



ELOF HANSSON HOLDING AB  
FINANCIAL YEAR

**2019**

**ANNUAL REPORT  
& CONSOLIDATED FINANCIAL STATEMENTS**

556064-6977

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THE BOARD OF DIRECTORS OF ELOF HANSSON HOLDING AB PRESENTS THE FOLLOWING ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 1 JANUARY 2019 – 31 DECEMBER 2019.

## Administration report

The Group conducts business in three business units: Trade, Industry and Properties. Elof Hansson Holding AB is a subsidiary of the Elof Hansson Foundation, organisation registration number 857204-9032, and

since 2011 has been the parent company of the Elof Hansson Group. Unless otherwise indicated, all amounts are presented in thousands of Swedish kronor (SEK T).

### Multi-year comparison for the Group (SEK million)

GROUP	2019	2018	2017	2016	2015
Net sales	6,705	6,403	6,229	4,633	5,314
Profit/loss after financial items	61	83	75	26	30
Total assets	2,419	2,789	2,717	2,920	2,890
Number of employees	270	277	242	253	310
Equity ratio	40.3	34.3	34.4	30.6	30.0
Return on assets	4.0	4.3	4.2	2.1	2.2
Return on equity	6.0	8.7	8.2	2.9	3.9

For definitions of key performance indicators, see Note 1 Accounting policies and valuation principles.

The company is based in Gothenburg.





## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

A key feature of 2019 was the continued very strong performance of Elof Hansson Trade AB, which is the largest subsidiary within the trading house. The Trade business unit as a whole, however, did not perform as well as in the previous year, primarily because our operations in the Netherlands experienced significant profitability issues due to external events in the latter half of 2019 and the decision has been taken to close down operations there in 2020.

The performance of the Industry business unit was on a par with the previous year, despite higher expectations for 2019, as a number of projects were delayed and their earnings postponed to 2020.

The Properties business unit achieved a very strong result in 2019, thanks largely to the sale of the Korvetten property. In January, a development contract and transfer agreement was signed with Södra Älvstranden Utveckling AB for the acquisition of 40,000 square metres of land for office purposes (Global Business Gate) along with development conditions for two residential properties along Första Långgatan in Gothenburg. The urban development plan for Masthuggskajen, which includes the company's two residential properties and its office projects, became legally binding during the spring.

## OUTLOOK

The Trade business unit is expected to perform strongly in 2020, although there is great uncertainty due to the current pandemic, which is predicted to have a major impact on both the national and global economy.

Elof Hansson International AB is expected to see favourable development in its component and project operations in 2020.

Elof Hansson Properties' Global Business Gate project will enter its implementation phase, with construction set to begin within the next few years.

## SUSTAINABILITY

### *Social conditions and personnel*

Our global Corporate Social Responsibility Policy highlights our focus on sustainability, social responsibility and protection of human rights. Our main focus in 2019 has been to develop and implement projects through Elof Hansson International aimed at improving and developing people's lives, centred around solar energy, water supply, effective irrigation and agriculture in African countries, as well as in China and Suri-

name. Some of these projects follow a model whereby at least 30% of deliveries made to the project benefit Swedish companies. These projects also help to provide jobs in Sweden and promote Swedish trade. In 2020, we aim to continue working with the UN's 17 Global Sustainable Development Goals (SDGs) to make sure we are doing things right and that we continue to run the Group in a responsible and sustainable manner.

In the Work Environment policy, it clearly states that a good working environment for all of our personnel is vitally important to the Elof Hansson Group. Our personnel are the Group's most important asset and we are committed to a healthy and safe working environment where we, as an employer, have the responsibility for ensuring that the working environment is satisfactory, taking psychological, social and physical conditions into consideration. There is zero tolerance for discrimination, harassment, or offensive treatment within the Group. The task and responsibility of ensuring that the working environment is sound and safe is delegated to all managers with responsibility for personnel, via a delegation procedure.

### *Compliance*

With over 120 years of operation under its belt, the Elof Hansson trading house is one of Sweden's oldest companies. By continuously and successfully developing and adapting our business to new conditions, we have been able to maintain and strengthen our position. Now, as then, common values and clear rules are an important factor in our commercial success.

### *Ethics and guidelines*

Elof Hansson's basic principles are expressed in our core values – Trust, Commitment and Professionalism – and should be evident in everything we do. These values are supplemented by Elof Hansson's "Corporate Guidelines", which contain policies and rules for the Group to ensure compliance not only with our own values, but also with the laws and regulations that are in force in the countries where we operate. Internal and external checks are used to monitor compliance. With our stringent code of ethics and structured working method for assessing and managing risks and by working to achieve better standards, we ensure that we continue to play an important role in global trade.

### *Anti-corruption*

Corruption is where someone uses their position to gain an unfair advantage for their own benefit or for



the benefit of another person. Elof Hansson has a zero-tolerance policy on all types of bribery (whether given or received) or other forms of undue influence.

### *Whistleblowing system*

To ensure that everyone can make their voice heard and to achieve a transparent and responsible corporate culture, Elof Hansson has an established whistleblowing procedure and policy.

### *Fines and legal action*

No fines or penalties have been imposed or legal action taken during the year against any company in the Elof Hansson Group on the basis of legal non-compliance or anti-competitive activities.

### *Focus areas 2020*

The risk management organisation is expected to be expanded during the year so it can continue to meet increasing demands in relation to Compliance.

## **RISK MANAGEMENT**

The Group's risk management policy aims to prevent and minimise any possible impact on the Group's financial position. The most significant risks relate to the risk of price fluctuations, credit risk, financing risk, interest rate risk, currency risk and investment risk.

### **Price fluctuations**

The risk of price fluctuations lies principally within the Pulp division, where the market price is beyond the company's control. This risk is managed in customer and supplier contracts.

### **Credit risks**

Credit risks primarily relate to our customers being unable to pay outstanding receivables. In line with the Group's established policy, credit insurance companies and Trade Finance instruments are used to mitigate credit risks.

### **Financing risk**

Financing risk is the risk of being unable to obtain financing or only being able to do so on considerably less favourable terms. The Group continued to enjoy good availability of financing in 2019.

### **Interest rate risk**

Interest rate risk refers to the risk of changes in the market interest rate affecting the Group's net interest income. This risk is mitigated by the Group spreading its borrowings across both fixed and variable interest rates.

### **Currency risks**

The Elof Hansson Group operates internationally and is exposed to currency risks arising from various currency exposures. The Elof Hansson Group's currency exposure can be broken down into and described as translation exposure and transaction exposure.

- **Translation exposure:** Items included in each individual subsidiary's annual report are calculated in the currency in which the subsidiary has its primary financial base and/or legal domicile. Translation exposure arises when the subsidiaries' accounts are translated into SEK. Elof Hansson has further translation exposure as the parent company's financial lending to individual subsidiaries is in the functional currency of the respective subsidiary. Elof Hansson manages and monitors its translation exposure through a Finance Policy drawn up by the company management.
- **Transaction exposure:** The currency exposure in the Group's payment flows is reduced naturally by the fact that the majority of its liabilities and receivables are in USD. The currency exposure that arises is hedged externally through a bank.

### **Surplus liquidity**

Surplus liquidity is invested in accordance with the Group's Investment Policy.



### Proposed appropriation of profits

The Board of Directors proposes that the available profits (SEK):

Retained earnings	312,148,091
Share premium reserve	178,459,000
Net loss for the year	-124,749,399
	<b>365,857,692</b>

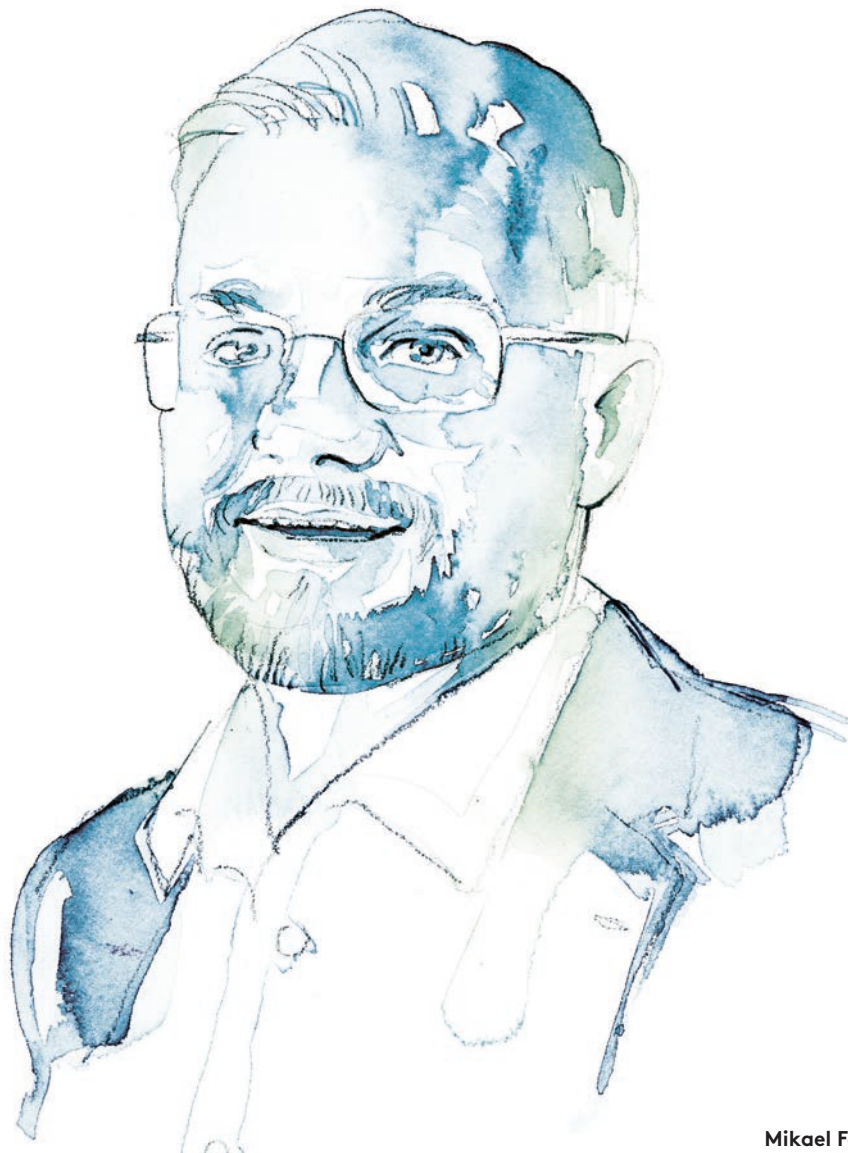
Be appropriated as follows	
To be distributed to the shareholders as dividends	5,000,000
To be carried forward	360,857,692
	<b>365,857,692</b>

The proposed dividend to shareholders will reduce the company's equity ratio to 37.7% and the Group's equity ratio to 40.1%. These ratios and the liquidity are satisfactory given that the company and the Group's business activities continue to be operated with satisfactory profitability.

