2019

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2019

Presented and adopted at the general meeting

Svendborg 15 May 2020

Chairman

Flemming Eltang

Grønnemosevej 6, 5700 Svendborg
CVR NO. DK 81317216


BRANCHES
SERVICE PARTNERS

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MANAGEMENT REVIEW

ABOUT KJAER GROUP

In 1962, KJAER GROUP was established in Svendborg as a car-dealership company by late Mr. Christian Kjaer. Today the Group provides automotive mobility solutions internationally and employs 275 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.

During 2019 we made an agreement with IFU to swap its shares in Motorcare Services in Uganda and Mozambique and for IFU to become a shareholder in Kjaer Group A/S.

IFU is an independent government-owned fund offering advisory services and risk capital to companies wishing to do business in developing countries and emerging markets.

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 aftersales, 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 area 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 therefore has dedicated focus on continuously increasing and improving our product and service portfolio to our valued customers.

HIGHLIGHTS

In 2019 the Group consolidated Turnover grew by 13% mainly driven by the ongoing recovery of the market in Mozambique but also by market growth in Uganda with some larger orders.

MOTORCARE developed with in the markets in Mozambique and Uganda and actually increased our market share by focussing on Fleet customers and at the same time delivering on its core value proposition with continued high customer satisfaction. By Kjaer & Kjaer working with the International Aid & Development segment, the market performed as per our expectations.

The Group's equity totaled DKK 96 million, equal to a ratio of 43% of total assets (excluding liquid funds).

The Group's earnings before tax was DKK 6.1 million and the earnings after tax was DKK 1.7 million. The Group generated positive cash flow of DKK 1 million, which was used to reduce net bank debt. The result, although lower than expected, is considered acceptable.

During 2019 we made an agreement with IFU to swop its shares in Motorcare Services in Uganda and Mozambique to become a shareholder in Kjaer Group A/S. IFU is an independent fund, owned by the Danish government, offering advisory services and risk capital to companies wishing to do business in developing countries and emerging markets.

Change due to significant errors
Management has found a material error in the accounts for previous years. The adjustment has affected deferred tax assets and equity as of January 1, 2018 with a total of DKK -2,896 thousand.

Covid 19 has dramatically changed the market conditions in the first months of 2020. We have suspended our budget for 2020 and continue to revise the Outlook for 2020 on a monthly basis and as the situation evolves. Our expectation is to report a negative result in EAT for the year 2020.

3
DKK million

OPERATIONAL CASH FLOW

21
DKK million

OPERATING PROFIT

58
DKK million

NET INTEREST BEARING DEBT

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 sustainable 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 during Covid 19, 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 2020 the Group's service- and back office headcount will be adjusted, in accordance with current business.

Due to Covid 19 and the market outlook for 2020; we will not be able to deliver on our ambition of a return on invested capital after tax (ROIC) of 12-15%.

GROUP 2020 GUIDANCE

Covid 19 has overtaken the agenda in all of our markets and also for the world. For the time being we have suspended our Budget for 2020 and we are working on monthly Outlook for our sales- and financial performance based on the situation at hand.

Our suppliers have closed their factories during the month of March and April and it is uncertain when production and deliveries can be resumed. Spot opportunities might present themselves.

The importation of new vehicles in to Mozambique and Uganda is expected to decline by 30-50% in 2020. Recovery of the market from the impact of COVID-19 is expected to take 1-2 years before the markets are back in line with pre COVID-19/2019 volume.

MOTORCARE will continue the focus on cost optimization, improved utilization of workshop facilities to cover our cost and spot opportunities in the market.

With IFU becoming a shareholder in the parent company Kjaer Group A/S we have started work in Uganda to create synergies. As a result Motorcare Uganda and Motorcare Services merged in 2019. During 2020 we plan to implement similar synergies in Mozambique.

For KJAER & KJAER within the Aid & development market, COVID-19 has taken over the current agenda and together with 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.

For 2020 the Group's result is expected to be a negative EAT of 5-10 mDKK.

