2018

ANNUAL REPORT

Presented and adopted at the general meeting

Svendborg 15 May 2019

Chairman

Flemming Eltang

KJAER GROUP


BRANCHES
SERVICE PARTNERS

MANAGEMENT REVIEW

01

4 About KJAER GROUP
7 Highlights
8 Strategy
8 Group 2018 Guidance
9 Key Figures: 5 years

REPORTS

KJAER GROUP WAY OF MANAGEMENT

02

10 Values
11 Corporate Social Responsibility
12 HSEQ Standards
13 Zero Corruption Tolerance
14 Risk Management / Corporate Governance
15 Financial Statement
16 Statement by Management
18 Independent Auditor's Report

GROUP & PARENT ACCOUNTS

03

20 Profit and Loss Account
21 Balance Sheet
23 Statement of changes in Equity
24 Cash Flow Statement
25 Notes to the Annual Report
34 Accounting Policies
38 Company Details
39 Definitions

01

MANAGEMENT REVIEW

ABOUT KJAER GROUP

In 1962, KJAER GROUP was established in Svendborg as a car-dealership company by Mr. Christian Kjaer. Today the Group provides automotive mobility solutions internationally and employs 270 people.

The Group holds a leading position within its business segments in Mozambique and Uganda where we operate distribution, fully owned workshops and service facilities under the name of MOTORCARE.

Globally, KJAER & KJAER deliver vehicles, motorcycles, parts and accessories to customers in the International Aid and Development sector (NGOs, the UN, the EU, etc.).

KJAER GROUP's ambition and way of Management is to develop the business in a profitable and responsible way, and it is the company's objective that social and environmental goals are prioritized in the same manner as the financial targets. The "Triple Bottom Line" principle is an integral part of the “KJAER GROUP way of Management" and the UN's principles for sustainability (the UN Global Compact), which KJAER GROUP endorsed in 2003, are an important point of reference for all activities as well as our commitment and support to UN's Sustainable Development Goals (SDG) 2030.

KJAER KJAER

Provide automotive mobility solutions which are tailor-made to organizations operating in the International Aid and Development sector, delivering high quality vehicles, motorcycles, parts, accessories as well as a number of supporting services such as worldwide logistical support, insurance and financing. Through an extensive network of local dealers and service partners, customers receive quality after-sale, logistics and customer care services

MOTOR CARE

Based on international standards and certifications, it is MOTORCARE's value proposition to offer automotive mobility solutions, business-to-business as well as to individual customers, as close as possible to their areas of operation.

Our customers are provided one-stop, maintenance, service and repair services as well as insurance, financial and fleet management solutions. It is our overall ambition to be the preferred service provider and MOTORCARE has therefore dedicated focus on continuously increasing and enhancing our portfolio of products and services for the benefit of our valued customers.

Overall market conditions seem to have stabilized and we're **cautiously optimistic** for a **continued improvement** in market demand

12
DKK million
OPERATIONAL CASH FLOW

20
DKK million
OPERATING PROFIT

58
DKK million
NET INTEREST BEARING DEBT

HIGHLIGHTS

The Group increased its volume of vehicles delivered with 40% in 2018. This was mainly driven by the recovery of the market in Mozambique and larger orders. Oil and commodity prices showed positive signs in the major mining, construction, oil and gas sectors. The sectors are continuing to gain momentum, and it is estimated that it will take one to three years for significant investments to occur in Uganda and Mozambique.

MOTORCARE adjusted to the market situation by fleet customer focus and measures to costs and capital employed, while at the same time delivering on its core value proposition with continued high customer satisfaction. The International Aid & Development segment performed as per our expectations.

The Group's equity totaled DKK 93 million, equal to a ratio of 41% of total assets (excluding liquid funds).

The Goup's earnings after tax were DKK -0.8 million and the Group generated positive cash flow of DKK 8 million which was used to reduce net bank debt.

Overall market conditions seem to have stabilized and we're cautiously optimistic for a continued improvement in market demand. Our expectations are to deliver a turnaround and a positive result in EAT for the year 2019

STRATEGY

The Group's business strategy is to deliver top quality automotive services in emerging economies; our ambition is to establish ourselves as market leaders in our selected areas of operation.

The success of our business is determined by a number of key factors including; high quality international brands; the ability to deliver full service solutions within close proximity of our customers' area of operation; a way of management firmly anchored in internationally recognized principles and standards (UN Global Compact, ISO certification); a team of talented and professional employees, who continuously provide innovative solutions.

This combination of key factors assures our customers guaranteed higher return on assets, time and resources to focus on their main activities, which enables them to fulfill their targets.

As a consequence of the change in market conditions from 2015 particularly in Mozambique, business unit strategies were updated and the Group's priorities were shifted. These strategies required all business units to rapidly implement systems in order to improve efficiency, decrease operating costs and capital employed, without losing competitive advantage and customer focus.

In 2019 the Group's service and back office headcount will be adjusted, in comparison with current business.

It is our ambition to deliver a return on invested capital after tax (ROIC) of 12-15%, but with the current stabilization of the market conditions in Uganda and Mozambique, a mid to high single digit level is considered acceptable.

GROUP 2019 GUIDANCE

For MOTORCARE in Mozambique and Uganda, GDP are still growing, though at different rates. GDP in Mozambique is expected to be 12.90 USD Billion by first quarter 2019. In the medium-term, the Mozambique GDP is projected to trend around 14.00 USD Billion in 2020. GDP in Uganda is expected to be 27.00 USD Billion by the end first quarter 2019. In the medium-term, the Uganda GDP is projected to trend around 30.00 USD Billion in 2020. Yet, a real impact on the automotive market of new vehicles depends on realization of expected oil and gas projects in both countries.

The importation of new vehicles to Mozambique is expected to grow 30% in 2019 after 2018 has shown recovery with an overall growth on imported vehicles on 50% (after reaching a 15 year low in 2017). In Uganda, importation of new vehicles is currently at a status quo, and our sales- and market share is dependent on a few larger contracts from the Government and the Commercial Sector in order to increase market share and our volume.