The Board of Directors believes that the proposed dividend will not prevent the company, or other companies in the Group, from fulfilling their obligations in both the short and

long term, nor will it hinder them from making any necessary investments. The proposed dividend can therefore be justified on the basis of the prudence rule as set out in the Swedish Companies Act, Chapter 17, section 3 (2-3).

For more information about the performance and position of the Group and the parent company otherwise, please refer to the income statements and balance sheets below with the associated notes and cash flow statements.



**Mikael Forslund**  
CEO, Elof Hansson Group

## Message from the CEO

I look back on 2019 as a strong year for the Elof Hansson Group. This is clear evidence that our hard work is producing results and our drive as a trading house is stronger than ever. As the CEO of Elof Hansson Group, I am incredibly proud of the team and our achievements together.

The future looks bright, with many exciting projects and collaborations in the pipeline for our business areas of trading, project management and the real estate company. One example is Global Business Gate, which

not only creates added value for the City of Gothenburg, it will also provide us with an excellent opportunity to showcase our expertise as a reliable, knowledgeable and committed business partner.

With this in mind, I would like to say a big thank-you to all of our employees, whose dedicated efforts are continuously driving the business forward. Our results for 2019 demonstrate that we are professional in our actions, committed in our work, a partner that can be trusted and that we make it happen.



STENOGRAFISKA SÄLLSKAPET  
GÖTEBORGS KONTOR  
Kontorschefen  
Stenografiska Sällskapet  
Göteborg

### Kontorsordning

Inom hvarje affär som sträftar framåt är det af vital betydelse att affärens omkostnader stå i rätt proportion till intäkterna. Många affärsmän, som finner det nödvändigt att reducera sina affärsomkostnader griper till det till synes enkla medlet att minska aflöningarna till de anställda inom affären. Detta sätt kan verka i alldeles motsatt riktning till hvad som afses, ty affärsomkostnaderna äro o beroende af den aflöningssumman som en affär har att betala, utan af det arbete som blir utfört därför. Den affärsanställda som arbetar planmässigt och efter rätta principer utriktar mera, och kan göra anspråk på högre aflöning än den som arbetar

utan bestämt plan —

De barande principerna för allt arbete äro följande:

1°) Organisation

2°) Punktlighet

3°) Bestämdt och snabbt arbete under kontorstiden —

Organisationen tillfaller i hufvudsak chefen och afdelningscheferna. Hvarje afdelningschef bör se till att afdelningen arbetar efter ovanstående principer 1° & 2°.

Förbättring under arbetstiden undanbedes —

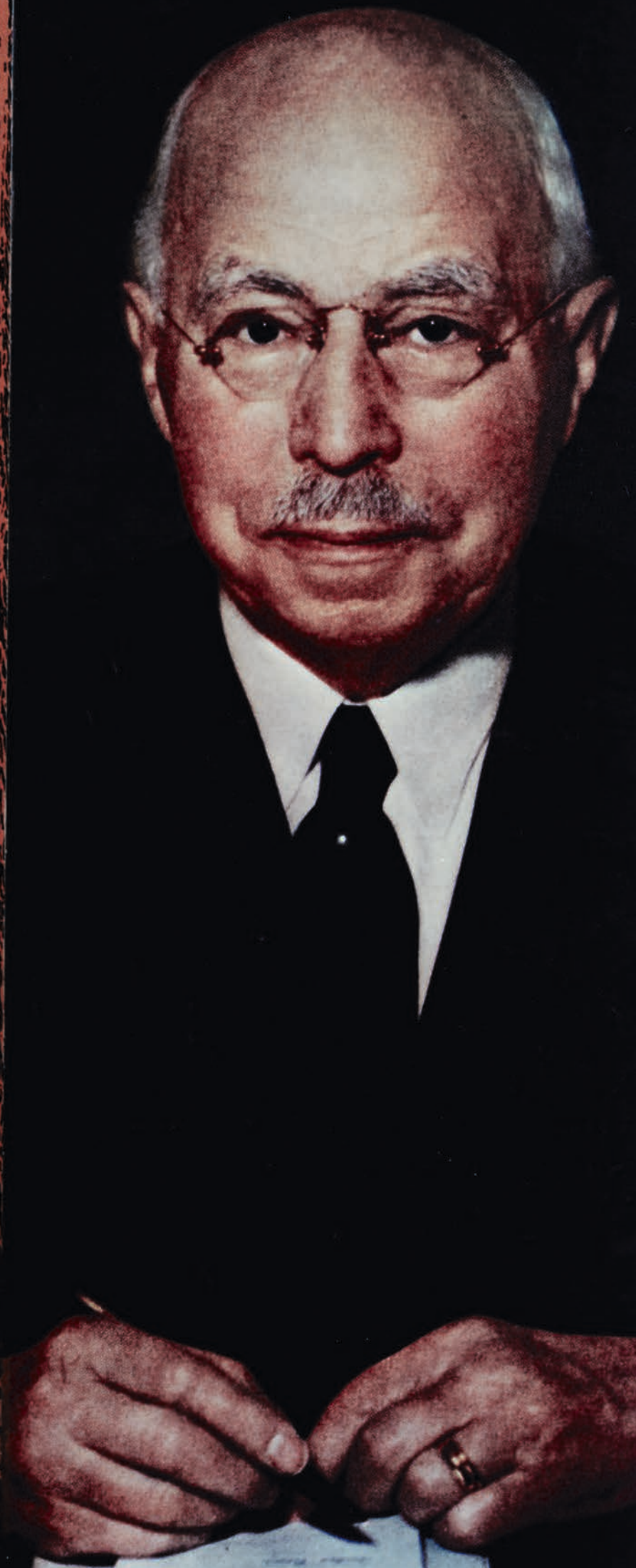
Arbetet på ett kontor är ofta tidsödande, men arbetstiden är kort. Hvarje anställd bör därför vara på sin plats och färdig att börja sitt arbete då kontorstiden börjar, således o anlända till kontoret först då eller något senare. (ingen väntqvart) arbetstiden bör vara 8 timmar per dag från

1 September till 31 Maj 9-2 & 3-6, lördagar 9-3, från 1 Juni till 31 Augusti 9 timmar 9-4 & 9-5 lördagar 9-3.

Det är min tro, att om våra affärsanställda ville nogja följa denna kontorsordning, omkostnaderna skulle kunna nedbringas, och smärre lönsamhet förbättringar dergenom blifva möjliga —

den 30 Januari 1925

Elf Hansson







# It all began from a strong feeling for a business opportunity...

Everything we do today stems from a solid legacy. Elof Hansson Trading Company was established by an ambitious young man who lived and worked in Hamburg at the turn of the previous century. With a nose for a business opportunity, he realised the potential of this wonderful trading city and so in 1896 obtained a licence to start a business.

The following year, at the age of 28, he put his plans into action. Soon after, our enterprising entrepreneur met a Mr. Nagasaki, an agent for Mitsui & Co in Japan, who was looking for pulp. He appointed Elof as his sup-

plier, which is when he knew he had found his niche. The rest is history – our history, the foundation on which we continue to build. Drive is in our DNA and is demonstrated by our presence in all work to establish business relationships. In ageless values such as professionalism, trust and commitment, which make us timeless and always relevant.

Today, the Elof Hansson Group consists of three business units: Elof Hansson Trade, Elof Hansson International and Elof Hansson Properties.

- **ELOF HANSSON TRADE** operates international trade in building materials, paper, pulp and stock items from leading suppliers in Europe, Asia and the Americas for customers all over the world. We don't just sell a product, but rather an added-value package of financing, risk management, shipping and marketing.

- **ELOF HANSSON INTERNATIONAL** manufactures and sells components, machinery and equipment to the pulp and paper industry. We are also an active project coordinator and exporter of equipment for major international projects, secured through government export guarantees, as well as a supplier for projects in the pulp and paper industry.

- **ELOF HANSSON PROPERTIES** is a young real estate company in Gothenburg that builds on over 120 years of tradition of recognising and exploiting business opportunities. We invest in, develop, own and manage mainly commercial real estate and invest in new real estate projects. One of our development projects is Masthuggskajen in Gothenburg, where we are collaborating with others to create a new urban environment with housing, offices and Global Business Gate. Global Business Gate will serve as a hub for international business and enhance Gothenburg's reputation as a city of international trade.



Challenges are our driving force – reaching the target, our passion.  
Everywhere you'll find us, we want to find solutions,  
make a difference and create good results.  
That's why we exist. We do it together.  
With the same conviction since 1897.

We take on the challenge of steering our activities towards intentions and the desired end goal. Client, needs and specific situations determine our direction and planning. Our toolbox is deep and caters for all needs.



# We'll make it happen!

Together we are strong. It is each and everyone's contributions, skills and efforts combined that makes us successful.

The most important thing for us is to generate good results for everyone involved, in every aspect. This has been our guiding star from the very beginning and is what we continuously want to be associated with as a brand and as a partner.