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

		2015	2016	2017	2018	2019
Net turnover		455	312	316	332	376
Gross profit, excluding other operating income		94	82	77	80	82
Earnings before interest, taxes and depreciation	EBITDA	9	18	15	20	21
Earnings before tax and interest	EBIT	-5	6	2	9	12
Net financial items		-9	-6	-8	-8	-5
Pre-tax earnings	EBT	-13	0	-6	1	6
Tax		5	-1	-1	-2	-4
Minority shareholders' part		2	1	1	0	0
Earnings after tax	EAT	-7	0	-6	-1	2
Fixed assets		111	107	86	82	77
Inventories		105	81	76	79	64
Trade receivables		53	56	50	41	60
Other current assets		9	9	9	11	7
Liquid Funds		27	14	13	12	11
Total assets (excluding deferred taxes and liquid funds)		**279**	**253**	**221**	**212**	**207**
Current liabilities		-59	-72	-74	-72	-63
Capital employed		**220**	**181**	**147**	**141**	**144**
Equity		99	78	71	71	93
Minority interests		26	23	20	20	0
Equity		**125**	**100**	**91**	**90**	**93**
Deferred tax		-8	-2	-10	-8	-7
Interest-bearing debt, net		103	74	66	58	58
Financing		**220**	**173**	**147**	**141**	**144**
Balance Sum		**319**	**276**	**246**	**234**	**229**
Dividend for the year		0	0	0	0	0
Dividend for the year (%)		0%	0%	0%	0%	0%
Investments in tangible fixed assets, gross		12	10	9	6	4
Average number of full-time employees		378	321	288	271	275
Ratios:						
Gross margin, excluding other operating income		20,6%	26,4%	24,4%	24,0%	21,9%
EBITDA-margin		2,0%	5,9%	4,8%	6,0%	5,6%
Interest coverage (EBITDA/Financial items)		1,1	3,2	2,0	2,5	3,9
Gearing (Net interest-bearing debt/EBITDA)		11,3	4,0	4,4	2,9	2,7
Growth in EBITDA		-71%	102%	-18%	32%	6%
Return on invested capital after tax	ROIC	-2%	2%	0%	5%	7%
Return on equity	ROE	-5%	0%	-6%	-1%	2%
Equity ratio		43%	38%	39%	41%	43%
Equity value of nom. 1,000 DKK share	DKK	7 954	6 364	5 691	5 672	5 987
Adjust. equity value for share pricing	DKK	8 378	6 461	5 643	5 721	5 999

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 adecency 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 are 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 strengthen 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 Financial as well as Social and Environmental 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 further confirmed our support for a cleaner environment by joining 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 2019 we continued our efforts 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 **unglobalcompact.org/participation/report/cop/create-and-submit/active/439904**

*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

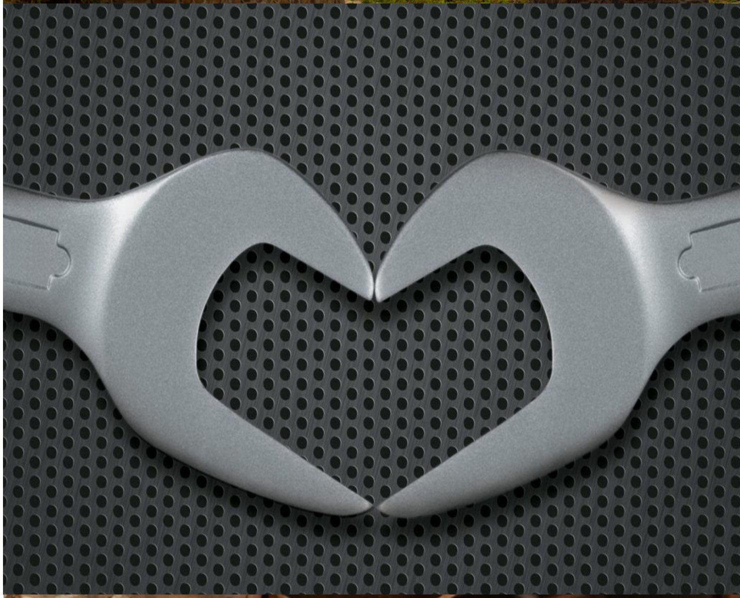
WHY THIS MATTERS TO KJAER GROUP

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 2019, 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.



