
DHL Global Forwarding (Denmark) A/S

Kirstinehøj 42, DK-2770 Kastrup

Annual Report for 1 January - 31 December 2020

CVR No 16 47 46 06

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/5 2021

Mikkel Sandris
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DHL Global Forwarding (Denmark) A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 26 May 2021

Executive Board

Torben Pagh
CEO

Board of Directors

Ulf Gunnar Nilsson
Chairman

Torben Pagh

Atli Freyr Einarsson

Independent Auditor's Report

To the Shareholder of DHL Global Forwarding (Denmark) A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DHL Global Forwarding (Denmark) A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 26 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Anders Røjleskov
State Authorised Public Accountant
mne28699

Company Information

The Company

DHL Global Forwarding (Denmark) A/S
Kirstinehøj 42
DK-2770 Kastrup

Telephone: + 45 36 90 55 00

Facsimile: + 45 32 50 18 20

CVR No: 16 47 46 06

Financial period: 1 January - 31 December

Municipality of reg. office: Tårnby

Board of Directors

Ulf Gunnar Nilsson, Chairman
Torben Pagh
Atli Freyr Einarsson

Executive Board

Torben Pagh
Hanne Elise Reher Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	1,688,990	1,524,368	1,434,729	1,687,931	1,613,617
Gross profit/loss	105,728	98,902	89,626	95,451	116,478
Operating profit/loss	1,700	-9,358	-22,088	-16,998	3,979
Profit/loss before financial income and expenses	1,700	-9,358	-22,088	-16,998	3,979
Net financials	634	344	1,966	-672	175
Net profit/loss for the year	2,334	-7,194	-25,963	-14,472	3,322
Balance sheet					
Balance sheet total	283,633	292,567	359,547	239,768	272,799
Equity	43,625	41,291	48,485	74,960	89,432
Investment in property, plant and equipment	89	1,333	360	64	-230
Number of employees	175	188	199	202	196
Ratios					
Gross margin	6.3%	6.5%	6.2%	5.7%	7.2%
Profit margin	0.1%	-0.6%	-1.5%	-1.0%	0.2%
Return on assets	0.6%	-3.2%	-6.1%	-7.1%	1.5%
Solvency ratio	15.4%	14.1%	13.5%	31.3%	32.8%
Return on equity	5.5%	-16.0%	-42.1%	-17.6%	3.8%

*) The Company has applied the accounting methods of IFRS 9, 15 and 16 within the framework of the Danish Financial Statements Act as of 1 January 2018. The comparative figures for 2016-2017 have not been restated.

Management's Review

Key activities

The Company's activity during the year comprised shipping activities by air and sea transport.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK'000 2,334, and at 31 December 2020 the balance sheet of the Company shows equity of DKK'000 43,625.

Company Management considers the result satisfactory.

DHL Global Forwarding has already and will continue investing heavily in digitization in order to support the positive development in results in 2020 and the years ahead.

Operating risks

The Company's key operating risk relates to its ability to be strongly positioned in its key markets, primarily the overseas markets, both in terms of prices and delivery.

Foreign exchange risks

The Company primarily invoices in DKK, whereas material parts of direct expenses are denominated in EUR and USD. In accordance with group policies, a netting system/clearing system is applied. As such, the Company is exposed to exchange risks relating to EUR and USD as well as other currencies as regards current operations

Interest rate risks

Due to its ownership, the Company has limited exposure to interest level changes.

Credit risks

The Company has no material risks relating to individual customers or business partners.

Expectations for the year ahead and subsequent events

Despite difficult market conditions following the corona pandemic, the result for 2021 is expected to improve compared to 2020.

However, the outlook for 2021 is subject to some uncertainty, especially due to the COVID-19 outbreak and the development in the global economy, including development in freight rates and transported volumes.

Management's Review

External environment

The Company has obtained environmental certification under ISO 14001 and in that connection an environmental policy, committing the Company to continuous environmental improvements has been prepared.

Every year a report detailing the Group's CSR commitments is prepared. This report also contains an account of the most substantial environmental impacts resulting from the environmental impacts resulting from the Group's worldwide activities. The report can be found on http://www.dpdhl.com/en/investors/financial_reports/corporate_responsibility_report.html. The goal of this strategy is to reach zero emission as a group in 2050.