It's the reason why our clients put their trust in us.





ELOF HANSSON'S GLOBAL NETWORK

**Global presence,  
local expertise.**

**25**

GLOBAL OFFICES

**34**

COUNTRIES WITH AGENTS

**270**

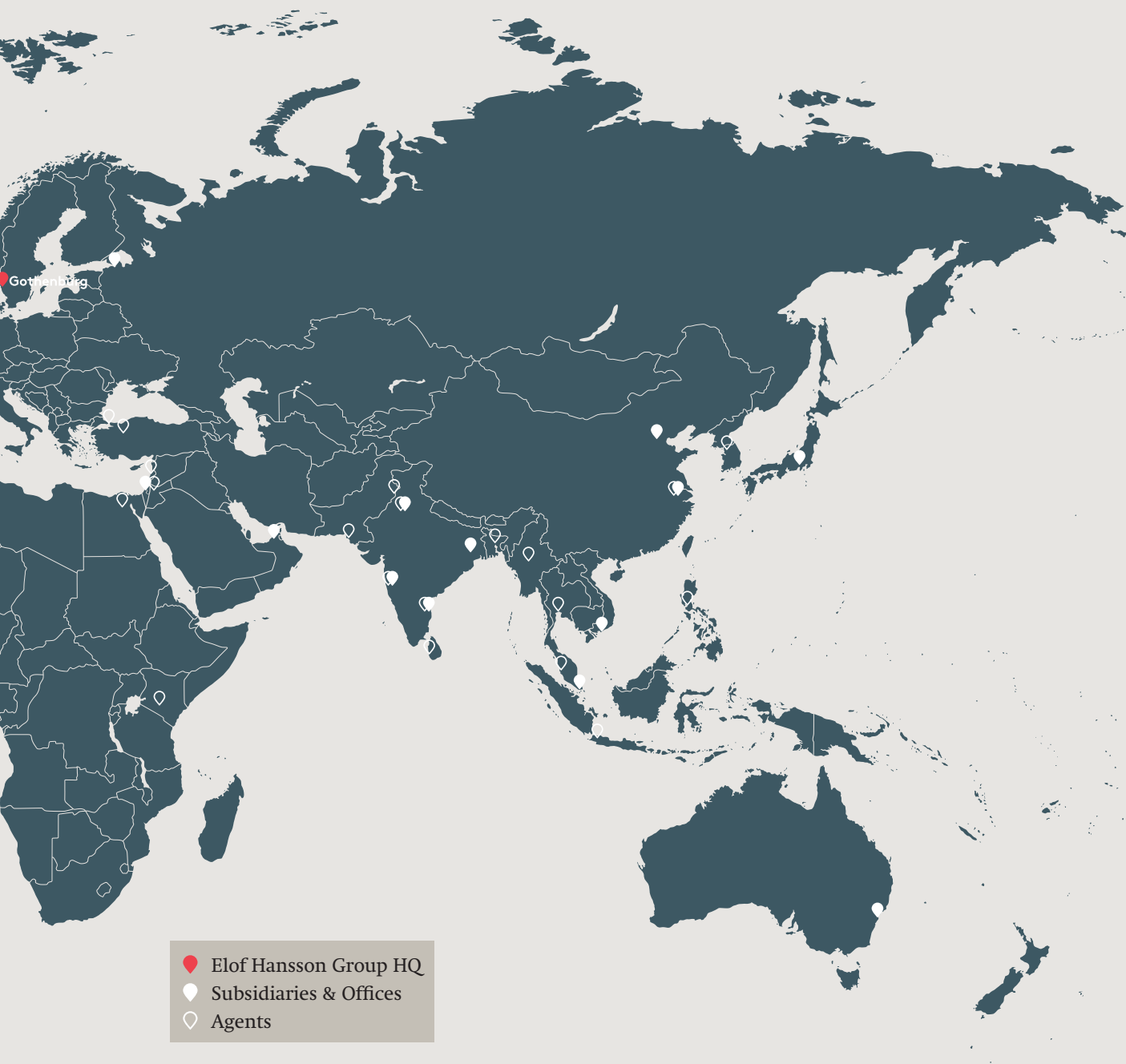
EMPLOYEES

**40.3%**

EQUITY RATIO

**6,819**

SEK MILLION IN SALES



## Vision

**“Driven by continuous adjustment, development and improvement of our business acumen, our vision is to always provide business partners with added value of the quality and competitiveness that allow us to maintain and strengthen our global trading position and remain a leading player within the business areas we prioritize.”**





# Trust Commitment Professionalism

## CORE VALUES

Elof Hansson's business philosophy was first expressed in words in the "house rules" written by founder Elof Hansson and dated 30 January 1925. A lot has happened since then, of course, both at the company and in the world around us. Despite this, the basic principles of the house rules are still relevant today. For example, diligence and hard work have always been part of our culture.

Then, as now, common values and clear rules were an important factor in the commercial success of Elof Hansson. The values that Elof Hansson committed to paper in 1904 still live on as a mantra within the organisation: trust, commitment and professionalism.

Our values are more than just words to us. They are alive in the way we work, provide the basis for our

relationships and guide us in our decisions. It is important and natural for us to act with professionalism, trust and commitment in everything we do. We believe this is vital for achieving sustainable goals and long-term relationships.

## BUSINESS CONCEPT

Elof Hansson initiates, develops and maintains worldwide business relations in well-defined business areas. We do this through our in-depth industry knowledge and expertise in marketing, sales, business finance, risk management and logistics, combined with the ability to identify and adjust to new conditions. We thereby make a positive contribution to the growth and development of our partners, while strengthening Elof Hansson's position as a leading international trading house.



**Together  
we'll make  
it happen!**



**It was Elof Hansson himself who set the tone for the values we still live by today. There is security in the knowledge that what was important at the beginning of Elof Hansson's success story is still entirely relevant in the modern world.**

Trust, commitment and professionalism are what we want Elof Hansson to be associated with by our suppliers, customers and business partners, as well as by our employees.

Our HR strategy is therefore based on these core values and aims to help develop them in different ways in line with the times and the demands of a world that is constantly changing.

**THE CORNERSTONES OF OUR HR WORK ARE:**

- Everyone has clear tasks and goals, which are communicated in a dialogue between manager and employee
- Everyone is given feedback on their progress at work and details of opportunities for continued development
- Everyone has an annual development plan, where we take the opportunity to continue our development, both within and outside our current role
- All managers have the opportunity to develop in their roles, to enable them to develop employees and embody our values.

The work environment committee examines issues relating to social and mental health. In addition to training and engaging our managers in work environment management, we have introduced a system for measuring staff views and perceptions on various key issues for job satisfaction. The system asks all employees four questions each week and the answers then form the basis for internal improvement work, which is divided into nine different areas. This tool allows us to monitor, adjust and develop our commitment to staff in relation to issues such as Leadership, Commitment, Team Spirit and Personal Development.

Elof Hansson's fundamental aim is to be a good employer and an exciting place to work that offers plenty of opportunities for influence and development. We want to establish a healthy internal environment for work and development, which will make our employees our best ambassadors when we are looking to attract new talent.

With an Employee Net Promoter Score (eNPS) of 24, we know that many of our employees would recommend Elof Hansson as an employer to their friends and acquaintances. Whenever anyone does choose to leave Elof Hansson, we want them to look back positively on a time of development and team spirit, and we hope they will want to come back to us one day!



**CONSOLIDATED INCOME STATEMENT**  
SEK T

NOTE

**1 Jan. 2019**  
**–31 Dec. 2019**1 JAN. 2018  
–31 DEC. 2018

Net sales	2, 3	6,704,923	6,402,700
Other operating income		114,188	22,063
		<b>6,819,111</b>	<b>6,424,763</b>
Operating expenses			
Goods for resale		-6,268,163	-5,889,816
Other external expenses	4, 5	-186,799	-158,243
Personnel costs	6	-255,439	-251,461
Depreciation, amortisation and write-downs of property, plant and equipment and intangible non-current assets		-32,498	-32,485
Operating profit/loss		<b>76,211</b>	<b>92,758</b>
Profit/loss from financial items			
Other interest income and similar profit/loss items	7	20,280	26,952
Interest expenses and similar profit/loss items		-35,118	-37,105
Profit/loss after financial items		<b>61,374</b>	<b>82,605</b>
Pre-tax profit/loss		<b>61,374</b>	<b>82,605</b>
Tax on the profit/loss for the year	26	-26,944	-32,589
Minority share of profit/loss for the year		204	1,493
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>34,634</b>	<b>51,509</b>



# CONSOLIDATED BALANCE SHEET

SEK T

NOTE

31 Dec. 2019

31 Dec. 2018

## ASSETS

<b>Non-current assets</b>			
INTANGIBLE NON-CURRENT ASSETS			
Software and capitalised development work	8	6,326	5,814
Goodwill	9	38,547	46,090
		<b>44,873</b>	<b>51,904</b>
PROPERTY, PLANT AND EQUIPMENT			
Buildings and land	10	538,499	745,242
Equipment	11	15,294	20,756
		<b>553,793</b>	<b>765,998</b>
FINANCIAL NON-CURRENT ASSETS			
Participations in associated companies	15, 16	9,481	9,370
Deferred tax asset	31	11,684	11,346
Other non-current receivables		30,641	31,543
		<b>51,806</b>	<b>52,259</b>
<b>Total non-current assets</b>		<b>650,472</b>	<b>870,161</b>
<b>Current assets</b>			
INVENTORIES, ETC.			
Finished goods and goods for resale		297,881	253,378
Advance payments to suppliers		22,361	12,063
		<b>320,242</b>	<b>265,441</b>
CURRENT RECEIVABLES			
Accounts receivable		1,114,732	1,215,090
Receivables from Group companies	30	67	0
Current tax assets		0	16,938
Other receivables		41,583	59,512
Prepaid expenses and accrued income	17	33,521	124,857
		<b>1,189,903</b>	<b>1,416,397</b>
CASH AND BANK DEPOSITS			
		259,069	236,872
<b>Total current assets</b>		<b>1,769,214</b>	<b>1,918,710</b>
<b>TOTAL ASSETS</b>		<b>2,419,686</b>	<b>2,788,871</b>