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.

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 a number of independent legal entities. The principal shareholder, with a 74% shareholding, is "The Way Forward ApS", which is wholly owned by Mr. Mads Kjær.

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 3 to 6 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 5-6 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 Executive Management is based on what is considered competitive in relation to size, market conditions, activities and 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 BDO .

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.


MOTORCARE
Recepção / Reception
SERVICE RECEPTION

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, 2019.

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, 2019 and of their financial performance as well as the consolidated cash flow for the financial year of January 1 to December 31, 2019.

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, May 15, 2020

Executive Management

Mads Krarup Kjaer, CEO

Richard Valentin Nijhout, COO

Board of Directors

Thomas Tolstrup Hansen, Chairman

Hans-Jørgen Nyegaard, Board member

Hans-Emil Kjaer, Board member


NISSAN
AHF 996 MP

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF KJAER GROUP A/S

OPINION

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Kjaer Group A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group and Parent Company operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements” section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the 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 Company 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 Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group’s and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or 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 Company 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 Company 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 Consolidated Financial Statements and the Parent Company 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 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 Consolidated Financial Statements and the Parent Company 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 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 Consolidated Financial Statements and the Parent Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company 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 we identify during our audit.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company 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 Consolidated Financial Statements and the Parent Company 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.

Svendborg, May 15, 2020
BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Niels Duedahl
State Authorised Public Accountant
MNE no. mne11644

03 GROUP AND PARENT ACCOUNTS

PROFIT AND LOSS ACCOUNT
1 JANUARY - 31 DECEMBER '19

DKK 1.000
Note

			PARENT COMPANY		GROUP	
			2019	**2018**	**2019**	**2018**
1	Net turnover		130 001	97 746	376 241	331 503
2	Other operating income		6 734	14 477	111	115
	Cost of goods sold		-123 667	-90 953	-293 793	-251 948
	Gross profit		**13 068**	**21 270**	**82 559**	**79 671**
	Other external expenses		-5 657	-5 647	-26 399	-25 699
3	Staff expenses		-10 150	-9 599	-35 104	-34 023
	Earnings before interests and tax and depreciations	**EBITDA**	**-2 739**	**6 024**	**21 056**	**19 949**
4	Depreciations		-1 688	-2 470	-9 501	-11 020
	Earnings before interest and tax	**EBIT**	**-4 427**	**3 554**	**11 555**	**8 930**
5	Share of profit in subsidiaries		10 148	567	0	0
6	Other financial income		1 641	799	2 519	52
6	Financial expenses		-5 816	-5 262	-7 909	-8 106
	Earnings before tax	**EBT**	**1 547**	**-342**	**6 165**	**876**
7	Tax on current years profit		119	-174	-4 499	-1 649
8	**EARNINGS AFTER TAX**	**EAT**	**1 666**	**-516**	**1 666**	**-773**

BALANCE SHEET
as per 31st DECEMBER 2019

DKK 1.000
Note

Note		PARENT COMPANY		GROUP	
	ASSETS	**Dec '19**	**Dec '18**	**Dec '19**	**Dec '18**
	Software	773	2 104	773	2 104
9	**Aquired intangible fixed assets**	**773**	**2 104**	**773**	**2 104**
	Land and Buildings	0	0	63 487	64 098
	Other tools and equipment	442	1 030	12 295	16 017
9	**Tangible fixed assets**	**442**	**1 030**	**75 781**	**80 115**
5	Investments in subsidiaries	178 290	147 585	0	0
	Financial fixed assets	**178 290**	**147 585**	**0**	**0**
	Total fixed assets	**179 505**	**150 719**	**76 554**	**82 219**
10	**Inventories**	**0**	**1 924**	**64 481**	**78 759**
	Trade receivables	96	142	59 555	40 642
	Receivables on subsidiaries	28 220	39 418	0	0
	Corporation tax receivales	1 785	506	2 893	4 757
11	Deferred tax assets	8 536	8 763	10 339	10 232
	Other receivables	414	276	2 646	4 552
12	Prepaid expenses	977	1 292	971	1 295
	Accounts receivables	**40 028**	**50 397**	**76 404**	**61 478**
	Liquid funds	**1 621**	**0**	**11 303**	**11 670**
	Total current assets	**41 649**	**52 321**	**152 188**	**151 907**
	TOTAL ASSETS	**221 154**	**203 040**	**228 742**	**234 126**

