selected based on experience, expertise, and competencies relevant to the roles, remained unchanged.

Governance (G):

Caljan operates in accordance with our robust Code of Conduct, Anti-Corruption & Anti-Bribery Policy, and certifications according to ISO9001, 14001 and 50001. Our governance principles demand a high threshold for ethical conduct and a commitment to international human rights. We place stringent requirements on our suppliers, ensuring alignment with our goals through General Terms & Conditions and Supplier Code of Conduct. Our management is actively engaged in a structured audit and review process, continually improving our integrated management system to meet the commitments outlined in our Integrated management system.

In Caljan Group we see the main risk related to human rights within our supply chain and we monitor this during our supplier audits.

In 2023 there were no human rights violations registered as part of our supplier audits. And in the future, we will continue our focus on human rights as an integrated part of auditing our suppliers.

The main risk that Caljan faces in regards to anti-corruption is to ensure that all business is conducted fairly and honestly throughout our supply chain.

According to our anti-corruption policy, we maintain a zero-tolerance stance against any form of corruption, including bribery, extortion, kickbacks, and facilitations payments, and prohibit engagement in such activities by employees or external business partners.

Caljan encourages a culture of openness and accountability. Our employees and business partners are urged to report any violations of our Code of Conduct and policies through our whistleblower system, which allows for both anonymous and open reporting. We have a strict non-retaliation policy, and any allegations of retaliation are thoroughly investigated, with appropriate disciplinary action taken if necessary.

Our integrated management system, with documented processes and objectives, is audited and reviewed regularly to ensure continuous improvement. Roles and responsibilities are clearly defined to foster engagement and accountability across all policies and procedures.

MANAGEMENT'S REVIEW

Governance (G): (continued)

Governance objectives 2023

We have implemented a platform to ensure training of all employees in regards to our guidelines and policies on anticorruption and code of conduct. All of our employees have participated in the training that will take place annually going forward. We also require the same high ethical standards from our suppliers and partners, why we have incorporated sustainability measures as well as anticorruption requirements into our supplier code of conduct, ensuring that our strategic supply chain is aligned with customers' expectations, as well as complying with legal and regulatory requirements.

In 2023, there has not been identified any cases associated with corruption or bribery.

Caljan Group Data Ethics Policy

Introduction

At Caljan Group, we recognize the importance of protecting and respecting the privacy and rights of individuals whose data we collect and process. We are committed to upholding the highest standards of data ethics and ensuring the trust and confidence of our customers, employees, and business partners. This Data Ethics Policy outlines our principles, guidelines, and procedures for the ethical collection, use, and management of data across our global business.

Scope

This policy applies to all employees, contractors, and third-party service providers who handle or have access to personal and non-personal data on behalf of Caljan. It applies to all data in any format, such as electronic, paper-based, or verbal, collected from customers, employees, vendors, or any other individual or entity the company interacts with.

Caljan's Data ethical values and Principles

The guiding principles for data ethics, as described below, set the ethical standard for the use of data in Caljan Group and are based on the Charter of Fundamental Rights of the European Union.

Privacy

Data is processed with respect for the privacy of the employees or partner and under the protection of personal information. Caljan processes personal data in accordance with our privacy policy, and only collects and processes data that is necessary to fulfill the purpose of the processing.

Data must be processed in ways consistent with the intentions, expectations and understanding of the disclosing party. Thus, for example, personal data must not be processed for new purposes that are incompatible with the purposes for which the personal data was originally collected.

Data processes must respect the member's or business partner's privacy and comply with personal data legislation.

Transparency and Informed Consent We are committed to being transparent about the data we collect and how we use it. We will obtain informed consent from individuals and clearly communicate the purpose and extent of data collection. Individuals will have the right to withdraw their consent at any time.

Responsibility and Safety

accountability is to exercise due diligence when using new technology data sharing with third parties. Everyone in Caljan must contribute to responsible and ethical processing of data. We ensure training in the use of tools and collection of relevant data and work systematically with our processing of data both in relation to data collection, data processing as well as risk assessments and deletion.

A "best practice" level of security must be implemented in and around the technologies used to process data. The security measures must contain technical as well as organizational measures, and the required level of security must be determined based on a risk assessment of the specific processing activity and the technology used to process data.

MANAGEMENT'S REVIEW

Caljan Group Data Ethics Policy (continued)

Data processes must support accountability. They must be documented, risk assessed and complied with at all stages, including contractually with third parties and with the data subject in mind.