Intellectual capital resources

The Company has the required intellectual capital resources relating to transport by air and sea as well as shipping to operate on a sound basis.

Statement of corporate social responsibility

According to section 99a (6) of the Danish Financial Statements Act, no description of corporate social responsibility has been prepared. We refer to Deutsche Post DHL annual report for the CSR report, which can be found on <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2020-Annual-Report.pdf>

Statement on gender composition

The Company has set its target for the underrepresented gender in the Board of Directors at 30% to be achieved no later than 2025. The Board of Directors currently consists of 100% male members. The goal was not fulfilled in 2020 as there was no replacements on the board.

The Company has a policy of offering equal opportunities to all employees and aims at a more balanced gender representation among its executives. The Company is aware of the underrepresented gender in the Board of Directors and will aim at a more balanced gender representation considering the industry and qualification. This will be carried out through Management's initiative to stimulate the number of candidates among the underrepresented gender when recruiting for management positions. Management considers recruitment an important pipeline to promote equal opportunities in the Company, which is a prerequisite for gender equality at executive levels.

In 2020, the underrepresented gender in the group of managers was 33%, which is interpreted as a strong pipeline for future recruitments within management.

Income Statement 1 January - 31 December

	Note	2020 DKK'000	2019 DKK'000
Revenue	2	1,688,990	1,524,368
Freight and other transportation expenses, etc		-1,517,758	-1,365,703
Other external expenses		-65,504	-59,763
Gross profit/loss		105,728	98,902
Staff expenses	3	-95,339	-99,332
Depreciation and amortisation of intangible assets and property, plant and equipment	4	-8,689	-8,928
Profit/loss before financial income and expenses		1,700	-9,358
Income from investments in subsidiaries	5	3,628	3,807
Financial income		62	82
Financial expenses	6	-3,056	-3,545
Profit/loss before tax		2,334	-9,014
Tax on profit/loss for the year	7	0	1,820
Net profit/loss for the year		2,334	-7,194

Balance Sheet 31 December

Assets

	Note	2020 DKK'000	2019 DKK'000
Software		192	779
Intangible assets	8	192	779
Land and buildings		12,125	17,271
Other fixtures and fittings, tools and equipment		5,716	6,394
Leasehold improvements		246	356
Tangible assets	9	18,087	24,021
Investments in subsidiaries	10	22,778	19,150
Deposits	11	1,262	1,243
Fixed asset investments		24,040	20,393
Fixed assets		42,319	45,193
Stocks		1,466	9,022
Trade receivables		195,342	172,353
Contract Assets		24,463	13,601
Receivables from group enterprises		18,570	51,761
Other receivables		904	361
Deferred tax asset	12	0	0
Prepayments	13	569	276
Receivables		239,848	238,352
Currents assets		241,314	247,374
Assets		283,633	292,567

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK'000	2019 DKK'000
Share capital	14	3,000	3,000
Reserve for net revaluation under the equity method		22,278	18,650
Retained earnings		18,347	19,641
Equity		43,625	41,291
Lease obligations		9,965	15,968
Other payables, long-term		9,358	3,273
Long-term debt	16	19,323	19,241
Credit institutions		10	10
Lease obligations	16	7,277	6,842
Trade payables		120,231	165,768
Payables to group enterprises		63,719	32,803
Other payables, short-term	16	29,448	26,612
Short-term debt		220,685	232,035
Debt		240,008	251,276
Liabilities and equity		283,633	292,567
Subsequent events	1		
Distribution of profit	15		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January	3,000	18,650	19,641	41,291
Net profit/loss for the year	0	3,628	-1,294	2,334
Equity at 31 December	3,000	22,278	18,347	43,625

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	2020 DKK'000	2019 DKK'000
2 Revenue		
Geographical segments		
Export	1,138,928	798,690
Import	550,062	725,678
	1,688,990	1,524,368
Business segments		
Air freight	701,857	589,817
Ocean freight	970,526	925,457
Other	16,607	9,094
	1,688,990	1,524,368
3 Staff expenses		
Wages and salaries	85,697	87,027
Pensions	6,499	7,036
Other social security expenses	3,143	5,269
	95,339	99,332
Including remuneration to the Executive Board and Board of Directors of:	4,688	3,809
	4,688	3,809
Average number of employees	175	188