**CONSOLIDATED BALANCE SHEET**

SEK T

NOTE

**31 Dec. 2019****31 Dec. 2018****EQUITY AND LIABILITIES**

18

**Equity**

Share capital

75,000

75,000

Other equity

866,994

821,598

Profit/loss for the year

34,634

51,509

**Total equity****976,628****948,107****Non-controlling interests**

Non-controlling interests

-1,141

-936

**Provisions**

19

Provisions for pensions and similar obligations

37,451

35,422

Other provisions

27,406

26,729

**64,857****62,151****Non-current liabilities**

Liabilities to credit institutions

20

432,787

665,900

Liabilities to Group companies

0

8,400

Other liabilities

5,052

39,988

**437,839****714,288****Current liabilities**

Liabilities to credit institutions

29,989

201,287

Advances from customers

18,279

21,827

Accounts payable

673,736

572,346

Current tax liabilities

1,212

0

Other liabilities

19,841

21,966

Accrued expenses and deferred income

21

198,446

247,835

**941,503****1,065,261****TOTAL EQUITY AND LIABILITIES****2,419,686****2,788,871**



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK T

	Share capital	Retained earnings incl. profit/loss for the year	Total	Non-controlling interests	Total equity
Opening equity on 1 Jan. 2018	75,000	831,994	906,994	557	907,551
Dividend		-3,000	-3,000		-3,000
Exchange rate differences		-13,497	-13,497		-13,497
Actuarial gain in foreign subsidiaries		6,101	6,101		6,101
Profit/loss for the year		51,509	51,509	-1,493	50,016
Total comprehensive income		41,113	41,113	-1,493	39,620
Closing equity on 31 Dec. 2018	75,000	873,107	948,107	-936	947,171
Opening equity on 1 Jan. 2019	75,000	873,107	948,107	-936	947,171
Dividend		-5,000	-5,000		-5,000
Exchange rate differences		-1,113	-1,113		-1,113
Profit/loss for the year		34,634	34,634	-205	34,429
Total comprehensive income		28,521	28,521	-205	28,316
Closing equity on 31 Dec. 2019	75,000	901,628	976,628	-1,141	975,487



**CONSOLIDATED CASH FLOW STATEMENT**

NOTE

**1 Jan. 2019  
–31 Dec. 2019****1 Jan. 2018  
–31 Dec. 2018**

SEK T

<b>Operating activities</b>			
Profit/loss after financial items		61,374	82,605
Adjustments for non-cash items, etc.	28	28,514	1,850
Tax paid		-17,606	-18,616
<b>Cash flow from operating activities before changes in working capital</b>		<b>72,281</b>	<b>65,839</b>
<b>Cash flow from changes in working capital</b>			
Changes in inventory and work in progress		-54,801	-36,982
Change in current receivables		226,494	3,790
Change in accounts payable		0	-8,677
Change in current liabilities		31,995	-45,189
<b>Cash flow from operating activities</b>		<b>275,969</b>	<b>-21,219</b>
<b>Investing activities</b>			
Investments in property, plant and equipment		-117,889	-31,960
Sale of property, plant and equipment		316,383	0
Investments in financial assets		553	-53,867
Sale of financial assets		0	14,986
<b>Cash flow from investing activities</b>		<b>199,047</b>	<b>-70,841</b>
<b>Financing activities</b>			
Loans raised		0	275,800
Repayment of loans		-276,528	-264,765
Dividends paid		-5,000	-3,000
Change in short-term investments		-171,298	0
<b>Cash flow from financing activities</b>		<b>-452,826</b>	<b>8,035</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>22,190</b>	<b>-84,025</b>
<b>Cash and cash equivalents at beginning of year</b>			
Cash and cash equivalents at beginning of year		236,872	320,897
<b>Cash and cash equivalents at end of year</b>		<b>259,069</b>	<b>236,872</b>



## PARENT COMPANY INCOME STATEMENT

NOTE

1 Jan. 2019  
–31 Dec. 20191 Jan. 2018  
–31 Dec. 2018

SEK T

Net sales	3	45,491	33,239
		<b>45,491</b>	<b>33,239</b>
<b>Operating expenses</b>			
Other external expenses	4, 5	-46,323	-24,668
Personnel costs	6	-24,594	-29,026
Depreciation, amortisation and write-downs of property, plant and equipment and intangible non-current assets		-14	-26
Other operating expenses		-14,002	0
<b>Operating profit/loss</b>		<b>-39,442</b>	<b>-20,481</b>
<b>Profit/loss from financial items</b>			
Profit/loss from participations in Group companies	24	-125,070	-87,672
Profit/loss from participations in associated companies and joint ventures		-1,155	0
Interest income and similar profit/loss items	7	30,720	30,803
Interest expenses and similar profit/loss items		-14,460	-23,034
<b>Profit/loss after financial items</b>		<b>-149,407</b>	<b>-100,384</b>
Transfers to/from untaxed reserves	25	27,300	33,257
<b>Pre-tax profit/loss</b>		<b>-122,107</b>	<b>-67,127</b>
Tax on the profit/loss for the year	26	-2,642	-4,994
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>-124,749</b>	<b>-72,121</b>

**PARENT COMPANY BALANCE SHEET**

NOTE

**31 Dec. 2019****31 Dec. 2018**

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**ASSETS**

<b>Non-current assets</b>			
<b>INTANGIBLE NON-CURRENT ASSETS</b>			
Software	8	179	332
		<b>179</b>	<b>332</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Equipment	11	28	42
		<b>28</b>	<b>42</b>
<b>FINANCIAL NON-CURRENT ASSETS</b>			
Participations in Group companies	12, 13, 14	492,390	513,206
Receivables from Group companies	30	580,109	609,802
Participations in associated companies	15, 16	9,480	9,370
Other non-current receivables	29	14,146	15,169
		<b>1,109,025</b>	<b>1,147,547</b>
<b>Total non-current assets</b>		<b>1,096,332</b>	<b>1,147,921</b>
<b>Current assets</b>			
<b>CURRENT RECEIVABLES</b>			
Accounts receivable		256	394
Receivables from Group companies		21,406	27,337
Other receivables		3,642	3,919
Prepaid expenses and accrued income	17	13,796	7,540
		<b>39,100</b>	<b>39,190</b>
<b>CASH AND BANK DEPOSITS</b>			
		22,247	20,140
<b>Total current assets</b>		<b>61,347</b>	<b>59,330</b>
<b>TOTAL ASSETS</b>		<b>1,157,679</b>	<b>1,207,251</b>

**PARENT COMPANY BALANCE SHEET**

NOTE

**31 Dec. 2019****31 Dec. 2018**

SEK T

**EQUITY AND LIABILITIES**

<b>Equity capital</b>		
<b>RESTRICTED EQUITY</b>		
Share capital	75,000	75,000
Statutory reserve	2	2
	<b>75,002</b>	<b>75,002</b>
<b>NON-RESTRICTED EQUITY</b>		
Share premium reserve	178,459	178,459
Retained earnings	312,148	389,269
Profit/loss for the year	-124,749	-72,121
	<b>365,858</b>	<b>495,607</b>
<b>Total equity</b>	<b>440,860</b>	<b>570,609</b>
<b>Non-current liabilities</b>		
Liabilities to Group companies	697,547	302,764
	<b>697,547</b>	<b>302,764</b>
<b>Current liabilities</b>		
Accounts payable	4,006	2,183
Liabilities to Group companies	182	319,249
Other liabilities	1,290	831
Accrued expenses and deferred income	21 13,794	11,615
	<b>19,272</b>	<b>333,878</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,157,679</b>	<b>1,207,251</b>

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

SEK T

	Share capital	Restricted reserves	Non-restricted equity	Total equity
Opening equity on 1 Jan. 2018	75,000	2	570,728	645,730
Dividend			-3,000	-3,000
Profit/loss for the year			-72,121	-72,121
Closing equity on 31 Dec. 2018	75,000	2	495,607	570,609
Opening equity on 1 Jan. 2019	75,000	2	495,607	570,609
Dividend			-5,000	-5,000
Profit/loss for the year			-124,749	-124,749
Closing equity on 31 Dec. 2019	75,000	2	365,858	440,860

The share capital comprises 750,000 shares.



**PARENT COMPANY CASH FLOW STATEMENT**

NOTE

**1 Jan. 2019  
–31 Dec. 2019****1 Jan. 2018  
–31 Dec. 2018**

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**Operating activities**

Profit/loss after financial items		-149,407	-100,384
Adjustments for non-cash items	28	131,759	89,800
Tax paid		-1,969	-1,969

**Cash flow from operating activities before changes in working capital****-19,617      -12,553****Cash flow from changes in working capital**

Change in current receivables		49,810	-17,399
Change in current liabilities		-8,593	2,818

**Cash flow from operating activities****21,600      -27,134****Investing activities**

Investments in intangible non-current assets		-153	-332
Acquisitions of business operations		0	-36,495
Investments in financial assets		-68,651	-103,262

**Cash flow from investing activities****-68,804      -140,089****Financing activities**

Loans raised		54,311	112,598
Dividends paid		-5,000	-3,000

**Cash flow from financing activities****49,311      109,598****Cash flow for the year****2,107      -57,625****Cash and cash equivalents at beginning of year**

Cash and cash equivalents at beginning of year		20,140	77,765
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**Cash and cash equivalents at end of year****22,247      20,140**



## NOTES

SEK T

### Note 1 Accounting policies and valuation principles

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#### GENERAL ACCOUNTING POLICIES

The Annual Report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

#### CONSOLIDATED FINANCIAL STATEMENTS

Elof Hansson Holding AB prepares consolidated financial statements. Companies in which Elof Hansson has the majority of the votes at the Annual General Meeting and companies where Elof Hansson, by agreement, has a controlling influence are classified as subsidiaries and are consolidated in the consolidated financial statements. Information about Group companies can be found in the note on financial non-current assets. Subsidiaries are included in the consolidated financial statements as of the date at which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date at which the controlling influence ceases.