Transparency and openness

Are fundamental principles that we prioritize in relation to our utilization of data. We are committed to ensuring that our data ethics principles are transparent, easily understandable, and readily accessible. Employees are encouraged to report any concerns or suspected violations of this policy through established channels, including the Data Protection Officer or designated compliance officer.

Data Collection and Use

Customer Data

We will collect and use customer data only for the purposes explicitly stated during data collection or as required by law. Data will be used to provide products, services, and support, to communicate with customers, and for legitimate business interests, such as analytics and market research. Customer data will not be sold or shared with third parties without explicit consent, except as necessary for the performance of contracted services or as required by law.

Employee Data

We will collect and use employee data as necessary for the performance of contractual obligations, compliance with legal obligations, and legitimate business interests. We will provide employees with access to their personal data and respect their rights, including the right to privacy, data portability, and protection against automated decision-making.

Vendor and Partner Data

We will collect and use vendor and partner data as necessary for establishing and maintaining business relationships. Data will be handled in accordance with applicable contractual agreements and data protection regulations.

Third-Party Services and Data Sharing

When engaging third-party service providers, we will ensure they have appropriate safeguards in place to protect personal and non-personal data. We will enter into contracts that define data protection requirements and restrict the use of data to specified purposes. We will not share data with third parties except as required by law or with explicit consent.

Data Subject Rights

We will respect data subjects' rights, including the rights of access, rectification, erasure, restriction, objection, and data portability. Requests to exercise these rights should be addressed to the Data Protection Officer, who will respond within the statutory timeframes.

Conclusion

Caljan Group is committed to conducting its data-related activities in an ethical and responsible manner. By adhering to the principles and guidelines outlined in this Data Ethics Policy, we ensure the privacy, security, and fairness of data processing practices. We will regularly review and update our policy to stay in line with evolving data protection laws and industry best practices.

Review and Revision

This Data Ethics Policy will be reviewed periodically to ensure alignment with evolving ethical standards, legal requirements, and organizational objectives. Amendments or updates to the policy will be communicated to all relevant stakeholders.

Caljan Group Administration is responsible for the preparation and updating of this data ethics policy, which is considered and approved by the board.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK '000	2022 DKK '000
NET REVENUE	1	568,558	706,105
Other operating income.....		8,568	7,821
Cost of sales.....		-413,042	-488,875
Other external expenses.....	2	-13,736	-15,506
GROSS PROFIT/LOSS		150,348	209,545
Staff costs.....	3	-62,310	-86,718
Depreciation, amortisation and impairment.....		-2,994	-3,074
OPERATING PROFIT		85,044	119,753
Income from investments in subsidiaries.....		56,524	64,308
Other financial income.....	4	12,684	17,478
Other financial expenses.....	5	-12,844	-4,043
PROFIT BEFORE TAX		141,408	197,496
Tax on profit/loss for the year.....	6	11,957	23,770
PROFIT FOR THE YEAR	7	153,365	221,266

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Intangible fixed assets acquired.....		3,144	4,559
Intangible assets.....	8	3,144	4,559
Land and buildings.....		24,409	20,202
Production plants and machinery.....		283	394
Other plants, machinery, tools and equipment.....		3,184	3,267
Property, plant and equipment.....	9	27,876	23,863
Equity investments in group enterprises.....		133,545	131,313
Receivables from group enterprises.....		131,679	138,943
Rent deposits and other receivables.....		0	324
Financial non-current assets.....	10	265,224	270,580
NON-CURRENT ASSETS.....		296,244	299,002
Raw materials and consumables.....		127	8,361
Work in progress.....		1,322	11,306
Finished goods and goods for resale.....		0	11,932
Inventories.....		1,449	31,599
Trade receivables.....		12,782	15,414
Receivables from group enterprises.....	11	205,473	230,039
Deferred tax assets.....	12	87,197	75,298
Derivative financial instruments.....	13	269	7
Other receivables.....		2,134	827
Receivables corporation tax.....		294	0
Prepayments and accrued income.....	14	2,402	2,006
Receivables.....	15	310,551	323,591
Cash and cash equivalents.....		10,104	49
CURRENT ASSETS.....		322,104	355,239
ASSETS.....		618,348	654,241