MOTORCARE expects a better result in 2019, due to the continued focus on cost optimization, improved utilization of workshop facilities and market growth, particularly in Mozambique.

For our Aid & development market in KJAER & KJAER, the refugee crisis required significant allocation from foreign aid budgets to facilitate and cover the overall operational costs in Europe. This has influenced a diversion of funds from aid projects and activities in Sub-Saharan Africa. We expect this will continue to impact the core customers of KJAER & KJAER. We expect a result on the same level as 2018.

While The Group's guidance for 2019 is subject to some uncertainty, the order bank end of December 2018 represents 3 months of sales.

For 2019 the result is expected to improve and with an estimated EAT of 5-7mDKK. No event has occurred subsequent to the balance-sheet date (up to the present date) that would influence the evaluation of this annual report.

KEY FIGURES – 5 YEARS

DKK million

Key figures from the consolidated annual report

		2014	2015	2016	2017	2018
Net turnover		532	455	312	316	332
Gross profit, excluding other operating income		116	94	82	77	80
Earnings before interest, taxes and depreciation	EBITDA	32	9	18	15	20
Earnings before tax and interest	EBIT	19	-5	6	2	9
Net financial items		-8	-9	-6	-8	-8
Pre-tax earnings	EBT	12	-13	0	-6	1
Tax		-6	5	-1	-1	-2
Minority shareholders' part		1	2	1	1	0
Earnings after tax	EAT	7	-7	0	-6	-1
Fixed assets		105	111	107	86	82
Inventories		119	105	81	76	79
Trade receivables		85	53	56	50	41
Other current assets		8	9	9	9	10
Liquid Funds		22	27	14	13	12
Total assets (excluding deferred taxes and liquid funds)		**317**	**279**	**253**	**221**	**212**
Current liabilities		-54	-59	-80	-74	-71
Capital employed		**263**	**220**	**173**	**147**	**141**
Equity		129	99	78	71	73
Minority interests		20	26	23	20	20
Equity		**149**	**125**	**100**	**91**	**93**
Deferred tax		-6	-8	-2	-10	-10
Interest-bearing debt, net		121	103	74	66	58
Financing		**263**	**220**	**173**	**147**	**141**
Balance Sum		**354**	**319**	**276**	**246**	**237**
Dividend for the year		2	0	0	0	0
Dividend for the year (%)		33%	0%	0%	0%	0%
Investments in tangible fixed assets, gross		22	12	10	9	6
Average number of full-time employees		403	378	321	288	271
Ratios:						
Gross margin, excluding other operating income		21,9%	20,6%	26,4%	24,4%	24,0%
EBITDA-margin		5,9%	2,0%	5,9%	4,8%	6,0%
Interest coverage (EBITDA/Financial items)		4,1	1,1	3,2	2,0	2,5
Gearing (Net interest-bearing debt/EBITDA)		3,8	11,3	4,0	4,4	2,9
Growth in EBITDA		-14%	-71%	102%	-18%	26%
Return on invested capital after tax	ROIC	4%	-2%	2%	1%	5%
Return on equity	ROE	4%	-5%	0%	-6%	-1%
Equity ratio		45%	43%	38%	39%	41%
Equity value of nom. 1,000 DKK share	DKK	10 339	7 954	6 364	5 691	5 905
Adjust. equity value for share pricing	DKK	10 200	8 378	6 461	5 644	5 954

In the description of accounting policies all key ratios have been defined.

02 REPORTS

VALUES

To ensure a platform for growth, KJAER GROUP has chosen to adopt a value based approach to Management in order to create a culture of caring and decency combined with independent decision making with the aim of finding and implementing sustainable solutions.

KJAER GROUP aims to solidify our status as a preferred partner to customers with the ambition to deliver top quality automotive services in emerging economies in order to ensure a predictable and sustainable increase in the overall enterprise value.

PROFESSIONALISM
Fact based and competent in everything we do. This is how we conduct our business and how we interact with each other.

RESPECT
Mutual respect between colleagues, partners, customers and other stakeholders we interact with is fundamental for us.

HONESTY
We aim to conduct ourselves and business matters with the utmost honesty in all that we do, ensuring that we're reliable and honor our promises and commitments.

DEDICATION
The success of every customer and partner is the key to our success.

CORPORATE SOCIAL RESPONSIBILITY

The Triple Bottom Line (TBL) principle was introduced in 2008 to help ensure that the businesses are developing in a profitable as well as responsible manner. Based on the Group's vision and values, specific targets and policies were defined for social, environmental and financial performance.

PEOPLE
- Creating a happy, healthy, safe workplace
- Providing fair, competitive compensation

PLANET
- All entities operating at the minimum of environmental impact
- Ensuring we conduct environmentally-friendly initiatives and projects relevant to our business

PROFIT
- Striving for predictable, sustainable growth
- Increased enterprise value
- Solidifying our status as the preferred partner to international customers
- Developing a sustainably profitable company for investment ventures

ACTING RESPONSIBLY

KJAER GROUP A/S is committed to the principles articulated in the United Nations Global Compact (UNGC), which we joined in November 2003. In 2007 we affirmed our support for a cleaner environment by joining the UN's environmental initiative, Caring for the Climate.

The UN's principles for sustainability (the UN Global Compact) are important as reference for all activities and are thus incorporated into the company's governance framework. Each year we report on our progress within the 10 main areas, in keeping with the principle of responsible business operation.

COMMITMENT AND SUPPORT TO SDG 2030

As a European business with operations and presence in developing countries, we have an opportunity – an obligation – to influence, support and change some of the most challenging global issues.

Our sustainability commitment has in 2018 taken a step further, as KJAER GROUP will strive actively to support the 17 universal Global Sustainable Development Goals and the 169 targets to be achieved by 2030.

Certainly all of the targets are important for the world, but we focus on those in which we can have the most positive impact. Thus, in 2018 we continued that five-year effort to ensure decent, safe conditions for our employees in Mozambique and Uganda, reduce our climate footprint and fight corruption in all forms.