BALANCE SHEET
as per 31st DECEMBER 2019

DKK 1.000
Note

Note	LIABILITIES	PARENT COMPANY Dec '19	PARENT COMPANY Dec '18	GROUP Dec '19	GROUP Dec '18
13	**Share capital**	**15 478**	**12 435**	**15 478**	**12 435**
	Equity method transfer to net revaluation reserve	34 457	23 243	0	0
	Result carried forward	42 729	34 858	77 186	58 101
	Minority interests	0	0	0	19 505
	Total equity	**92 664**	**70 536**	**92 664**	**90 041**
11	**Provision for deferred tax**	**0**	**0**	**3 762**	**2 691**
	Bank debts	22 354	32 858	68 847	69 788
	Prepayments from customers	0	0	12 366	9 982
	Payable to suppliers	22 495	14 310	32 109	47 381
	Payable to subsidiaries / parent company	75 957	80 792	972	790
	Corporation tax payable	0	0	696	215
	Other accounts payable	7 684	4 544	17 326	13 238
	Total current liabilities	**128 490**	**132 504**	**132 316**	**141 394**
	TOTAL LIABILITIES	**221 154**	**203 040**	**228 742**	**234 126**

14 Change in working capital
15 Pawnings
16 Leasing commitments
17 Contingent liabilities
18 Related parties
19 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 2017	**12 435**	**19 716**	**38 620**	**70 771**
Revaluation of Danish tax assets	0	0	-2 896	-2 896
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**	**23 243**	**34 858**	**70 536**
Subcription of new shares by conversion of Minority shares	3 043	0	16 450	19 493
Exchange rate adjustments of investments in subs.	0	553	0	553
Change in unrealised hedging	0	417	0	417
Proposed distribution of current years profit	0	10 244	-8 579	1 665
Balance 31st December 2019	**15 478**	**34 457**	**42 729**	**92 664**

GROUP	Share capital	Minority Interest	Result carried forward	Total equity
Balance 31st December 2017	**12 435**	**20 232**	**58 335**	**91 002**
Revaluation of Danish tax assets	0	0	-2 896	-2 896
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**	**58 101**	**90 041**
Misstatement previous years	0	-12	0	-12
Subcription of new shares by conversion of Minority shares	3 043	-19 493	16 450	0
Exchange rate adjustm. of Net assets in subssidiaries	0	0	553	553
Change in unrealised hedging	0	0	417	417
Proposed distribution of profit	0	0	1 665	1665
Balance 31st December 2019	**15 478**	**0**	**77 186**	**92 664**

CASH FLOW STATEMENT

DKK 1.000
Note

Note			GROUP 2019	GROUP 2018
	Earnings before interests and tax and depreciations	EBITDA	21 056	19 949
	Exchange rate adjustments outside P&L		-4 187	-482
13	Change in working capital		-11 028	2 269
	Financial items		-5 390	-8 054
	Taxes paid		-2 384	-1 951
	Cash flow from operations		**2 836**	**11 731**
	Investments in tangible assets		-3 772	-6 202
	Sale of tangible assets		1 767	2 883
	Cash flow from investments		**-2 005**	**-3 319**
	Cash flow of year, net		**831**	**8 411**
	Liquid funds, beginning of the year		-58 118	-66 270
	Exchange adjustments of liquid funds		-259	-259
	Liquid funds, end of the year		**-57 546**	**-58 118**
	Specified as follows:			
	Liquid funds		9 682	11 670
	Bank debts		-67 227	-69 788
	Liquid funds, end of the year		**-57 546**	**-58 118**