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital.....	16	25,400	25,400
Fair value reserve for hedge accounting.....		210	5
Retained profit.....		302,141	273,777
Proposed dividend.....		125,000	150,000
EQUITY.....		452,751	449,182
Other provisions for liabilities.....	17	11,161	10,425
PROVISIONS.....		11,161	10,425
Mortgage debt.....		5,938	7,445
Non-current liabilities.....	18	5,938	7,445
Mortgage debt.....		1,507	1,496
Bank debt.....		0	9,993
Prepayments received from customers.....		10,642	21,374
Trade payables.....		19,103	24,751
Payables to group enterprises.....		112,386	123,940
Corporation tax.....		0	687
Other liabilities.....		4,860	4,948
Current liabilities.....		148,498	187,189
LIABILITIES.....		154,436	194,634
EQUITY AND LIABILITIES.....		618,348	654,241
Contingencies etc.	19		
Charges and securities	20		
Related parties	21		
Consolidated Financial Statements	22		

EQUITY

	Share capital	Fair value reserve for hedge accounting	Retained profit	Proposed dividend	Total
Equity at 1 January 2023.....	25,400	5	273,776	150,000	449,181
Proposed profit allocation, note 7.....			28,365	125,000	153,365
Transactions with owners					
Dividend paid.....				-150,000	-150,000
Change fair value reserves					
Value adjustments in the year.....		205			205
Equity at 31 December 2023.....	25,400	210	302,141	125,000	452,751

NOTES

	2023 DKK '000	2022 DKK '000	Note
Net revenue			1
Revenue, Denmark.....	6,839	28,994	
Revenue, Europe.....	409,643	402,890	
Revenue, countries outside Europe.....	152,076	274,221	
	568,558	706,105	
Segment details (activities)			
Products.....	526,531	669,558	
After sales services.....	42,027	36,547	
	568,558	706,105	
Fee to statutory auditor			2
<p>With reference to Section 96, subsection 3 of the Danish Financial Statements Act, the company has not stated fee to auditor. Fee to auditor is specified in the consolidated financial statements for Investment AB Latour.</p>			
Staff costs			3
Average number of full time employees	78	102	
Wages and salaries.....	55,392	78,773	
Pensions.....	4,494	4,746	
Social security costs.....	1,226	1,150	
Other staff costs.....	1,198	2,049	
	62,310	86,718	
Remuneration of Management and Board of directors and Executive Board.....	3,767	12,006	
	3,767	12,006	
<p>Information on management remuneration is omitted in accordance with the exemption provision in the Danish Financial Statements Act, section 98 b, subsection 3, No. 1 as one management category consist of one member.</p>			
Other financial income			4
Group enterprises.....	12,204	5,973	
Other financial income.....	480	11,505	
	12,684	17,478	

NOTES

	2023 DKK '000	2022 DKK '000	Note
Other financial expenses			5
Group enterprises.....	5,403	3,274	
Other financial expenses.....	7,441	769	
	12,844	4,043	
Tax on profit for the year			6
Calculated tax on taxable income of the year.....	0	429	
Adjustment of deferred tax as a result of changed estimates....	-31,491	-53,051	
Adjustment of deferred tax.....	19,534	28,852	
	-11,957	-23,770	
Proposed distribution of profit			7
Proposed dividend for the year.....	125,000	150,000	
Retained earnings.....	28,365	71,266	
	153,365	221,266	
Intangible assets			8
		Intangible fixed assets acquired	
Cost at 1 January 2023.....		16,550	
Additions.....		10	
Cost at 31 December 2023.....		16,560	
Amortisation at 1 January 2023.....		11,991	
Amortisation for the year.....		1,425	
Amortisation at 31 December 2023.....		13,416	
Carrying amount at 31 December 2023.....		3,144	
Property, plant and equipment			9
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2023.....	38,983	3,338	9,679
Additions.....	4,487	0	1,279
Disposals.....	-1,768	-512	-1,532
Cost at 31 December 2023.....	41,702	2,826	9,426
Depreciation and impairment losses at 1 January 2023.....	18,782	2,944	6,413
Reversal of depreciation of assets disposed of..	-1,768	-493	-1,369
Depreciation for the year.....	279	92	1,198
Depreciation and impairment losses at 31 December 2023.....	17,293	2,543	6,242
Carrying amount at 31 December 2023.....	24,409	283	3,184

NOTES

Note

Financial non-current assets

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	Equity investments in group enterprises	Receivables from group enterprises	Rent deposits and other receivables
Cost at 1 January 2023.....	131,313	138,944	324
Additions.....	2,232	1	0
Disposals.....	0	-7,266	-324
Cost at 31 December 2023.....	133,545	131,679	0
Carrying amount at 31 December 2023.....	133,545	131,679	0

Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Caljan GmbH, Germany.....	179,250	11,618	100 %
Caljan Ltd., England.....	88,021	27,592	100 %
LSEZ SIA Caljan, Latvia.....	105,250	31,417	100 %
Caljan Inc., USA.....	68,428	-765	100 %
Caljan Sarl., France.....	12,573	3,289	100 %
Caljan AT, Austria.....	3,408	567	100 %

Receivables from group enterprises

11

The Caljan group has entered into an agreement on a cash pool arrangement with Nordea, where Latour/Nordiska Industriaktiebolaget is the account holder and Caljan A/S and the subsidiaries are sub-account holders. The agreed terms in the cash pool scheme give Nordea the right to be able to settle withdrawals and deposits with each other, whereby only the net balance of the total cash pool accounts constitutes Caljan A/S's balance with Nordea.