COMMUNICATION ON PROGRESS

In the report "Communication on Progress" (COP), which represents our external Sustainability Report, you'll find the above-mentioned progress description and results of our efforts.

It is available at **unglobalcompact.org** or on this direct link **https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/426796**

*In accordance with Section 99 b of the Danish Financial Statements Act, reporting on gender diversity in management bodies is included in the COP report.

HSEQ STANDARDS

WHY THIS MATTERS TO KJAER GROUP

A key measure of meeting the "Triple Bottom Line" goals, has been to achieve certification in International Standards within Health and Safety, Environment and Quality.

In 2012 we initiated the implementation of an integrated Health and Safety, Environment and Quality Management System in accordance with International standards OHSAS 18001, ISO 14001 and ISO 9001.

Implementation of the three standards has had a noticeably positive effect on our daily operations, provided for a safer workplace, increased quality management in all departments and ensured our commitment to protecting the environment to the best of our ability.

Maintaining high standards and continuous development within the standards are as important as their implementation. In 2018, we successfully passed the Annual surveillance audit in all branches. Initiatives are continuously implemented in order to maintain and continue to develop the ISO management system within the standards.

RECYCLING SUCCESS STORY 2018

In 2018, a step in the right direction was taken in Mozambique in reducing our environmental impact. It was made possible through recycling our waste in our branch in Maputo, which we estimate will make us avoid sending annually 60 tons waste to the landfill. The waste includes cardboard, paper, cans, plastic and printer toner cartridges.

In 2019, it is our plan to expand to even two more branches in Mozambique. Additionally, we're looking for options for the recycling of waste such as steel, metal, used oil and wood.

ZERO TOLERANCE APPROACH TOWARDS CORRUPTION

WE SUPPORT

UNITED AGAINST CORRUPTION

KJAER GROUP has raised awareness regarding corruption through various channels in the past by trying to establish a professional climate of honesty, transparency and accountability in every facet of the company. A group anti-corruption policy was implemented in 2013 and states the code of conduct for all KJAER GROUP employees. It includes a clear policy in regard to payments and gifts, partner assessment, risk evaluation and whistle-blowing procedures, among other items.

By participating in the UN's International Anti-corruption Day initiative on December 9, we're joining a global developmental trend that strives to combat corruption. In support of the UN Sustainable Development Goals (SDG 16), anti-corruption initiatives are not only very important to the world but to us as well. Corruption is a dominant factor that drives countries toward economic failure and furthermore has a negative impact on the business/ market in which we operate.

For the fifth consecutive year in row, Executive Management, the employees and our partners have focused on anti-corruption and discussed this in our business environment. This year, we have focused on what we can promise our customer when doing business with us. We handed out a "Bag of Honesty," which stands for the fair, honest, transparent business we do with our partners.

By showing how serious and committed everyone at KJAER GROUP is about combating corruption, we not only perpetuate an internal anti-corruption culture in our company but also promote customer trust.

CORPORATE GOVERNANCE

KJAER GROUP A/S is the parent company in the KJAER GROUP, which consists of various independent legal entities. The principal shareholder, with a 91% shareholding, is "The Way Forward ApS," which is wholly owned by Mr. Mads Kjaer.

THE BOARD OF DIRECTORS

In accordance with Article 10 of the articles of association, KJAER GROUP A/S shall be managed by a Board of Directors consisting of three to six members, who are elected by the General Meeting for a term of one year at a time. The Directors may be re-elected. Today, the Board consists of 3 members. The Board of Directors shall elect its own chairman and appoint a Management Board. The Board of Directors shall be in charge of the overall management of the Company's affairs and activities. The Management Board (Executive Management) appointed by the Board of Directors shall be in charge of the day-to-day management of the Company. The Board normally meets five or six times per year and is otherwise convened when or if deemed necessary by the Chairman.

EXECUTIVE MANAGEMENT

Executive Management functions as the day-to-day management and currently consists of Mads K. Kjaer (CEO) and Richard V. Nijhout (COO).

REMUNERATION OF MANAGEMENT

The remuneration payable to the Executive Management is based on what is considered competitive with respect to size, market conditions and activities. The remuneration is reviewed annually by a Remuneration Committee established by the Board.

INDEPENDENT AUDIT

KJAER GROUP A/S and the Group's annual accounts are audited by a state-authorized audit firm appointed annually at the Annual General Meeting. The current audit firm of KJAER GROUP A/S and the consolidated accounts is Deloitte.

RISK MANAGEMENT

KJAER GROUP is working systematically on risk management in order to reduce liabilities and manage the insurances for our entities which are most exposed.

Given The Group's focus on developing countries, we consider exchange-rate risks and fluctuations to be of key importance, in addition to ordinarily accepted risks within automotive trade and distribution. The Group's most significant risks in financial terms are our branches in Mozambique and Uganda.

Insurance has been taken out against political risks to inventories, with coverage in the event of war or confiscation. African subsidiaries' results and equities are measured in USD.

Significant transaction-based exchange-rate risks are being hedged in order to maintain low exposure to commercial exchange-rate risks.

FINANCIAL STATEMENT

PROFIT AND LOSS ACCOUNT

Turnover
In 2018 the Group turnover increased compared to 2017 from DKK 316 million to DKK 332 million as a result of a 10% turnover increase in the MOTORCARE distribution. The market conditions in Mozambique Improved during 2018 and turnover increased with 33% compared to 2017.

Gross Profit
Gross profit was DKK 80 million, up from DKK 78 million the year before mainly as a result of the increased turnover.

EBIT
EBIT for the year was realized at DKK 9 million up DKK 7 million from DKK 2 million in 2017.

The Group's overhead costs was reduced by 6% to DKK 60 million from DKK 63 million in 2017 as a result of cost savings initiatives.

Financial Items
Financial items were realized at DKK -8 million, i.e., the same level as in 2017.

Tax
The year's tax expense was DKK 1.6 million as a result of non-taxable costs and VAT/Withholding tax on management fee classified as tax.

Earnings After Tax
The Group's losses after tax totaled DKK 0.8 million. The result was lower than expected and considered unsatisfactory.

