

Dachser Denmark A/S

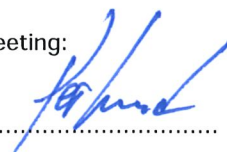
Helseholmen 11, 2650 Hvidovre

CVR no. 17 16 91 14

Annual report 2020

Approved at the Company's annual general meeting on 26-03-2021

Chair of the meeting:

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Dachser 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2020 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Hvidovre, 12 March 2021
Executive Board:

René Marian Løvgreen
Sidor
Chief Executive Officer

Per Lund

Board of Directors:

Robert Josef Erni
Chair

Alexander Dietrich Tonn

Wolfgang Helmut Reinel

Independent auditor's report

To the shareholders of Dachser Denmark A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dachser 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 accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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 as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 12 March 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised Public Accountant
mne26736

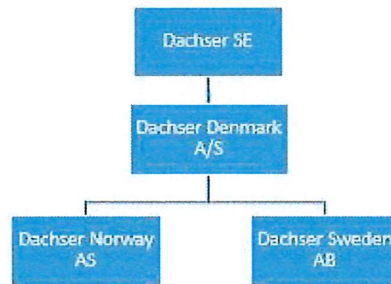
Management's review

Company details

Name	Dachser Denmark A/S
Address, Postal code, City	Helseholmen 11, 2650 Hvidovre
CVR no.	17 16 91 14
Established	19 September 1930
Registered office	Hvidovre
Financial year	1 January - 31 December
Website	www.dachser.dk
Board of Directors	Robert Josef Erni, Chairman Alexander Dietrich Tonn Wolfgang Helmut Reinel
Executive Board	René Marian Løvgreen Sidor, Chief Executive Officer Per Lund
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Danmark Commerzbank

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2020	2019	2018	2017	2016
Key figures					
Revenue	1,278,892	1,287,445	1,205,787	1,083,204	1,070,024
Gross profit	298,796	281,104	269,208	244,100	237,331
Operating profit/loss	70,173	52,545	46,229	34,685	39,108
Net financials	-2,557	-1,772	-2,868	-2,661	-3,572
Profit for the year	57,250	52,954	39,629	28,717	28,607
Balance sheet					
Total assets	444,510	443,172	428,890	380,789	386,271
Investment in property, plant and equipment	8,045	3,435	982	1,206	2,394
Equity	228,846	184,482	160,803	121,640	94,429
Financial ratios					
Operating margin	5.6%	4.2%	4.2%	3.2 %	3.7 %
Gross margin	23.4%	21.8%	22.3%	22.5%	22.2%
Equity ratio	51.5%	41.6%	37.5%	31.9%	24.4%
Return on equity	27.7%	30.7%	28.1%	26.6%	36.0%
Personnel					
Average number of employees	477	475	455	433	425

For terms and definitions, please see the accounting policies.

Management's review

Business review

As in previous years, the Group's and Dachser Denmark A/S' main activity consisted of conducting transport, distribution, logistics and freight forwarding services and other related activities, as well as being a parent company of the associated subsidiaries, whose main activities are also within freight forwarding services and related activities.

Financial review

The consolidated profit for the year amounted to DKK 57,250 thousand in 2020 against DKK 52,954 thousand in 2019. Despite an unpredictable course of the COVID-19 pandemic the positive results of operation exceed expectations.

Overall, the Group has continued the positive development in its core business within road, air and sea transport and warehouse logistics.

The results of the Danish activities have developed positively despite a decline in revenue. This is due to a lower cost base and improved efficiency.

Dachser Sweden AB has continued the positive development in terms of both revenue and profit. In addition, the subsidiary has improved its cost efficiency. The result has been affected positively by recognition of deferred tax assets.

Dachser Norway AS has again developed positively in terms of both revenue and profit.

The overall positive trend shows that the Dachser Group's customers are still very satisfied with the international network and the supply of the Group's logistics products.

Outlook

The company expects the market for logistics services to rebound in line with an increase in the economic growth which is expected in the markets in which the company operates. However, among other factors the growth is affected by uncertainty in terms of the rate and extent of COVID-19 vaccination activities, new mutations of the virus and the consequent effect on the market. In mid-March 2021, the management expects a positive moderate development in revenue and a stable development in profit compared to 2020.

Financial risks and use of financial instruments

Interest risks

For real estate investments, interest rate swaps have been entered into in order to fix interest rates and hedge the risk of future changes in the variable interest rates.

Currency risks

The Group's Swedish and Norwegian subsidiaries as well as primarily the Danish air and sea activities are exposed to currency risks. The risks are sought to be hedged through continuous exchange to local currency.

COVID-19

The ongoing virus outbreak of COVID-19 could potentially have an impact on the company's sales, and in addition the security of services from the company's subcontractors may be affected. The potential effect on the company's profit and financial position will naturally depend on the duration and extent of the virus outbreak, which is unknown at the time of the financial reporting. However the rollout of vaccines during 2021 is expected to reduce the potential negative impact by the end of the year.

Statutory CSR report

The Dachser Group, the company's owners and management are aware of its economic, environmental and social responsibility and have committed themselves to a sustainable corporate policy, which form part of Dachser's underlying values.

Management's review

Climate impact

There may be a material risk of a negative impact on the climate due to the emission of CO₂ related to our transport activities. Through CO₂-reduction strategies, which among others include the use of IT-optimized route planning and utilization of modular vehicles during the year, the number of vehicles on the roads have been reduced and consequently the CO₂ emission. Furthermore, electric forklifts and low-emission vehicles are used, which require less or none-fossil fuel and thus have less of an impact on the environment. Dachser also participates in various projects regarding the development of environmentally friendly city distribution.