#### Consolidation method

The consolidated financial statements have been prepared in accordance with the acquisition method. The time of acquisition is the time at which the controlling interest is acquired. Identifiable assets and liabilities are initially valued at fair value at the time of acquisition. Non-controlling interests in the net assets acquired are valued at fair value. Goodwill comprises the difference between the identifiable net assets acquired at the time of acquisition and cost, including the value of the non-controlling interest, and is initially valued at cost.

#### Reporting of associated companies

Holdings in associated companies are recognised in the consolidated financial statements according to the cost method.

This method means that the participating interest in an associated company is taken up at cost in the balance sheet. Dividends received from associated companies are recognised as income in the income statement.

For jointly owned companies where neither party has the controlling influence, the proportional method has been applied. This pertains to the companies partly

owned by Elof Hansson Fastigheter AB: Masthugget 28:9 Fastighets AB and Första Långgatan Fastigheter i Göteborg HB.

#### Transactions between Group companies

Intra-Group balances are completely eliminated.

#### Translation of foreign subsidiaries

Subsidiaries in other countries prepare their annual accounts in foreign currency. On consolidation, items in the Balance Sheets and Profit & Loss Statements of these companies are translated at the exchange rate at the close of the reporting period or the spot rate for the date on which the individual transaction took place. Exchange rate differences arising are recognised in accumulated exchange rate differences in consolidated shareholders' equity.

#### FOREIGN CURRENCIES

Where no currency hedging is applied, monetary assets and liabilities in foreign currencies are translated at the spot rate prevailing at the close of the reporting period. Transactions in foreign currencies are translated at the spot rate on the transaction date.

For details of the valuation of transactions and balance sheet items when currency hedging is applied, see the section on financial instruments, subheading documented hedging of financial liabilities in foreign currency (hedge accounting).

#### REPORTING BY BUSINESS UNIT AND GEOGRAPHIC MARKETS

The Group conducts business in three business units: Trade, Industry and Properties. The Group operates in 21 countries.

#### REVENUE

Revenue has been recognised at the fair value of what has been received or will be received and is recognised insofar as it is likely that the financial benefits will accrue to the company and the revenue can be reliably calculated.

#### Goods

Sales of goods are recognised when the significant risks and benefits transfer from the seller to the buyer in accordance with the terms and conditions of sale.



Sales are recognised net of value-added tax and discounts.

### Service contracts

Revenues and expenses attributable to fixed-price service contracts are recognised on the basis of the degree of completion at the close of the reporting period (percentage of completion method). A contract's degree of completion is determined by comparing the costs incurred by the close of the reporting period with the expected total costs required. In the event that the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable from the customer. An expected loss on a contract is immediately recognised as an expense.

Revenue associated with service contracts fulfilled on a time and material basis is recognised as the work is performed and the materials are delivered or consumed.

### Other types of revenue

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive the dividend is established.

### LEASES

The Group does not have any finance leases.

Leases in which the financial benefits and risks associated with the leased asset are substantially retained by the lessor are classified as operating leases. Payments, including the first increased rent, under these agreements are recognised as costs on a straight-line basis over the term of the lease.

### EMPLOYEE BENEFITS

#### Short-term benefits

Short-term employee benefits in the Group consist of salary, social security contributions, paid holiday, paid sick leave, healthcare and bonuses. Short-term benefits are recognised as a cost and a liability when there is a legal or constructive obligation to pay a benefit.

#### Post-employment benefits

The company has defined benefit pension schemes. These are reported in accordance with the simplification rules.

The company has defined benefit pension schemes where a pension premium is paid and it reports these schemes as defined contribution schemes in accordance with the simplification rule of BFNAR 2012:1 (K3).

The company has defined benefit pension schemes financed through Alecta, which are reported as defined contribution schemes as there is insufficient information available to report the schemes as defined benefit.

The company has a defined benefit pension obligation that is linked to a pension fund. The company recognises a provision for the amount by which the fund's assets, measured at market value, fall short of the obligation.

The company has defined benefit pension schemes at the Group's foreign subsidiaries. These are reported in accordance with the principles that apply at the subsidiary.

### Severance pay

Severance pay is paid when a company in the Group decides to end a person's employment before the normal end date for the employment or where an employee accepts an offer of voluntary redundancy in exchange for such remuneration. Where the payment does not provide the company with any future economic benefit, a liability and a cost are reported when the company has a legal or constructive obligation to make such payment. The payment is valued at the best estimate of the payment that would be required to settle the obligation at the close of the reporting period.

### INCOME TAXES

Current taxes are valued on the basis of the tax rates and tax regulations applicable at the close of the reporting period. Deferred taxes are valued on the basis of the tax rates and tax regulations that are determined before the close of the reporting period.

Deferred tax liabilities for temporary differences relating to investments in subsidiaries are not recognised in the consolidated financial statements, as in all cases the parent company is able to control the time when the temporary differences are reversed and it is unlikely that such a reversal will take place within the foreseeable future.

Deferred tax assets with respect to tax loss carryforwards and other future tax deductions are recognised to the extent that it is likely that they can be used against future taxable income. For further information, see Note 26.

Receivables and liabilities are recognised net only where there is a legal right to offset.

Current tax, as with changes in deferred tax, is recognised in the Profit & Loss Statement unless the tax is



attributable to an event or transaction that is recognised directly in shareholders' equity. In such cases, the tax effect is also recognised in equity.

## NON-CURRENT ASSETS

### Intangible non-current assets

Intangible non-current assets are recognised at cost less accumulated amortisation and impairment. The capitalisation model is used for internally produced intangible assets in the consolidated accounts. Amortisation is applied on a straight-line basis over the estimated useful life.

Software and capitalised development work are amortised over 5 years.

Goodwill is amortised on a straight-line basis over the estimated useful life, which is 5–10 years.

### Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation. Cost includes expenses that can be directly attributed to acquisition of the asset.

When a component in a fixed asset is replaced, any remaining part of the old component is discarded and the new component's cost is capitalised.

Additional expenses relating to assets that are not divided into components are added to the cost value to the extent that the performance of the asset increases in relation to the value of the asset at the time of acquisition.

Expenditure for ongoing repairs and maintenance is recognised as an expense.

In connection with the acquisition of property, an assessment is made as to whether the property is expected to give rise to future costs for demolition and restoration of the site. In such cases, provisions are made and the cost value is increased by the same amount.

Capital gain and capital loss respectively in connection with disposal of a fixed asset is recognised as Other operating income and Other operating expense respectively.

Property, plant and equipment are depreciated systematically over their estimated useful life. When the depreciable amount of the assets is determined, where necessary, the residual value of the assets will be taken into account. Depreciation is recognised in the income statement items Cost of goods sold, Selling costs and Administrative costs. The Group's land has an indefinite useful life and is not subject to depreciation. The straight-line method of depreciation is applied to other types of property, plant and equipment.

Building frames	150 years
Façades	75 years
Ceilings	20 years
Windows	20 years
Technical equipment	20 years
Equipment, building-related	10 years
Equipment, tools, fixtures and fittings	5–20 years

## FINANCIAL INSTRUMENTS

### Financial instruments

Financial instruments are recognised in accordance with the rules of Chapter 11 of K3, which means they are valued at cost.

Financial instruments recognised on the balance sheet include accounts receivable and other receivables, accounts payable, borrowings and derivative financial instruments. The instruments are recognised in the Balance Sheet when the company becomes party to the instrument's contractual terms.

Financial assets are removed from the Balance Sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership to another party. Financial liabilities are derecognised from the balance sheet when the obligations have been settled or ceased in some other way.

### Impairment of non-financial assets

When there is an indication that an asset's value has decreased, an impairment test is carried out. If the asset has a recoverable value that is lower than the recognised value, it is written down to the recoverable value. When assessing impairment, the assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets, other than goodwill, which have previously been written down, a test is carried out on each close of the reporting period to ascertain whether a reversal should be made.

Impairment and reversal of impairment are recognised in the income statement at the function where the asset is used.

### Accounts receivable and other receivables

Receivables are recognised as current assets with the exception of items due more than 12 months after the close of the reporting period, which are classified as fixed assets. Receivables are recognised as current assets at the amount that is expected to be received after deductions for doubtful debts, assessed individually. Receivables that are interest-free or that are subject to



interest that deviates from the market rate of interest and have a duration exceeding 12 months are recognised at a net present value and the change in value over time is recognised as interest income in the income statement.

#### **Other non-current receivables**

This item consists primarily of endowment insurance. The holdings are held for the long-term. Assets included in this item are initially recognised at cost. Adjustments are made depending on the payments from the endowment insurance.

#### **Borrowings and accounts payable**

Borrowings and accounts payable are recognised initially at cost after deduction for transaction costs. If the amount recognised differs from the amount to be repaid on the due date, the difference is accrued as interest expense over the term of the loan using the instrument's effective rate of interest. In this way, the amount recognised matches the amount to be repaid on the due date.

#### **Derivative financial instruments included in hedge accounting**

Elof Hansson utilises foreign exchange futures in order to manage the currency risk that arises in all purchases and sales of goods. Hedge accounting is normally applied for these transactions. When the transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, as well as the Group's objective for risk management and the risk management strategy with regard to hedging. Elof Hansson also documents the company's assessment, both when hedging is initiated and on an ongoing basis, of whether the derivative financial instruments that are used in the hedging transactions are largely effective when it comes to counteracting changes in the cash flow that are attributable to the hedged items.