BALANCE SHEET
As of December 31, 2018, KJAER GROUP's assets totaled DKK 237 million (DKK 246 million).

Assets
Tangible assets totaled DKK 80 million, down DKK 2 million from 2017. Inventories and trade receivables amounted to DKK 119 million compared to DKK 126 million in 2017. The decrease of DKK 9 million is a result of Initiatives to reduce capital Employed.

Liabilities
The equity totaled DKK 93 million up DKK 2 million compared to 2017 equivalent to a solidity ratio of 41% (39%). Current liabilities amounted to DKK 141 million compared to DKK 153 million in 2017, of which bank debt was DKK 70 million.

CASH FLOW STATEMENT
Earnings before interest, taxes, depreciation and amortization (EBITDA) was DKK 20 million (DKK 15 million) and cash flow from operations DKK 12 million (DKK 10 million).

Cash flow from investments was DKK -3 million (DKK -4 million) and trading of own shares was DKK zero (DKK +3 million).

The total net cash flow for the year was positive with DKK 8 million (DKK +9 million) reducing the net bank debt to DKK 58 million from DKK 66 million in 2017.
.

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Management have today considered and approved the annual report of KJAER GROUP A/S for the financial year spanning January 1 to December 31, 2018.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position as of December 31, 2018 and of their financial performance as well as the consolidated cash flow for the financial year of January 1 to December 31, 2018.

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

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

Svendborg, April 29, 2019

Executive Management

Mads Krarup Kjaer, CEO

Richard Valentin Nijhout, COO

Board of Directors

Thomas Tolstrup Hansen, Chairman

Mads Krarup Kjaer, CEO

Hans-Emil Kjaer

Hans-Emil Kjaer, Board member

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF KJAER GROUP A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of Kjaer Group A/S for the financial year 2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position as of December 31, 2018, and of the results of their operations and the consolidated cash flows for the 2018 fiscal year, 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, where applicable, matters related to going concern and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management intends to liquidate the Group or the Entity or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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. Additionally, we do the following:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we're required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 may be identified during our audit.

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary. We do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Odense, 29 April 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Knage Nielsen
State-Authorized Public Accountant
Identification number (MNE) mne 10074

02 GROUP AND PARENT ACCOUNTS

PROFIT AND LOSS ACCOUNT

1 JANUARY - 31 DECEMBER '18

DKK 1.000

Note

			PARENT COMPANY		GROUP	
			2018	**2017**	**2018**	**2017**
1	Net turnover		97 746	80 655	331 503	316 424
2	Other operating income		14 477	13 563	115	811
	Cost of goods sold		-90 953	-75 296	-251 948	-239 261
	Gross profit		**21 270**	**18 922**	**79 671**	**77 974**
	Other external expenses		-5 647	-5 518	-25 699	-28 789
3	Staff expenses		-9 599	-9 810	-34 023	-34 029
	Earnings before interests and tax and depreciations	**EBITDA**	**6 024**	**3 594**	**19 949**	**15 156**
4	Depreciations		-2 470	-3 015	-11 020	-13 447
	Earnings before interest and tax	**EBIT**	**3 554**	**579**	**8 930**	**1 709**
5	Share of profit in subsidiaries		567	-1 592	0	0
6	Other financial income		799	513	52	420
6	Financial expenses		-5 262	-6 296	-8.106	-8 097
	Earnings before tax	**EBT**	**-342**	**-6 796**	**876**	**-5 968**
7	Tax on current years profit		-174	1 025	-1.649	-594
8	**EARNINGS AFTER TAX**	**EAT**	**-516**	**-5 771**	**-773**	**-6 562**

BALANCE SHEET
as per 31st DECEMBER 2018

DKK 1.000
Note

Note	ASSETS	PARENT COMPANY Dec '18	PARENT COMPANY Dec '17	GROUP Dec '18	GROUP Dec '17
	Software	2 104	4 085	2 104	4 085
9	**Aquired intangible fixed assets**	**2 104**	**4 085**	**2 104**	**4 085**
	Land and Buildings	0	0	64 098	64 143
	Other tools and equipment	1 030	1 194	16 017	17 890
9	**Tangible fixed assets**	**1 030**	**1 194**	**80 115**	**82 033**
5	Investments in subsidiaries	147 585	145 013	0	0
5	Investments in associates	0	0	0	0
12	Deferred tax assets	11 660	10 978	13 128	12 219
	Financial fixed assets	**159 245**	**155 991**	**13 128**	**12 219**
	Total fixed assets	**162 379**	**161 270**	**95 348**	**98 337**
10	**Inventories**	**1 924**	**0**	**78 759**	**75 810**
	Trade receivables	142	0	40 642	49 766
	Receivables on subsidiaries	39 418	36 500	0	0
	Corporation tax receivales	506	1 755	4 757	5 842
	Other receivables	276	422	4 552	2 743
	Prepaid expenses	1 293	907	1 294	907
	Accounts receivables	**41 635**	**39 584**	**51 245**	**59 258**
	Liquid funds	**0**	**3**	**11 670**	**12 917**
	Total current assets	**43 559**	**39 587**	**141 674**	**147 985**
	TOTAL ASSETS	**205 938**	**200 857**	**237 022**	**246 322**

BALANCE SHEET
as per 31st DECEMBER 2018

DKK 1.000
Note

Note	LIABILITIES	PARENT COMPANY Dec '18	PARENT COMPANY Dec '17	GROUP Dec '18	GROUP Dec '17
11	**Share capital**	**12 435**	**12 435**	**12 435**	**12 435**
	Equity method transfer to net revaluation reserve	23 245	19 718	0	0
	Result carried forward	37 754	38 620	60 997	58 335
	Minority interests	0	0	19 505	20 232
	Dividend for the year	0	0	0	0
	Total equity	**73 434**	**70 773**	**92 937**	**91 002**
12	**Provision for deferred tax**	**0**	**514**	**2 691**	**2 198**
	Bank debts	32 858	37 984	69 788	79 188
	Prepayments from customers	0	0	9 982	11 764
	Payable to suppliers	14 310	8 870	47 381	36 049
	Payable to subsidiaries / parent company	80 792	65 538	790	1 887
	Corporation tax payable	0	0	215	832
	Other accounts payable	4 544	17 178	13 238	23 402
	Total current liabilities	**132 504**	**129 570**	**141 394**	**153 122**
	TOTAL LIABILITIES	**205 938**	**200 857**	**237 022**	**246 322**