Notes to the Financial Statements

	2020 <u>DKK'000</u>	2019 <u>DKK'000</u>
4 Depreciation and amortisation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	668	796
Depreciation of property, plant and equipment	<u>8,021</u>	<u>8,132</u>
	<u>8,689</u>	<u>8,928</u>
Which is specified as follows:		
Amortisation of software	668	796
Buildings	5,097	5,402
Other fixtures and fittings, tools and equipment	2,814	2,620
Leasehold improvements	<u>110</u>	<u>110</u>
	<u>8,689</u>	<u>8,928</u>
5 Income from investments in subsidiaries		
Share of profits of subsidiaries	<u>3,628</u>	<u>3,807</u>
	<u>3,628</u>	<u>3,807</u>
6 Financial expenses		
Interest paid to group enterprises	2,404	2,741
Other financial expenses	<u>652</u>	<u>804</u>
	<u>3,056</u>	<u>3,545</u>

Notes to the Financial Statements

	2020 <u>DKK'000</u>	2019 <u>DKK'000</u>
7 Tax on profit/loss for the year		
Current tax for the year	0	0
Adjustment of tax concerning previous years	0	-1,820
	<u>0</u>	<u>-1,820</u>
8 Intangible assets		<u>Software</u> DKK'000
Cost at 1 January		3,742
Additions for the year		81
Cost at 31 December		<u>3,823</u>
Impairment losses and amortisation at 1 January		2,963
Amortisation for the year		668
Impairment losses and amortisation at 31 December		<u>3,631</u>
Carrying amount at 31 December		<u>192</u>

Development projects relate to implementation of new versions of the Company's existing software products.

Notes to the Financial Statements

9 Tangible assets

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost at 1 January	26,048	19,381	4,319
Additions for the year	5,792	2,369	0
Disposals for the year	-12,408	-1,811	0
Cost at 31 December	<u>19,432</u>	<u>19,939</u>	<u>4,319</u>
Impairment losses and depreciation at 1 January	8,777	12,987	3,963
Depreciation for the year	5,098	2,815	110
Reversal of impairment and depreciation of sold assets	-6,568	-1,579	0
Impairment losses and depreciation at 31 December	<u>7,307</u>	<u>14,223</u>	<u>4,073</u>
Carrying amount at 31 December	<u>12,125</u>	<u>5,716</u>	<u>246</u>
Depreciated over	<u>3 years</u>	<u>4-10 years</u>	<u>5 years</u>
Including right-of-use assets amounting to	<u>12,125</u>	<u>4,384</u>	<u>0</u>

	2020 DKK'000	2019 DKK'000
10 Investments in subsidiaries		
Cost at 1 January	<u>500</u>	<u>500</u>
Cost at 31 December	<u>500</u>	<u>500</u>
Revaluations at 1 January	18,650	14,843
Net profit/loss for the year	<u>3,628</u>	<u>3,807</u>
Revaluations at 31 December	<u>22,278</u>	<u>18,650</u>
Carrying amount at 31 December	<u>22,778</u>	<u>19,150</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
FACT Danmark A/S	Kastrup, DK	500	100%

Notes to the Financial Statements

11 Other fixed asset investments

	Deposits	
	DKK'000	
Cost at 1 January		1,243
Additions for the year		19
Cost at 31 December		1,262
Carrying amount at 31 December		1,262

12 Deferred tax asset

	2020	2019
	DKK'000	DKK'000
Provision for deferred tax at 1 January	0	0
Provision for deferred tax at 31 December	0	0

At 31 December 2020, the Company has an estimated deferred tax asset of DKK 13 million (DKK 13 million). Due to uncertainty related to utilization of tax losses carried forward and recoverability of other tax assets the Company has chosen to recognise the deferred tax asset to a value of DKK 0.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

14 Equity

The share capital consists of 1,697 shares of a nominal value of DKK'000 1,697. No shares carry any special rights.