#### **Documented hedges of financial liabilities in foreign currency (hedge accounting)**

Elof Hansson engages in currency hedging for all purchases and sales of goods in the Trade and Industry units. Currency forwards protect Elof Hansson against changes in exchange rates as the contracts specify the rate at which the liabilities in foreign currency will be realised. When currency hedging these purchases and sales, the hedging instruments are not revalued in the event of changes to exchange rates and the currency forward is not recognised on the balance sheet. The difference between the future price and the spot price (interest element) of a contract is accrued over the term of the contract as interest if the difference is sig-

nificant. If the difference is not significant, the alternative rule is applied and the asset or liability is valued at the hedged price.

#### **Termination of hedge accounting**

Hedge accounting is discontinued if the hedging instrument matures, is sold, liquidated or redeemed; or the hedging relationship no longer meets the terms for hedging accounting. Any profits from a hedging transaction that is discontinued prematurely are recognised immediately in the income statement.

#### **Offsetting financial receivables and financial liabilities**

A financial asset and a financial liability are offset and recognised at a net amount on the balance sheet only where there is a legal right of offset and where the intention is to settle with a net amount or where the intention is to dispose of the asset and settle the liability simultaneously.

#### **Impairment testing of financial non-current assets**

On every close of the reporting period, Elof Hansson assesses whether there is any indication of impairment in any of the financial non-current assets. Impairment takes place if the decrease in value is deemed to be permanent. Impairment is recognised in the "Earnings from other securities and receivables held as non-current assets" item in the income statement. Impairment is tested individually for shares and participations and other individual financial non-current assets of significance. Examples of indications of impairment requirements are negative financial circumstances or adverse changes in the conditions in industry segments in companies whose shares Elof Hansson has invested in.

Impairment of assets valued at amortised cost is calculated as the difference between the asset's carrying amount and the present value of the company management's best estimate of the future cash flows discounted by the asset's original effective interest rate. For assets with a variable interest rate, the interest rate at the closing date is used as the discount rate.

#### **INVENTORIES**

Inventories are measured on the basis of the First In First Out principle, at the lower of cost and net realisable value on the balance sheet date.

#### **PROVISIONS**

The company makes provisions when there is an exist-





ing legal or informal obligation and the amount can be reliably estimated. The company discounts to present value liabilities that are expected to be settled after more than twelve months. The increase in the provision which depends on the passage of time is reported as an interest expense.

Provisions are made for restructuring when a comprehensive restructuring plan has been established and those affected have been informed.

#### **CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method. The recognised cash flow only covers those transactions involving cash receipts or payments. The classification Cash or cash equivalents includes cash and bank balances and short-term financial investments with little risk of fluctuations in value.

#### **THE PARENT COMPANY'S ACCOUNTING POLICIES AND VALUATION PRINCIPLES**

The same accounting policies and valuation principles are applied at the parent company as in the Group, except in the situations outlined below.

##### **Leases**

All leases in which the company is the lessee are recognised as operating leases (rental agreements), regardless of whether the agreement is a finance or operating lease. Lease payments are recognised as an expense on a straight-line basis over the term of the lease.

##### **Transfers to/from untaxed reserves**

Changes in untaxed reserves are recognised as appropriations in the Profit & Loss Statement. Group contributions are recognised as appropriations.

##### **Shares and participations in subsidiaries**

Shares and participations in subsidiaries are recognised at cost less any impairment. The cost value includes the purchase price that was paid for the shares plus acquisition costs. Any capital contribution and Group contribution is added to the cost when it is paid. Dividends from subsidiaries are recognised as income.

##### **Equity capital**

Equity capital is divided into restricted and non-restricted equity in accordance with the classification of the Swedish Annual Accounts Act.

##### **Untaxed reserves**

Untaxed reserves are recognised gross on the balance sheet, including the deferred tax liability that is attributable to the reserves.

#### **DEFINITION OF KEY PERFORMANCE INDICATORS**

##### **Equity ratio**

Equity and untaxed reserves (net of deferred tax) as a percentage of total assets.

##### **Return on assets**

Profit before deductions for interest expenses as a percentage of total assets.

##### **Return on equity**

Profit after financial items as a percentage of equity and untaxed reserves (net of deferred tax).



## Note 2

### Sales by market, Group

#### GROUP

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
<b>Sales, stated in %</b>		
Africa	3	7
Asia and Australia	46	41
China	20	15
Middle East	3	5
North and South America	16	21
Rest of Europe	9	8
Sweden	2	2
Rest of Scandinavia	1	1
	<b>100</b>	<b>100</b>
<b>Sales by operational area, stated in %</b>		
Properties	1	2
International	5	8
Trade	94	90
	<b>100</b>	<b>100</b>

**Note 3****Estimates and assessments****GROUP**

The company/Group makes estimates and assessments regarding the future. The estimates that derive from these for accounting purposes, by definition, rarely correspond to the actual outcome. The estimates and assumptions that involve a significant risk of adjustments to the carrying amounts of assets and liabilities over the next year are dealt with below.

**Project accounting**

The Group conducts project activities in relation to international deliveries of goods and services. The Group applies the percentage of completion method, which has the aim of reflecting the project's degree of completion. If the income cannot be reliably determined, the revenues are assumed to be equal to the accrued expenses expected to be recovered.

The percentage of completion is the percentage of a contract that is considered to be completed as of the closing date. If the project reports a loss, a provision is made for this on the closing date.

**Valuation of accounts receivable**

The company/Group makes an individual assessment

regarding the reserve requirement in relation to outstanding accounts receivable. Determining the reserve requirement is an essential and difficult matter of judgement.

**Valuation of inventories**

The Group makes an individual assessment regarding the valuation of inventories. Determining any obsolescence is an essential and difficult matter of judgement.

**Valuation of deferred tax assets**

Deferred tax assets with respect to tax loss carryforwards and other future tax deductions are recognised to the extent that it is likely that they can be used against future taxable income.

**Valuation of goodwill**

Goodwill has arisen in connection with the acquisition of business operations. This item is amortised on a straight-line basis over the useful life, which is within 5–10 years. The item is tested annually for impairment.

**Valuation of properties**

The Group's properties are valued at cost less accumulated depreciation. Note 10 Buildings and land provides information about the estimated market value provided by an external appraiser.

**Note 4****Audit fees, etc.****GROUP**

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
<b>Ernst &amp; Young AB</b>		
Audit assignment	2,674	2,556
Tax advice	363	307
Other services	322	40
	<b>3,359</b>	<b>2,903</b>
<b>Other accounting firms</b>		
Audit assignment	763	584
	<b>763</b>	<b>584</b>

**PARENT COMPANY**

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
<b>Ernst &amp; Young AB</b>		
Audit assignment	753	652
Tax advice	520	307
	<b>1,273</b>	<b>959</b>



## Note 5 Operating leases

### GROUP

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
<b>As lessee</b>		
Lease payments	11,721	7,641
	<b>11,721</b>	<b>7,641</b>
<b>Future minimum lease payments</b>		
Within 1 year	6,938	4,546
2–5 years	3,706	2,828
Later than 5 years	9	0
	<b>10,653</b>	<b>7,374</b>
<b>As lessor</b>		
Lease payments that will be received in relation to non-terminable lease agreements	151,338	214,927
	<b>151,338</b>	<b>214,927</b>
<b>Future minimum lease payments</b>		
Within 1 year	10,870	36,626
2–5 years	140,468	159,433
Later than 5 years	0	18,868
	<b>151,338</b>	<b>214,927</b>

### PARENT COMPANY

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
<b>As lessee</b>		
Lease payments	3,122	2,261
	<b>3,122</b>	<b>2,261</b>
<b>Future minimum lease payments</b>		
Within 1 year	1,537	6,662
2–5 years	141	552
	<b>1,678</b>	<b>7,214</b>
<b>As lessor</b>		
Lease payments that will be received in relation to non-terminable lease agreements	5,423	6,110
	<b>5,423</b>	<b>6,110</b>
<b>Future minimum lease payments</b>		
Within 1 year	5,423	6,110
	<b>5,423</b>	<b>6,110</b>

Of the parent company's leasing expenses, the majority relate to intra-Group office rents that are re-invoiced to subsidiaries. These are reported gross in the amounts for future lease payments in the note for the parent company as lessee and lessor.

**Note 6****Employees and personnel costs by country****GROUP**

	<b>1 Jan. 2019 –31 Dec. 2019</b>		<b>1 Jan. 2018 –31 Dec. 2018</b>	
<b>Average number of employees per country</b>	<b>Total</b>	<b>of which, men</b>	<b>Total</b>	<b>of which, men</b>
Australia	4	75%	4	75%
Belgium	1	100%	1	100%
Brazil	15	60%	11	73%
Chile	2	50%	2	50%
Denmark	12	58%	12	58%
France	0	0	1	100%
United Arab Emirates	2	50%	2	50%
The Netherlands	14	67%	12	67%
India	30	93%	33	94%
Japan	5	60%	4	50%
China	13	62%	5	60%
Cuba	2	50%	2	50%
Mexico	2	100%	2	100%
Russia	6	67%	0	0
Singapore	13	62%	16	56%
Sweden	84	52%	96	50%
Thailand	1	100%	1	100%
Germany	40	75%	45	67%
United States	16	63%	17	41%
Vietnam	5	20%	5	20%
Austria	3	100%	6	67%
<b>Total</b>	<b>270</b>	<b>64%</b>	<b>277</b>	<b>61%</b>

**Salaries and other benefits, SEK T**

Board of Directors and CEO	35,776	29,471
Other employees	137,279	132,183
	<b>173,055</b>	<b>161,654</b>

Of which bonus to Board and CEO

5,550 2,427

**Social security expenses, SEK T**

Board of Directors and CEO	9,321	8,991
Other statutory and contractual social security contributions	53,588	67,153
	<b>62,909</b>	<b>76,144</b>

**Pension obligations**

Current Board of Directors and CEO	3,941	4,255
Former Board of Directors and CEO	14,156	32,033
	<b>18,097</b>	<b>36,288</b>





## PARENT COMPANY

	1 Jan. 2019 –31 Dec. 2019		1 Jan. 2018 –31 Dec. 2018	
Average number of employees per country	Total	of which, men	Total	of which, men
Sweden	13	46%	19	53%
<b>Total</b>	<b>13</b>	<b>46%</b>	<b>19</b>	<b>53%</b>
<b>Salaries and other benefits</b>				
Board of Directors and CEO			4,220	5,040
Other employees			9,568	10,924
			<b>13,788</b>	<b>15,964</b>
Of which bonus to Board and CEO			524	739
<b>Social security expenses</b>				
Board of Directors and CEO			3,328	3,003
Other employees			6,342	5,931
			<b>9,670</b>	<b>8,934</b>
<b>Of which</b>				
Pension costs, Board of Directors and CEO			1,284	1,142
Pension costs, other employees			2,351	2,011
			<b>3,635</b>	<b>3,153</b>

All five Board members of the parent company are men. There is one female member of the senior management of the parent company and the rest are men.