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

Note		PARENT COMPANY		GROUP	
		2019	**2018**	**2019**	**2018**
1	**Net turnover**				
	Net turnover by activities				
	International Aid & Development	0	0	89 938	122 454
	Distribution	130 001	97 746	286 303	209 049
		130 001	**97 746**	**376 241**	**331 503**
	Net turnover by regions				
	Africa	130 001	97 746	355 523	317 286
	Rest of the world	0	0	20 718	14 217
		130 001	**97 746**	**376 241**	**331 503**
2	**Other operating income**				
	Management fees from subsidiaries	6 734	10 256	33	-129
	Commission income, refund and compensation etc.	0	4 221	78	244
		6 734	**14 477**	**111**	**115**
3	**Staff expenses**				
	Salaries and executive management	5 407	3 522	5 407	5 015
	Board of Directors fees	530	330	530	330
	Salaries and wages other employees	3 666	5 091	28 096	27 392
	Pensions	303	313	750	809
	Other staff expenses	244	343	320	477
		10 150	**9 599**	**35 104**	**34 023**
	Average number of full-time employees	10	12	275	271
4	**Depreciations**				
	Software	1 462	2 212	1 462	2 212
	Buildings	0	0	3 062	3 255
	Other tools and equipment	226	305	5 066	5 789
	Loss/profit, sale of tangible assets	0	-47	-88	-236
		1 688	**2 470**	**9 501**	**11 020**

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	124 340
Additions	0	19 493
Disposals	0	0
End of the year	**1 604**	**143 833**
Revaluations:		
At the beginning of the year	-1 604	23 245
Exchange rate adjustment	0	553
Change in unrealised hedging	0	417
Share of result	0	10 148
Change in internal profit on inventories	0	94
End of the year	**-1 604**	**34 457**
Book value end of the year	**0**	**178 290**

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	100%
Kjaer Group (Pty) Ltd.	9 Kinross Street, Germision South Gauteng 1401	South Africa	100%
Motorcare Lda.	Rua Kanwalanga 141, Maputo	Mozambique	100%
Motorcare Services Lda.	Rua de França, Parcela 3, Bairro de Carrupeia, Nampula	Mozambique	100%
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	100%
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

Note		PARENT COMPANY 2019	PARENT COMPANY 2018
6	**Financial income/expenses from inter company accounts**		
	Financial income from subsidiaries	1 641	799
	Financial expenses to subsidiaries	-3 186	-3 371

Note		PARENT COMPANY 2019	PARENT COMPANY 2018	GROUP 2019	GROUP 2018
7	**Tax on current years profit**				
	Tax payable on the year's estimated tax assessment	1 541	-408	-1 830	-2 473
	Withholding taxes	-1 773	-71	-2 072	-2 21
	The year's change in deferred tax	351	591	-597	1 528
	Tax on revenue on sales of rights MTC SL	0	-286	0	-286
	Adjustments previous years	0	0	0	-197
		119	**-174**	**-4 499**	**-1 649**
8	**Proposed distribution of profit**				
	Equity method transfer to net revaluation reserve	10 244	350	0	0
	Minority interest	0	0	0	-258
	Result carried forward	-8 579	-866	1 665	-515
		1 665	**-516**	**1 665**	**-773**

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	11 825	0	5 161
Additions	131	0	121
Disposals	0	0	-557
End of the year	**11 956**	**0**	**4 725**
Accumulated depreciations and impairment losses:			
At the beginning of the year	-9 721	0	-4 131
Depreciations of the year	-1 462	0	-226
Depreciated on sold assets	0	0	74
End of the year	**-11 183**	**0**	**-4 283**
Book value end of the year	**773**	**0**	**442**

	GROUP		
	Software	**Land and buildings**	**Other tools and equipment**
Purchase value:			
At the beginning of the year	11 825	108 252	60 050
Exchange rate adjustments	0	2 523	1 276
Additions	131	929	2 713
Disposals	0	0	-4 465
End of the year	**11 956**	**111 703**	**59 574**
Accumulated depreciations and impairment losses:			
At the beginning of the year	-9 721	-44 154	-44 033
Exchange rate adjustments	0	-997	-956
Depreciations of the year	-1 462	-3 066	-5 076
Depreciated on sold assets	0	0	2 786
End of the year	**-11 183**	**-48 217**	**-47 279**
Book value end of the year	**773**	**63 487**	**12 295**