13 Change in working capital
14 Pawnings
15 Leasing commitments
16 Contingent liabilities
17 Related parties
18 Fee for auditors elected by the general meeting

STATEMENT OF CHANGES IN EQUITY

DKK 1.000
Note

PARENT COMPANY	Share capital	Equity method transfer to net revaluation reserve	Result carried forward	Total equity
Balance 31st December 2016	**12 435**	**26 036**	**39 322**	**77 793**
Misstatements previous years	0	0	0	0
Sale and purchase of own shares	0	0	3 450	3 450
Exchange rate adjustments of investments in subs.	0	-6 823	0	-6 823
Change in unrealised hedging	0	2 080	44	2 124
Proposed distribution of current years profit	0	-1 575	-4 196	-5 771
Balance 31st December 2017	**12 435**	**19.718**	**38 620**	**70.773**
Sale and purchase of own shares	0	0	0	0
Exchange rate adjustments of investments in subs.	0	4 377	0	4 377
Change in unrealised hedging	0	-1 200	0	-1 200
Proposed distribution of current years profit	0	350	-866	-516
Balance 31st December 2018	**12 435**	**23 245**	**37 754**	**73 434**

GROUP	Share capital	Minority Interest	Result carried forward	Total equity
Balance 31st December 2016	**12 435**	**22.510**	**65.355**	**100.300**
Misstatement previous years	0	0	0	0
Sale and purchase of own shares	0	0	3 450	3 450
Exchange rate adjustm. of Net assets in subssidiaries	0	-1 487	-6 823	-8 310
Change in unrealised hedging	0	0	2 124	2 124
Proposed distribution of profit	0	-791	-5 771	-6 562
Balance 31st December 2017	**12 435**	**20 232**	**58 335**	**91 002**
Sale and purchase of own shares	0	0	0	0
Exchange rate adjustm. of Net assets in subssidiaries	0	-469	4 377	3 908
Change in unrealised hedging	0	0	-1 200	-1 200
Proposed distribution of profit	0	-258	-515	-773
Balance 31st December 2018	**12 435**	**19 505**	**60 997**	**92 937**

CASH FLOW STATEMENT

DKK 1.000
Note

Note			GROUP 2018	GROUP 2017
	Earnings before interests and tax and depreciations	EBITDA	19 949	15 156
	Adjustments for other non-cash items		-482	3 278
13	Change in working capital		2 269	4 785
	Financial items		-8 054	-7 676
	Taxes paid		-1 951	-5 794
	Cash flow from operations		**11 731**	**9 749**
	Investments in tangible assets		-6 202	-8 909
	Sale of tangible assets		2 883	4 616
	Cash flow from investments		**-3 320**	**-4 293**
	Sale and purchase of own shares		0	3 450
	Cash flow from financial items		**0**	**3 450**
	Cash flow of year, net		**8 411**	**8 906**
	Liquid funds, beginning of the year		-66 271	-74 477
	Exchange adjustments of liquid funds		-259	-699
	Liquid funds, end of the year		**-58 118**	**-66 271**
	Specified as follows:			
	Liquid funds		11 670	12 917
	Bank debts		-69 788	-79 188
	Liquid funds, end of the year		**-58 118**	**-66 271**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

Note		PARENT COMPANY 2018	PARENT COMPANY 2017	GROUP 2018	GROUP 2017
1	**Net turnover**				
	Net turnover by activities				
	International Aid & Development	0	0	122 454	130 586
	Distribution	97 746	80 655	209 049	185 838
		97 746	**80 655**	**331 503**	**316 424**
	Net turnover by regions				
	Africa	97 746	80 655	317 286	304 937
	Rest of the world	0	0	14 217	11 487
		97 746	**80 655**	**331 503**	**316 424**
2	**Other operating income**				
	Management fees from subsidiaries	10 256	13 563	-129	120
	Commission income, refund and compensation etc.	4 221	0	244	691
		14 477	**13 563**	**115**	**811**
3	**Staff expenses**				
	Salaries and executive management	3 522	4 376	5 015	5 857
	Board of Directors fees	330	826	330	826
	Salaries and wages other employees	5 091	3 997	27 392	26 119
	Pensions	313	328	809	823
	Other staff expenses	343	283	477	404
		9 599	**9 810**	**34 023**	**34 029**
	Average number of full-time employees	12	12	271	288
4	**Depreciations**				
	Software	2 212	2 250	2 212	2 250
	Buildings	0	0	3 255	4 015
	Other tools and equipment	305	635	5 789	7 262
	Loss/profit, sale of tangible assets	-47	130	-236	-80
		2 470	**3 015**	**11 020**	**13 447**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

		PARENT COMPANY	
		Investment in associates	**Investment in subsidiaries**
5	**Financial fixed assets**		
	Purchase value:		
	At the beginning of the year	1 604	125 295
	Additions	0	0
	Disposals	0	-955
	End of the year	**1 604**	**124 340**
	Revaluations:		
	At the beginning of the year	-1 604	19 718
	Exchange rate adjustment	0	4 377
	Change in unrealised hedging	0	-1 200
	Share of result	0	567
	Change in internal profit on inventories	0	-217
	Dividends received	0	0
	End of the year	**-1 604**	**23 245**
	Book value end of the year	**0**	**147 585**

Investments in subsidiaries and associates

Enterprises includes ownership of shares in following subsidiaries, which are valued at equity value and all included in the Group consolidated accounts:

Name / Subsidiaries	Address	Land / country	Ownership *
Kjaer & Kjaer A/S	Grønnemosevej 6, 5700 Svendborg	Denmark	100%
Auto Kjaer A/S	Grønnemosevej 6, 5700 Svendborg	Denmark	100%
Motorcare Services Holding A/S	Grønnemosevej 6, 5700 Svendborg	Denmark	67%
Kjaer Group (Pty) Ltd.	Hampton Office Park, 20 Georgian Crescent, Bryanston	South Africa	100%
Kjaer Group US Inc.	211 North Union Street, Suite 100, Alexandria, VA 22314	United States	100%
Motorcare Lda.	Rua Kanwalanga 141, Maputo	Mozambique	100%
Motorcare Services Lda.	Rua de França, Parcela 3, Bairro de Carrupeia, Nampula	Mozambique	67%
Motorcare Mozambique Lda.	Rua Kanwalanga 141, Maputo	Mozambique	100%
Motorcare Uganda Ltd.	Jinja Road 95, Kampala	Uganda	100%
Motorcare Serivces Uganda Ltd.	Buhinga Bujumbura Division, Hoima	Uganda	67%
Associates			
MyC4 A/S	Sankt Annæ Plads 19 2 th, 1250 København K	Denmark	4%

** For shares in subsidaries were the ownership deviates from the voting rights, the voting rights are presented.*

DKK 1.000

Note

		PARENT COMPANY	
		2018	2017
6	**Financial income/expenses from inter company accounts**		
	Financial income from subsidiaries	799	513
	Financial expenses to subsidiaries	-3 371	-3 454

		PARENT COMPANY		GROUP	
		2018	2017	2018	2017
7	**Tax on current years profit**				
	Tax payable on the year's estimated tax assessment	-408	528	-2 473	-1 375
	Withholding taxes	-71	-535	-221	-660
	The year's change in deferred tax	591	1 032	1 528	1 468
	Tax on revenue on sales of rights MTC SL	-286	0	-286	0
	Adjustments previous years	0	0	-197	-27
		-174	**1 025**	**-1 649**	**-594**
8	**Proposed distribution of profit**				
	Equity method transfer to net revaluation reserve	350	-1 575	0	0
	Minority interest	0	0	-258	-791
	Result carried forward	-866	-4 196	-515	-5 771
		-516	**-5 771**	**-773**	**-6 562**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

		PARENT COMPANY		
		Software	Land and buildings	Other tools and equipment
9	**Tangible & acquired intangible fixed assets continued**			
	Purchase value:			
	At the beginning of the year	11 594	0	5 096
	Additions	231		1 379
	Disposals	0		-1 314
	End of the year	**11 825**	**0**	**5 161**
	Accumulated depreciations and impairment losses:			
	At the beginning of the year	-7 509	0	-3 902
	Depreciations of the year	-2 212		-305
	Depreciated on sold assets	0		76
	End of the year	**-9 721**	**0**	**-4 131**
	Book value end of the year	**2 104**	**0**	**1 030**

	GROUP		
	Software	Land and buildings	Other tools and equipment
Purchase value:			
At the beginning of the year	11 594	104 471	58 424
Exchange rate adjustments	0	5 261	2 354
Additions	231	72	5 900
Disposals	0	-1 552	-6 628
End of the year	**11 825**	**108 252**	**60 050**
Accumulated depreciations and impairment losses:			
At the beginning of the year	-7 509	-40 328	-40 534
Exchange rate adjustments	0	-2 013	-1 529
Depreciations of the year	-2 212	-3 358	-5 958
Depreciated on sold assets	0	1 545	3 988
End of the year	**-9 721**	**-44 154**	**-44 033**
Book value end of the year	**2 104**	**64 098**	**16 017**

DKK 1.000
Note

Note		PARENT COMPANY 2018	PARENT COMPANY 2017	GROUP 2018	GROUP 2017
10	**Inventories**				
	Manufactured goods and goods for resale	1924	0	78 759	75 810
		1924	**0**	**78 759**	**75 810**

Note		Share Capital
11	**Share capital**	
	Last 5 years changes in share capital:	
	Share capital January 1 2013	13 973
	Capital reduction 2014	-1 538
		12 435
	The share capital at end of year is split in:	
	A shares	5 000
	B shares	7 435
		12 435

Treasury shares (B shares)	Nominal Value	% of Share Capital
At the beginning of the year		
At the beginning of the year	262	2.1%
Disposals	0	0%
Additions	0	0%
End of the year	**262**	**2.1%**

Purchase of own share is implemented according to previously agreed incentive programs

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

Note		PARENT COMPANY		GROUP	
		Dec '18	Dec '17	Dec '18	Dec '17
12	**Deferred tax**				
	Opening	-10 464	-5 729	-10 021	-1 777
	Exchange rate adjustment	12	3	320	-1 970
	Withholding taxes	-300	-2 512	-300	-2 512
	Transferred to/from corporation tax	-316	-1 194	557	-1 368
	Accounted for in Profit and Loss	-591	-1 032	-1 528	-1 468
	Accounted for on Equity	0	0	535	-925
		-11 659	**-10 464**	**-10 437**	**-10 021**
	Tangible fixed assets	-5 779	-5 236	-6 308	6 229
	Financial fixed assets	0	183	-1	-2 724
	Inventories	-412	-364	-496	-2 032
	Accounts receivables	0	0	0	-1 254
	Other provisions	0	0	1 906	380
	Tax loss carry forward	-5 468	-5 047	-5 538	-10 620
		-11 659	**-10 464**	**-10 437**	**-10 021**
	Reported as:				
	Deferred tax assets	11 659	10 978	13 128	12 219
	Provision for deferred tax	0	514	2 691	2 198
		-11 659	**-10 464**	**-10 437**	**-10 021**
	Tax loss carry forward not included	3 999	3 999	3 999	3 999
	Withholding tax on result carried forward, not declared	637	844	637	844

1) Withholding tax payable on not declared result carried forward in the companies in Mozambique. Management do not expect declaration of dividend in the forseeable future.