Caljan A/S' accounts in the cash pool scheme, which are recognized under receivables from group enterprises, amount to 31 December 2023 a deposit of DKK'000 100,828.

NOTES

Note

Deferred tax assets

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

	2023 DKK '000	2022 DKK '000
Deferred tax comprises of:		
Intangible fixed assets.....	73,299	69,632
Tangible fixed assets.....	5,136	6,032
Inventories.....	11	40
Prepayments.....	-413	-406
Tax losses.....	9,164	0
	87,197	75,298
Deferred tax, beginning of year.....	75,298	58,478
Deferred tax of the year, income statement.....	11,899	16,820
Deferred tax assets 31 December 2023.....	87,197	75,298

As at 31. December 2023 the company's deferred tax assets are DKK ('000) 113,446 of which DKK ('000) 87,197 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 four years. The budgets are prepared in connection with strategic decisions of the company, but are otherwise in accordance with the company's normal budgeting procedure.

This year's assesment has resulted in an adjustment of the deferred tax asset by DKK ('000) 31,490.

NOTES

				Note
Derivative financial instruments				13
Currency	Payment/Expiry	Hedging- transaction DKK '000	Netposition DKK '000	
USD	January 25th 2024	13,320	269	
		13,320	269	
The hedging instruments impact the Balance Sheet, Income Statement and Equity as follows:				
		Forward exchange transactions		
Fair value at 31 December 2023				
Assets.....			269	
			269	
Value adjustment in the year recognised in Equity.....			205	
Prepayments and accrued income				14
Accruals recognised as assets include costs incurred relating to the subsequent financial year.				
		2023 DKK '000	2022 DKK '000	
Receivables falling due after more than one year				15
Deferred tax assets.....		60,385	57,621	
		60,385	57,621	
Share Capital				16
Allocation of share capital:				
A-shares, 1,016,000 unit in the denomination of 25 DKK.....		25,400	25,400	
		25,400	25,400	
Other provisions for liabilities				17
The due dates for provisions are expected to be:				
0-1 year.....		4,328	5,182	
> 1 year and < 5 years.....		6,833	5,243	
		11,161	10,425	

The amounts are the expected liabilities for warranty work.

NOTES

				Note
Long-term liabilities				18
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Mortgage debt.....	7,445	1,507	0	8,941
	7,445	1,507	0	8,941
Contingencies etc.				19
The company has a deferred tax asset of DKK ('000) 113,446 of which DKK ('000) 87,197 has been recognized in the balance sheet.				
Joint liabilities				
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.				
Charges and securities				20
		Carrying amount of assets	Nominal value of mortgage or outstanding debt	
		DKK '000	DKK '000	
Owner mortgage registred to the mortgagor totalling DKK 15,000,000 providing security on land and buildings as well as other property at a total.....		24,410	7,445	
Mortgage deeds registred to the bank totalling DKK 11,000,000 providing security on land and buildings as well as other property at a total.....		24,410	0	
Related parties				21
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.				
Consolidated Financial Statements				22
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 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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 concurrent 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.

Segment information

Information is disclosed by activities and geographical markets. Segment information is based on the Company's accounting policies, risks and management control.

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 operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

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.

Income from investments in subsidiaries

Dividend from subsidiary is recognised in the financial year when the dividend is declared.

ACCOUNTING POLICIES

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.

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

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

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment and leasehold 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	40-60 %
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

Financial non-current assets

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Acquired enterprises are recognised in the 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.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, 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.

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 Company has chosen IAS 39 as interpretation for impairment of financial receivables. 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.

ACCOUNTING POLICIES

Cash and cash equivalents

Liquid assets comprise cash banks and cash in hand.

Due to the nature of the scheme, deposits in the group's cash-pool scheme are not regarded as liquid assets, but are included in the accounting item's "Receivables from group enterprises" and "Debt to group companies".

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.

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.

ACCOUNTING POLICIES

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.

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.

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

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.