DKK 1.000
Note

		PARENT COMPANY		GROUP	
		2019	2018	2019	2018
10	**Inventories**				
	Manufactured goods and goods for resale	0	1 924	60 466	78 759
	Prepayments for goods	0	0	4 015	0
		0	**1 924**	**64 481**	**78 759**

		PARENT COMPANY		GROUP	
		Dec '19	Dec '18	Dec '19	Dec '18
11	**Deferred tax**				
	Opening	-8 763	-7 568	-7 542	-7 126
	Exchange rate adjustment	0	12	34	320
	Withholding taxes	908	-300	908	-300
	Transferred to/from corporation tax	-330	-316	-557	557
	Accounted for in Profit and Loss	-351	-591	599	-1 528
	Accounted for on Equity	0	0	0	535
		-8 536	**-8 763**	**-6 577**	**-7 542**
	Tangible fixed assets	-6 151	-5 779	5 337	6 288
	Financial fixed assets	908	0	-3 126	-3 176
	Inventories	-391	-412	-2 200	-2 113
	Accounts receivables	0	0	-668	-1 656
	Other provisions	0	0	-314	2
	Tax loss carry forward	-2 902	-2 572	-5 606	-6 887
		-8 536	**-8 763**	**-6 577**	**-7 542**
	Reported as:				
	Deferred tax assets	8 536	8 763	10 339	10 232
	Provision for deferred tax	0	0	3 762	2 691
		-8 536	**-8 763**	**-8 763**	**-7 542**
	Tax loss carry forward not included	3 999	3 999	3 999	3 999
	Withholding tax on result carried forward, not declared	594	637	594	637

Parent company
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.

The company's deferred tax assets are recognised in the Balance sheet at DKK 9 million. The tax asset relates primarily to unutilised tax losses. The tax asset is recognised on the basis of the expectations to the positive tax profits for the next couple of years, and the tax losses are then expected to be fully utilised. The assessments are based on the company's budgets for the next year and forecast for the subsequent four years. The budget have been prepared according to the company's usual budget procedure. Through various launched efficiency measures and increase activity in the market the company expects improved earnings in the years to come.

Uncertainty in recognition and measurement
A tax asset of DKK 9 million has been recognized, as the value of the tax asset is based on management's expectations for future tax earnings, there is inherently uncertainty associated with this. However, management expects the tax asset to be utilized in the positive earnings within the next 3-5 years.

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

12 Prepaid expensest

Prepayments and accrued income comprise prepaid costs, primarily insurances relating to the next financial year.

13 Share capital

	Share Capital
Last 5 years changes in share capital:	
Share capital January 1 2013	13 973
Capital reduction 2014	-1 538
Capital increase 2019	3 043
	15 478
The share capital at end of year is split in:	
A shares	5 000
B shares	10 478
	15 478

Treasury shares (B shares)	Nominal Value	% of Share Capital
At the beginning of the year		
At the beginning of the year	262	1.7%
Disposals	0	0%
Additions	0	0%
End of the year	**262**	**1.7%**

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

	GROUP	
	2019	**2018**
14 Change in working capital		
Change in current assets:		
Inventories	14 278	-2 949
Trade receivable	-18 913	9 124
Prepaid expenses	324	-387
Other various outstandings	1 679	-1 555
Change in short-term debt:		
Prepayments from customers	2 384	-1 782
Payable to subsidiaries	182	-1 097
Payable to suppliers	-15 272	11 332
Other accounts payable	4 314	-10 417
Change in working capital	**-11 024**	**2 269**

DKK 1.000

Note

		Registered deed	Actual liability	Booked value of Assets
15	**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.	8 183	8 190	1 784
	For same bank debt the company has issed Letter of Debenture in all fixed and floating assets belonging to the company.	8 183	8 190	46 533
	KJAER & KJAER A/S			
	Inventories are under retention of title from supplier.		1 586	1 586