All the Board members of the subsidiaries are men. All the members of the senior management of the subsidiaries are men.

**Note 7****Interest income and similar profit/loss items****GROUP**

	<b>1 Jan. 2019 –31 Dec. 2019</b>	<b>1 Jan. 2018 –31 Dec. 2018</b>
Market valuation, pension commitment	0	18,636
Other interest income	16,218	1,603
Exchange rate differences	4,062	6,713
	<b>20,280</b>	<b>26,952</b>

**PARENT COMPANY**

	<b>1 Jan. 2019 –31 Dec. 2019</b>	<b>1 Jan. 2018 –31 Dec. 2018</b>
Market valuation, pension commitment	30,124	30,596
Other financial interest income	596	207
Impairment of loans to Group companies	0	0
	<b>30,720</b>	<b>30,803</b>



## Note 8

### Software and capitalised development work

#### GROUP

	31 Dec. 2019	31 Dec. 2018
Opening cost	6,733	0
Purchases	1,786	6,733
Capitalisations	-1,026	0
Reclassifications	807	0
<b>Closing accumulated cost</b>	<b>8,300</b>	<b>6,733</b>
Opening amortisation	-919	0
Reclassifications	67	0
Amortisation for the year	-1,122	-919
<b>Closing accumulated amortisation</b>	<b>-1,974</b>	<b>-919</b>
<b>Closing carrying amount</b>	<b>6,326</b>	<b>5,814</b>

#### PARENT COMPANY

	31 Dec. 2019	31 Dec. 2018
Opening cost	332	0
Purchases	873	332
Capitalisations	-1,026	0
	0	0
<b>Closing accumulated cost</b>	<b>179</b>	<b>332</b>
<b>Closing carrying amount</b>	<b>179</b>	<b>332</b>



## Note 9 Goodwill

### GROUP

	31 Dec. 2019	31 Dec. 2018
Opening cost	87,045	43,374
Investments	4,854	43,100
Translation differences	332	571
<b>Closing accumulated cost</b>	<b>92,231</b>	<b>87,045</b>
Opening amortisation	-40,955	-32,504
Translation differences	-250	-337
Amortisation for the year	-12,479	-8,114
<b>Closing accumulated amortisation</b>	<b>-53,684</b>	<b>-40,955</b>
<b>Closing carrying amount</b>	<b>38,547</b>	<b>46,090</b>

## Note 10 Buildings and land

### GROUP

	31 Dec. 2019	31 Dec. 2018
Opening cost	869,481	857,851
Purchases	117,889	25,088
Sales/disposals	-316,383	0
Reclassifications, equipment	4,563	-13,844
Translation differences	257	386
<b>Closing accumulated cost</b>	<b>675,807</b>	<b>869,481</b>
Opening depreciation	-124,239	-114,296
Sales/disposals	0	0
Reclassifications, equipment	0	6,512
Depreciation for the year	-13,069	-16,315
Translation differences	0	-140
<b>Closing accumulated depreciation</b>	<b>-137,308</b>	<b>-124,239</b>
<b>Closing carrying amount</b>	<b>538,499</b>	<b>745,242</b>
<b>Information on investment properties</b>		
Carrying amount	533,864	745,242
Fair value	1,443,000	1,467,000



**Note 11**  
**Equipment**  
**GROUP**

	<b>31 Dec. 2019</b>	<b>31 Dec. 2018</b>
Opening cost	131,669	121,673
Purchases	8,884	7,725
Sales/disposals	-4,546	-13,594
Reclassification differences	-352	2,021
Reclassification from buildings	-4,563	13,844
<b>Closing accumulated cost</b>	<b>131,092</b>	<b>131,669</b>
Opening depreciation	-109,353	-107,799
Sales/disposals	1,953	12,834
Reclassification from buildings	0	-6,512
Depreciation for the year	-6,950	-7,357
Translation differences	145	-519
<b>Closing accumulated depreciation</b>	<b>-114,205</b>	<b>-109,353</b>
Opening write-downs	-1,593	-1,559
<b>Closing accumulated write-downs</b>	<b>-1,593</b>	<b>-1,559</b>
<b>Closing carrying amount</b>	<b>15,324</b>	<b>20,757</b>

**PARENT COMPANY**

	<b>31 Dec. 2019</b>	<b>31 Dec. 2018</b>
Opening cost	264	264
Purchases	0	0
<b>Closing accumulated cost</b>	<b>264</b>	<b>264</b>
Opening depreciation	-222	-208
Depreciation for the year	-14	-14
<b>Closing accumulated depreciation</b>	<b>-236</b>	<b>-222</b>
<b>Closing carrying amount</b>	<b>28</b>	<b>42</b>



**Note 12****Information about the parent company****GROUP**

Elof Hansson Holding AB, company reg. no. 556064-6977, with its registered office in Gothenburg, is the parent company of the Elof Hansson Holding Group. Elof Hansson Holding AB is 100% owned by Elof Hanssons Stiftelse, org. reg. no. 857204-9032, whose registered office is in Gothenburg.

The parent company's net sales to other Group companies totalled SEK 45 million (31). Purchases from Group companies totalled SEK 5 million (8).

The parent company of the smallest group of which the company forms a part and which prepares consolidated financial statements is Elof Hansson Holding AB with the company registration number 556064-6977 and its registered office in Gothenburg.

The parent company of the largest group of which the company forms a part and which prepares consolidated financial statements is Elof Hanssons Stiftelse with the organisation number 857204-9032 and its registered office in Gothenburg.

**Note 13****Participations in Group companies****PARENT COMPANY**

	31 Dec. 2019	31 Dec. 2018
Opening cost	680,604	554,335
Purchases		36,495
Shareholder contributions		89,774
Liquidation	-138	
<b>Closing accumulated cost</b>	<b>680,466</b>	<b>680,604</b>
Opening write-downs	-167,398	-77,624
Write-downs for the year	-20,678	-89,774
<b>Closing accumulated write-downs</b>	<b>-188,076</b>	<b>-167,398</b>
<b>Closing carrying amount</b>	<b>492,390</b>	<b>513,206</b>

Elof Hansson Fiber B.V has been written down by SEK 1,488 thousand, Singapore Pulp & Paper has been written down by SEK 6,320 thousand, Paper Testing Instruments GmbH has been written down by SEK 3,900 thousand, Adexi A/S has been written down by SEK 9,000 thousand and Elof Hansson AG has been liquidated.



## Note 14

### Specification of participations in Group companies

#### PARENT COMPANY

Name	Share of capital	Share of voting rights	Number of shares	Book value
Elof Hansson Trade AB	99.9	99.9	748,890	263,959
Elof Hansson USA Inc	100	100	7,500	24,700
Elof Hansson International AB	100	100	500	21,400
Elof Hansson Singapore Private Ltd	100	100	10,000	0
Elof Hansson Bygghandel AB	100	100	100,000	16,507
Elof Hansson (India) Private Ltd	100	100	999	23
Elof Hansson Fastighets AB	100	100		91,858
Elof hansson Ltda	100	100	899,999	4,874
Elof Hansson Fiber B.V	100	100	102	0
Elof Hansson LLC	100	100	100	2
Adexi A/S	100	100	1,200	8,212
Paper Testing Instruments GmbH	100	100		22,360
Pinnau Holz GmbH	100	100		2,000
Conrad Jacobson Zellstoff GmbH	100	100	100	36,495
				<b>492,390</b>

	Company reg. no.	Reg. office
Elof Hansson Trade AB	556088-5633	Gothenburg
Elof Hansson USA Inc		New York
Elof Hansson International AB	556835-3535	Gothenburg
Elof Hansson Singapore Private Ltd	201301772D	Singapore
Elof Hansson Bygghandel AB	556082-8922	Gothenburg
Elof Hansson (India) Private Ltd		Chennai
Elof Hansson Fastighets AB	556874-2232	Gothenburg
Elof Hansson Fiber B.V	66514835	Heemstede
Elof Hansson LLC	06243264	Saint-Petersburg
Adexi A/S	25057708	Aarhus
Paper Testing Instruments GmbH	FN 139822	Germany
Pinnau Holz GmbH	HRB39766	Hamburg
Conrad Jacobson Zellstoff GmbH	HRB75032	Hamburg

**Note 15****Participations in associated companies and joint ventures****GROUP**

	31 Dec. 2019	31 Dec. 2018
Opening cost	9,370	14,470
Purchases	121	0
Reclassifications	-10	-5,100
Closing accumulated cost	<b>9,481</b>	<b>9,370</b>
Closing carrying amount	<b>9,481</b>	<b>9,370</b>

**PARENT COMPANY**

	31 Dec. 2019	31 Dec. 2018
Opening cost	9,370	14,470
Purchases	121	0
Reclassifications	-10	-5,100
Closing accumulated cost	<b>9,481</b>	<b>9,370</b>
Closing carrying amount	<b>9,481</b>	<b>9,370</b>

During the year, EH Holding AB acquired shares representing a 40% stake in Nano Infra Tech GmbH.