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK'000
A-shares	1,697	1,697
B-shares	1,303	1,303
		<u>3,000</u>

15 Distribution of profit

	<u>2020</u> DKK'000	<u>2019</u> DKK'000
Reserve for net revaluation under the equity method	3,628	3,807
Retained earnings	-1,294	-11,001
	<u>2,334</u>	<u>-7,194</u>

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

Between 1 and 5 years	<u>9,965</u>	<u>15,968</u>
Long-term part	9,965	15,968
Within 1 year	<u>7,277</u>	<u>6,842</u>
	<u>17,242</u>	<u>22,810</u>

Other payables, long-term

Between 1 and 5 years	<u>9,358</u>	<u>3,273</u>
Long-term part	9,358	3,273
Other short-term payables	<u>29,448</u>	<u>26,612</u>
	<u>38,806</u>	<u>29,885</u>

Notes to the Financial Statements

	2020 DKK'000	2019 DKK'000
17 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	868	859
Between 1 and 5 years	1,664	2,290
	2,532	3,149

Other contingent liabilities

The Company is jointly taxed with other Danish companies and branches of the DPDHL Group. The Company and the other companies and branches subject to joint taxation have unlimited, joint and several liability for Danish corporation taxes.

18 Related parties

	Basis
Controlling interest	
DHL Express (Denmark) A/S Jydekrogen 14, DK-2625 Vallensbæk	Parent
Deutsche Post AG Charles-de-Gaulle-Strasse 20 DE-53113 Bonn	Parent
Deutsche Post Beteiligungen Holding GmbH Charles-de-Gaulle-Strasse 20 DE-53113 Bonn	Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company's intercompany transactions and management remuneration has during the year been entered into at arm's length.

Notes to the Financial Statements

18 Related parties (continued)

Consolidated Financial Statements

The Company does not prepare consolidated financial statements pursuant to section 112(1) of the Danish Financial Statements Act.

<u>Name</u>	<u>Place of registered office</u>
Deutsche Post AG, ultimate parent	DE 53105 Bonn, Germany
DHL Express (Denmark) A/S, direct parent	Jydekrogen 14, DK-2625 Vallensbæk

The Company's direct parent, DHL Express (Denmark) A/S does furthermore not prepare consolidated Financial Statements. The Company's ultimate parent which prepares consolidated Financial Statements into which the Company is incorporated as a subsidiary is Deutsche Post AG.

The Group Annual Report of Deutsche Post AG, ultimate parent may be obtained at the following address:

Deutsche Post AG, DE 53105 Bonn, Germany

19 Fee to auditors appointed at the general meeting

	<u>2020</u>	<u>2019</u>
	DKK'000	DKK'000
Audit fee to PricewaterhouseCoopers	559	533
Other assurance engagements	289	430
Tax advisory services	35	39
Non-audit services	5	5
	<u>888</u>	<u>1,007</u>

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of DHL Global Forwarding (Denmark) A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK'000.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Deutsche Post AG, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Deutsche Post AG, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Notes to the Financial Statements

20 Accounting Policies (continued)

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

The Company uses IFRS 16 when measuring and recognizing leases.

Leases are recognised at present value of the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet.

Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be determined. Otherwise, discounting is at the incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability;
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are depreciated over the term of the lease using the straightline method, normally a depreciation period of 1 - 3 years.

The Company has used the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement according to the straight-line method.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Company the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences

Notes to the Financial Statements

20 Accounting Policies (continued)

between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Segment information on revenue

Information on geographical segments and business segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from logistics services is recognised in the income statement when the sale is considered effected based on the following criteria:

Freight and other transportation expenses, etc

Freight and other transportation expenses, etc includes costs for carriers and other costs used in generating the year's revenue.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments.

Notes to the Financial Statements

20 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible assets

Software acquired is measured at the lower of cost less accumulated amortisation and recoverable amount. Software is amortised on a straight line basis over its useful life, which is assessed at 3 years.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Right-of-use assets	1 -3 years
Plant and buildings	3 years
Other fixtures and fittings, tools and equipment	4 - 10 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

20 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of lease deposit.

Inventories

Stocks are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of stocks is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

20 Accounting Policies (continued)

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of principles in the expected credit loss impairment model IFRS 9 meaning an estimate of credit loss over the expected lifetime, weighted for the probability of default. Expected credit loss is generally measured at the level of individual items.

Contract Assets

Contract assets relate to goods and services not yet invoiced. Contract Assets is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and lease of equipment.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$