Note		GROUP	
		2018	2017
13	**Change in working capital**		
	Change in current assets:		
	Inventories	-2 949	5 425
	Trade receivable	9 124	6 184
	Prepaid expenses	-387	-608
	Other various outstandings	-1 555	-270
	Change in short-term debt:		
	Prepayments from customers	-1 782	-3 369
	Payable to subsidiaries	-1 097	-1 969
	Payable to suppliers	11 332	-7 214
	Other accounts payable	-10 417	6 607
	Change in working capital	**2 269**	**4 785**

DKK 1.000
Note

		Registered deed	Actual liability	Booked value of Assets
14	**Pawnings**			
	MOTORCARE Uganda Ltd.:			
	In security for bank lines in MOTORCARE Uganda Ltd. a Letter of mortgage has been issued in the company's premises on Plot 95, Jinja Road, Kampala.	7 987	7 613	1 788
	For same bank debt the company has issed Letter of Debenture in all fixed and floating assets belonging to the company.	8 476	7 613	41 587
	KJAER & KJAER A/S			
	Inventories are under retention of title from supplier.		16 408	16 408

		PARENT COMPANY		GROUP	
		Dec '18	**Dec '17**	**Dec '18**	**Dec '17**
15	**Lease commitments**				
	Operating lease contracts on company cars have been concluded for the years 2019 to 2021.	0	0	255	184
16	**Contingent liabilities**				
	Rental contacts for premises have been concluded for the years 2019 to 2023.	5 023	6 027	6 884	6 674

Joint taxation
The Danish group companies and parent company participates in a Danish joint taxation arrangement in which The Way Forward ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The liability, however, does not exceed an amount equalling the share of capital held by the Company, which is owned directly or indirectly by the ultimate parent.

Parent company
The company has committed to repurchase 3.4% own shares from employees at Equity value.

	Actual debt	Maximum liability
The parent company has guaranteed for bank debt in the subsidiaries KJAER & KJAER A/S and AUTO KJAER A/S	28 935	35 000
The parent company has guaranteed financial Letter of Guarantees issued in security for liabilities in the subsidiaries KJAER & KJAER A/S and AUTO KJAER A/S	4 060	50 000
On the basis of joint VAT registration the company is liable for VAT debt in KJAER & KJAER A/S.	0	unlimited
The parent company has issued guarantee for debt to suppliers in KJAER & KJAER A/S	26 657	65 200

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

17 The following are considered related parties with controlling influence on KJAER GROUP A/S:

Related party:	**Basis for control:**
The Way Forward ApS, Sankt Annæ Plads 19 2 th	90% share ownership
1250 København K	Exercise of management
The company's Management and Board	

The Way Forward ApS is 100% owned by Mads Kjær personally. The company is, besides to be the principle shareholder in KJAER GROUP A/S, a private investment company applied for Mads Kjær's non-automotive activities. There are no liabilities or significant intercompany debt between The Way Forward ApS and Kjaer Group A/S or its subsidiaries.

KJAER GROUP A/S owns treasury shares equal to 2.1% of the share capital. The other shares are owned by employees. No other shareholders own more than 5% of the share capital or voting rights.

Remuneration to Management and Board of Directors is disclosed in note number 3.

KJAER GROUP A/S and its subsidiaries are consolidated into the Group accounts for The Way Forward ApS, Svendborg.

In Accordance with section §98,(7) of the Danish Financial Statement Act, the Company has not disclosed any related party as they were conducted on an arm´s length basis.

	GROUP	
	2018	**2017**
18 Fee for auditor elected by the general meeting		
Fee for auditor elected by the General Meeting		
Fees to auditors:		
Audit	843	957
Tax advice	113	8
Declaration fees	0	0
Other fees	315	50
	1 271	**1 015**

Deloitte is elected as auditor in the entire group.

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

ACCOUNTING POLICIES

The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C large enterprises and generally accepted accounting principles.

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

Recognition and measurement

Assets are recognized in the balance sheet when it is likely as a result of a prior event that future economic benefits will flow to the company and the value of the assets can be measured reliably.

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

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

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

Income is recognized in the Profit and loss account when earned, whereas costs are recognized by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Foreign currency translation

On initial recognition foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies, that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. Exchange rate differences arising between the rate at the transaction date and the rate at the payment date or the balance sheet date, are recognized in the income statement. Fixed assets purchased in foreign currencies are translated using historical rates. Accordingly, inventories are measured at the ruling rate of exchange at date of purchase.

On recognition of independent foreign subsidiaries, the income statements of such enterprises are translated using the year's average rates of exchange. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity to the exchange rates at the balance sheet date are recognized directly on equity.

Derivative financial instruments

On initial recognition in the balance sheet derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of a recognized asset or liability are recorded in the Profit and loss account together with changes in the value of the assets or the liabilities hedged.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are entered in the balance sheet and recognized directly on the equity.

Changes in the fair value of derivative financial instruments, which serves the purpose of hedging net investments in independent foreign subsidiaries or associates are recognized directly on the Equity.

Consolidated Annual Report
The consolidated annual report comprises the parent company and Group enterprises controlled by the parent.

Consolidation
The consolidated financial statements have been prepared on the basis of the financial statements of the subsidiaries and the parent by combining uniform items and eliminating shares of profit in subsidiaries, intragroup accounts and intra - group interest and profit.

For all main items the accounting policies are similar for all enterprises in the Group. Items from subsidiaries are recognized in full in the consolidated financial statements.

The Profit and loss account is thus an expression of the overall operating activities of the group as an aggregate financial entity just as the status of the group provides a general overview of the assets and liabilities of the enterprises of the Group. In the annual report of the parent, assets and investments in subsidiaries are measured at equity value plus goodwill paid. The parent company equity is thus equal to the equity of The Group.

Newly acquired enterprises
The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date.

Allowance is made for the tax effect of the restatements. Positive/negative differences in amount (goodwill/badwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognized under intangible assets/ prereceived income, and they are amortized systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding up, inclusive of nonamortized goodwill and estimated divestment or winding up expenses.

Profit or losses by divestment or winding up of subsidiaries are accounted for in the Profit and loss respectively under Other income or Other expenses.

PROFIT AND LOSS ACCOUNT

Turnover
Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT and sales discounts and is measured at fair value of the consideration fixed.