## Note 16

### Specification of participations in associated companies

#### GROUP

Name	Share of capital	Share of voting rights	Number of shares	Book value
Thymen Invest Pte Ltd	10	10	110	9,360
Nano Infra tech GmbH	40	40	10,000	121
				<b>9,481</b>

	Company reg. no.	Reg. office
Thymen Invest Pte Ltd	201701177E	Singapore
Nano Infra tech GmbH	HRB247942	Stornburg

#### PARENT COMPANY

Name	Share of capital	Share of voting rights	Number of shares	Book value
Thymen Invest Pte Ltd	10	10	110	9,360
Nano Infra tech GmbH	40	40	10,000	121
				<b>9,481</b>

	Company reg. no.	Reg. office
Thymen Invest Pte Ltd	201701177E	Singapore
Nano Infra tech GmbH	HRB247942	Stornburg

## Note 17

### Prepaid expenses and accrued income

#### GROUP

	31 Dec. 2019	31 Dec. 2018
Prepaid insurance policies	3,137	2,848
Prepaid rent	2,421	646
Other	16,489	13,977
Accrued income	11,474	107,386
	<b>33,521</b>	<b>124,857</b>

#### PARENT COMPANY

	31 Dec. 2019	31 Dec. 2018
Prepaid rent	1,855	1,676
Other	467	1,344
Unrealised foreign exchange futures	0	2,264
Accrued income	11,474	2,256
	<b>13,796</b>	<b>7,540</b>

**Note 18****Events after the closing date****GROUP**

The COVID-19 outbreak began in early 2020, affecting people and communities all over the world. The ongoing pandemic also has inevitable consequences and commercial impact for our business. Despite COVID-19,

the business operations have continued according to plan, and after the first quarter, the Group has earnings in line with budget.

**Note 19****Provisions****GROUP**

	31 Dec. 2019	31 Dec. 2018
<b>Pensions and similar obligations</b>		
Amount at the start of the year	35,422	64,067
Provisions for the year	713	478
Amounts claimed during the year	-145	-32,577
Translation	1,461	3,454
	<b>37,451</b>	<b>35,422</b>
<b>Other provisions</b>		
Amount at the start of the year	26,729	1,323
Acquired provisions		799
Amounts claimed during the year	-4,398	-202
Translation	43	47
Tax	5,032	24,762
	<b>27,406</b>	<b>26,729</b>



## Note 20

### Liabilities to credit institutions

#### GROUP

	Loan amount 31 Dec. 2019	Loan amount 31 Dec. 2018
<b>Non-current liabilities</b>		
Liabilities to credit institutions	432,787	665,900
	<b>432,787</b>	<b>665,900</b>
<b>Current liabilities</b>		
Amounts granted	334,114	383,557
Amounts utilised	29,989	201,207
	<b>364,103</b>	<b>584,764</b>

#### Maturity dates

The element of non-current liabilities falling due later than one year but within five years.

#### Current liabilities

This item includes credits in current accounts and in foreign currency accounts.

#### PARENT COMPANY

	Loan amount 31 Dec. 2019	Loan amount 31 Dec. 2018
Current liabilities	0	10,000
Amounts granted	<b>0</b>	<b>10,000</b>

## Note 21

### Accrued expenses and deferred income

#### GROUP

	31 Dec. 2019	31 Dec. 2018
Accrued salaries and annual leave pay	25,481	25,088
Accrued social security contributions	24,936	30,026
Project balance upon percentage of completion	55,707	137,534
Other accrued expenses	92,322	55,181
	<b>198,446</b>	<b>247,829</b>

#### PARENT COMPANY

	31 Dec. 2019	31 Dec. 2018
Accrued salaries and annual leave pay	5,210	5,115
Accrued social security contributions	2,986	4,122
Other accrued expenses	5,598	2,379
	<b>13,794</b>	<b>11,616</b>



**Note 22****Pledged assets****GROUP**

For own liabilities and provisions

	31 Dec. 2019	31 Dec. 2018
For liabilities to credit institutions:		
Properties	535,000	719,000
Accounts receivable	126,661	204,448
	<b>661,661</b>	<b>923,448</b>
Other		
For bank guarantees (restricted funds)	8,189	11,867
For own pension commitments (endowment insurance)	3,823	3,968
	<b>12,012</b>	<b>15,835</b>
Restricted funds		
Restricted funds at Danske Bank and Swedbank	8,189	35,910
	<b>8,189</b>	<b>35,910</b>

**Note 23****Contingent liabilities****GROUP**

	31 Dec. 2019	31 Dec. 2018
Joint and several liability for participation in trading company	0	180,100
	<b>0</b>	<b>180,100</b>

**PARENT COMPANY**

	31 Dec. 2019	31 Dec. 2018
Guarantee commitments for Group companies	176,332	137,467
	<b>176,332</b>	<b>137,467</b>

**Note 24****Profit/loss from participations in Group companies****PARENT COMPANY**

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
Dividends from Group companies	0	2,102
Impairment of participations in Group companies	-20,678	-89,744
Impairment of loans to Group companies	-104,254	0
Liquidation of subsidiary	-138	0
	<b>-125,070</b>	<b>-87,642</b>



## Note 25

### Group contributions received

#### PARENT COMPANY

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
Group contributions received	27,300	33,257
	<b>27,300</b>	<b>33,257</b>

## Note 26

### Tax expense for the year

#### GROUP

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
Tax on the profit/loss for the year	-27,497	-13,642
Change in deferred tax for temporary differences	554	-5,847
Change in deferred tax for tax loss carryforwards	0	-13,100
<b>Total reported tax</b>	<b>-26,944</b>	<b>-32,589</b>

#### Difference between tax expense for the year and tax expense based on the applicable tax rate

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
	Amount	Amount
Profit/loss recognised before tax	61,373	82,605
Tax according to applicable tax rate in Sweden	-10,529	-18,173
Tax effect of other tax rates in other countries	-1,970	-81
Unrecognised deferred tax on tax loss carryforwards	-3,233	-15,656
Non-deductible expenses/non-taxable income	-4,056	-1,514
Taxable tax allocation reserve	-0	2,835
Previously unrecognised deferred tax on tax loss carryforwards	-7,156	0
<b>Reported effective tax</b>	<b>-26,944</b>	<b>-32,589</b>



## PARENT COMPANY

	1 Jan. 2019 –31 Dec. 2019	1 Jan. 2018 –31 Dec. 2018
Tax on the profit/loss for the year		
Current tax	-2,641	-76
Change in deferred tax for temporary differences	0	-4,918
<b>Total reported tax</b>	<b>-2,641</b>	<b>-4,994</b>

## Difference between tax expense for the year and tax expense based on the applicable tax rate

	1 Jan. 2019 –31 Dec. 2019		1 Jan. 2018 –31 Dec. 2018	
	Percentage	Amount	Percentage	Amount
Profit/loss recognised before tax		-122,107		-67,128
Tax according to applicable tax rate in Sweden	21.40	26,131	22.00	14,768
Profit/loss from participations in Group companies		-342		-19,288
Non-deductible expenses/non-taxable income		-28,430		-474
<b>Reported effective tax</b>	<b>-2.16</b>	<b>-2,641</b>	<b>-7.36</b>	<b>-4,994</b>

## Note 27

## Appropriation of profit or loss

## PARENT COMPANY

## Proposed appropriation of profit

	31 Dec. 2019	31 Dec. 2018
The following profits are at the disposal of the Annual General Meeting		
Share premium reserve	178,459	178,459
Retained earnings	312,148	389,269
Profit/loss for the year	-124,749	-72,121
	<b>365,858</b>	<b>495,607</b>

## To be appropriated as follows

To be distributed to the shareholders as dividends	5,000	5,000
To be carried forward	373,758	490,607
	<b>378,758</b>	<b>495,607</b>



## Note 28

### Non-cash items

#### GROUP

	31 Dec. 2019	31 Dec. 2018
Planned depreciation	32,498	32,485
Exchange rate differences	-1,278	-2,634
Changes to provisions	-2,706	-28,001
	<b>28,514</b>	<b>1,850</b>

#### PARENT COMPANY

	31 Dec. 2019	31 Dec. 2018
Depreciation and amortisation	14	26
Impairment of shares in Group companies	20,708	89,774
Impairment of loans to Group companies	104,254	0
Impairment of loans to external companies	6,783	0
	<b>131,759</b>	<b>89,800</b>

## Note 29

### Other non-current receivables

#### PARENT COMPANY

	31 Dec. 2019	31 Dec. 2018
Opening cost	15,169	2,103
Additions	5,760	13,066
Closing accumulated cost	<b>20,929</b>	<b>15,169</b>
Opening impairments	0	0
Impairments for the year	-6,783	0
Closing accumulated impairments	<b>-6,783</b>	<b>0</b>
Closing carrying amount	<b>14,146</b>	<b>15,169</b>

**Note 30****Receivables from Group companies****GROUP**

	31 Dec. 2019	31 Dec. 2018
Opening cost	0	0
Receivables from Elof Hansson Stiftelse	67	
Closing accumulated cost	<b>67</b>	<b>0</b>
Closing carrying amount	<b>67</b>	<b>0</b>

**PARENT COMPANY**

	31 Dec. 2019	31 Dec. 2018
Opening cost	621,103	553,504
New intra-Group lending	63,260	67,599
Closing accumulated cost	<b>684,363</b>	<b>621,103</b>
Impairments for the year	-104,254	-11,301
Closing accumulated impairments	<b>-104,254</b>	<b>-11,301</b>
Closing carrying amount	<b>580,109</b>	<b>609,802</b>

**Note 31****Deferred tax asset****GROUP**

	31 Dec. 2019	31 Dec. 2018
Deferred tax asset	11,684	11,346
	<b>11,684</b>	<b>11,346</b>







# We'll make it happen.





Gothenburg 07/05/2020

Kenny Palmberg  
Chairman

Finn T. Jacobsen

Magnus Örtorp

Mikael Lundström

Per-Åke Färnstrand

Mikael Forslund  
Chief Executive Officer

Our audit report was submitted on 07/05/2020  
Ernst & Young AB

Thomas Nilsson  
Authorised Public Accountant



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