		PARENT COMPANY		GROUP	
		Dec '19	**Dec '18**	**Dec '19**	**Dec '18**
16	**Lease commitments**				
	Operating lease contracts on company cars have been concluded for the years 2019 to 2021.	0	0	170	255
17	**Contingent liabilities**				
	Rental contacts for premises have been concluded for the years 2019 to 2023.	4 018	5 023	4 530	6 884

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	19 880	25 000
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	2 044	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	4 634	66 800

NOTES TO THE ANNUAL REPORT

DKK 1.000
Note

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

Related parties:	**Basis for control:**
The Way Forward ApS, Sankt Annæ Plads 19 2 th	74% share ownership
1250 København K	Exercise of management
Investment Fund for Developing Countries	20% share ownership
Fredericiagade, 27, 1310 København K	Board member

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 1.7% 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	
	2019	**2018**
19 Fee for auditor elected by the general meeting		
Fee for auditor elected by the General Meeting		
Fees to auditors:		
Audit	922	843
Tax advice	0	113
Other fees	0	315
	922	**1 271**

BDO is elected as auditor in the entire group.

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

Covid 19 has dramatically changed the market conditions in the first months of 2020. We have suspended our budget for 2020 and continue to revise the Outlook for 2020 on a monthly basis and as the situation evolves. Our expectation is to report a negative result in EAT for the year 2020.

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.

Change due to significant errors
Deferred tax has been adjusted for previous years. The adjustment has affected deferred tax assets and equity as of January 1, 2018 with a total of DKK -2,896 thousand.

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.

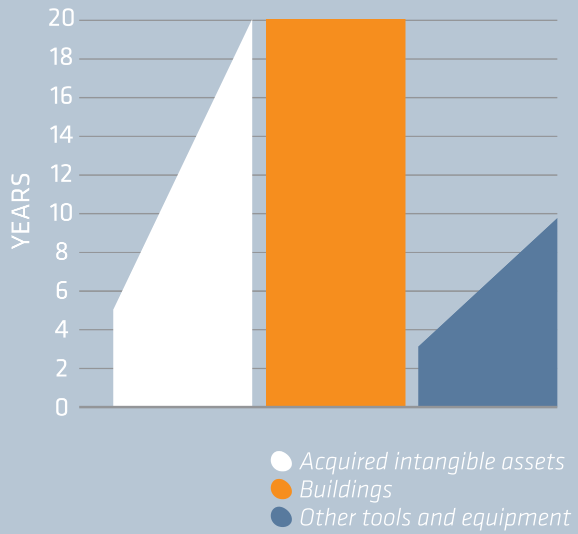
Other operating income
Other operating income comprise income of a secondary nature as viewed in relation to the Company's primary activities, including material exceptional gains from the sale of intangible assets and property, plant and equipment, subsidies, rental income, licence income, etc.

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.

Impairment of fixed assets
The carrying amount of property, plant and equipment is assessed annually for indications of impairment. If there are indications of impairment, an impairment test is performed for each asset or group of assets. Write-down is made to the recoverable amount, if it is lower than the carrying amount.

The recoverable amount is the highest value of net selling price and capital value. The capital value is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or asset group after completion useful life.

Previously recognized impairment losses are reversed when the reason for the impairment no longer exists consists.

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.

Prepaid expenses
Prepayments recognized under assets comprise prepaid expenses relating to subsequent financial year.

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.

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

COMPANY DETAILS

Revision / Auditors
BDO Statsautoriseret revisionsaktieselskab
Grønnemosevej 6, 5700 Svendborg
Denmark

Phone: (+45) 63 21 60 00
Web-site: www.bdo.dk
E-mail: svendborg@bdo.dk

Annual General Meeting
To be held on May 15th 2020 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
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Web-site: www.kjaergroup.com
E-mail: info@kjaergroup.com

Board of Directors
Thomas Tolstrup Hansen, Chairman
Hans-Jørgen Nyegaard, Board member
Hans-Emil Kjær, Board member

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

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