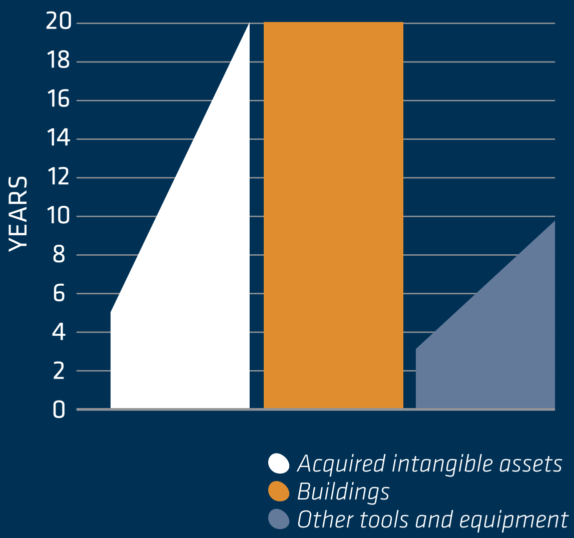
Other operating income
Other operating income comprise income of a secondary nature as viewed in relation to the Company's primary activities, including material exceptional gains from the sale of intangible assets and property, plant and equipment, subsidies, rental income, licence income, etc.

Cost of goods sold
Cost of goods sold comprises direct and indirect costs incurred to earn revenue, including depreciation and maintenance of lease cars as well as realised and unrealized capital gains and losses on payables and transactions in foreign currencies.

Other external expenses
Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Staff expenses
Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc. for the Company's staff.

Depreciations
Depreciation of acquired intangible assets, premises, plant and equipment with a limited useful life is carried out straight-line on the basis of the expected economic and technical lives of these assets which are generally determined as follows:



Financial income and expenses
These items comprise interest income and expenses as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Income taxes
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the Profit and loss account by the portion attributable to the profit/loss for the year.

In the event that items recognized directly on equity result in changes to the tax liabilities of the company, the impact of such changes is set off when the entry is made on the equity.

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

Deferred tax is recognized and measured by applying the liability method on all temporary differences between the carrying amount and tax based value of assets and liabilities. The tax value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognized in the income statement.

Deferred tax assets, including the tax value of carrying forward tax losses, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with all of its wholly owned Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

THE BALANCE SHEET

Tangible and acquired intangible fixed assets.
Fixed assets with limited service time are entered at cost less depreciations. Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Financing costs are recognized in the income statement.

In the event that the recoverable amount is lower than the carrying amount, the asset in question is written down.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale.

Profits or losses are recognized in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unrealized intra - group profits or losses.

The Company's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses is recognized in the income statement.

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

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity. Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories consist of cars, motorcycles and spare parts, including cars on lease contracts. Inventories are measured at the lower of cost using the FIFO method and net realizable value. Financing costs are not included in cost.

Cars on lease contracts are measured at cost less accumulated depreciation and write-downs.

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

Receivables
Receivables are measured at amortized cost, usually equalling nominal value less provisions for bad debts.

Equity
Dividends are recognized as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Lease commitments
Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Financial liabilities
Financial liabilities are recognized at amortized cost, which usually corresponds to nominal value.

The Cash Flow Statement
The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the company's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investment transactions comprises the purchase and sale of property, plant and equipment.

Cash flows from financing activities comprise raising and instalment on long-term debt and payment of dividend.

Cash and cash equivalents comprise cash and securities with insignificant price risk less short-term bank debt.

Segment Information
Disclosures are provided on business activities as the primary segment. The segmental disclosures comply with the group's accounting policies and internal financial management.

COMPANY DETAILS

Revision / Auditors
Deloitte, Statsautoriseret Revisionspartnerselskab
Tværkajen 5, 5100 Odense C
Denmark
Member of UN's Global Compact Network

Phone: (+45) 63 14 66 00
Fax: (+45) 63 14 66 12
Web-site: www.deloitte.dk
E-mail: odense@deloitte.dk

Annual General Meeting
To be held on May 15th 2019 at 10:00 am
at the company's address in Svendborg.

Presented and adopted at the general meeting:
Chairman

Company
KJAER GROUP A/S
Grønnemosevej 6, 5700 Svendborg
Denmark
Member of UN's Global Compact Network

VAT no.: DK 81 31 72 16
Phone: (+45) 62 22 11 11
Fax: (+45) 62 22 44 22
Web-site: www.kjaergroup.com
E-mail: info@kjaergroup.com

Board of Directors
Thomas Tolstrup Hansen, Chairman
Mads Krarup Kjær, CEO
Hans-Emil Kjær, Board member

Executive Management
Mads Krarup Kjær, CEO
Richard Valentin Nijhout, COO

DEFINITIONS

EBITDA
Earnings before depreciations, interests, tax and minority interests

EBIT
Earnings before interests, tax and minority interests

NOPLAT
EBIT - tax on EBIT adjusted for non-cash element of withholding taxes

Capital employed
Total assets – payable to suppliers and other current liabilities

Net interest bearing debt
Interest bearing liabilities + debt to credit institutions - liquid funds

Gross margin
Gross profit * 100 / Net Turnover

EBITDA margin
EBITDA * 100 / Net Turnover

Interest coverage
EBITDA * 100 / Financial income and expenses, net

Gearing
Net interest bearing debt * 100 / EBITDA

Growth in EBITDA
Growth in EBITDA * 100 / EBITDA 2013

Return on capital employed (ROIC)
NOPLAT * 100 / Average capital employed

Return on equity
Earnings after tax * 100 / Average equity

Equity ratio
Total equity * 100 / Total assets excluding liquid funds

Equity value of nom. 1000 DKK shares
Total Equity excl. minority interests / number of shares

Adjust. Equity value for share pricing
Total equity excl. minority interests - Dividends and unreal. exch. adj. in Equity /Number of shares

KJAER GROUP

Grønnemosevej 6, 5700 Svendborg, Denmark
Phone +45 62 221 111 | www.kjaergroup.com

MOTOR CARE KJAER KJAER