Dachser is committed to reducing our climate footprint.

Finally, Dachser participates actively in the design of a Europe-wide standard for measuring energy consumption and greenhouse gas emissions for transport services. Through its participation in the preparation of the standard, Dachser acquires important know-how regarding environmental resource management and apply our long-term experience.

Environment

Dachser is committed to using environmentally sound technologies. Inadequate handling of dangerous goods and waste material is considered to pose a material risk to the company and the environment. In 2020, Dachser continued a number of actions to protect the environment. Active recycling of pallets, waste sorting and training in proper handling of dangerous goods are just some of the activities. This reduces the risk of causing damage to the environment.

Human rights

At Dachser, people take the center stage. We value diversity, and risks related to violation of human rights are particularly important to us. For this reason, our company culture and policy are characterized by mutual appreciation and cooperation. This includes respect for internationally recognized human rights, labor rights and tolerance of people with different cultural backgrounds as well as customs.

Dachser does not tolerate discrimination or any kind of harassment or disadvantage on the grounds of racial or ethnic origin, gender, religion or beliefs, disability, age, or sexual identity.

This means that we encourage people, regardless of their personal background, to apply for vacant positions. Also in 2020, the company employed staff with great variability in personal background.

Social and employee responsibility

Dachser is committed to social responsibility, long-term health and working ability of the employees. This is very important to us in all aspects.

For instance, Dachser continuously supports the non-profit organization Terre des hommes. Together with Terre des hommes, Dachser helps others to help themselves in order to improve living conditions and promote education and training for disadvantaged minorities. In this way, Dachser continuously supports an important prerequisite in society for shaping the future of one's own country, based on self-determination.

Dachser creates quality through qualification. In-depth competence development in the varied commercial disciplines, information technology and warehousing logistics guarantee young people a successful launch into professional life.

Based on the philosophy that only a solid foundation of experience and expertise will allow individuals to act confidently and think in a future-oriented way, Dachser broadens and updates the professional, social and leadership skills of the employees with customized, need-based seminars or individual coaching.

Management's review

A great number of employees have participated in training and education activities during 2020, however mostly in a digital format due to the COVID-19 pandemic.

Additionally, Dachser supports the work life balance of the employees and combines a strong company pension plan with a comprehensive concept for intelligent, sustainable health management.

Within the logistics and transport industry, potential risks may exist relating to employee's health working abilities.

Dachser is committed to complying with legal regulations for fair working conditions, including those relating to fair remuneration and appropriate working hours. We condemn all forms of forced or child labor and we provide our employees with safe workplaces in accordance with international standards.

Anti-corruption and bribery

Business and services at Dachser are conducted in an ethically and legally responsible manner, and Dachser expects each and every employee to abide by all laws without exception, including applicable anti-corruption legislation, and not to engage in any form of bribery or corruption. Any breach of these rules could have a material negative impact on our business.

This is outlined in the Dachser Compliance Manual and related guidelines. All administrative employees participate in a Compliance E-learning on a regular basis and our local Compliance Officer and internal control procedures monitor various risk indicators. This means that there is a constant awareness of this subject.

During 2020, there have been no breaches of the anti-corruption and bribery rules.

COVID-19

During the COVID-19 pandemic the wellbeing and safety of all employees and business relations have had and still has the highest priority. This is done by introducing guidelines and measures that follow the recommendations from the public authorities, providing protective equipment and a safe working environment, i.e. establishing home offices and reducing personal contact etc. These initiatives has made it possible to maintain a fully operational organization and unchanged fulfilment of Dachser's services for the customers.

Account of the gender composition of Management

The board of directors' target for the underrepresented gender among members of the board elected by the general meeting has not changed from previous years. In 2020, two male candidates was elected for the board, based on their specific competences and knowledge. Hence the target was not reached this year and the underrepresented gender was not represented on the board during 2020.

The goal is that both sexes must be represented on the company's board of directors. It is the board's ambition to reach a goal of 25% representation of the underrepresented gender, corresponding to one elected member from 2021.

Considering the group's activities, the board aims at diversity at all levels of the group, which is why both sexes are ensured equal conditions for obtaining a position in the senior management team in connection with recruitment and composition of the management team. However, the board considers that optimal management of the group is not in every case compatible with a fixed level of diversity, and at this stage the board has not deemed it appropriate to set specific targets for diversity for the group's other management levels. The underrepresented sex amounts for 11% of the Nordic Group's management team.

The aim is that there is at least one of the underrepresented gender among the candidates in any recruitment process.

The proportion of underrepresented gender in senior management teams is unchanged during the current financial year.

Management's review

Events after the balance sheet date

The company generally achieved results in January and February 2021, which is in line with expectations. However, the ongoing worldwide COVID-19 outbreak will also affect the company's performance and financial position in 2021. The primary impacts are discussed further in the "Special risks" section. However, at the time of reporting it is not possible for the company's management to quantify the effect further, as it will depend on the duration and extent of the virus outbreak and the positive effects of mass vaccination.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2020	2019	2020	2019
3	Revenue	1,278,892	1,287,445	692,785	744,147
	Cost of sales	-917,688	-935,334	-539,692	-587,236
	Other operating income	1,339	1,769	12,279	12,660
	Other external expenses	-63,747	-72,776	-21,545	-26,630
	Gross profit	298,796	281,104	143,827	142,941
4	Staff costs	-220,006	-219,001	-112,975	-115,443
	Depreciation of property, plant and equipment	-7,278	-7,789	-5,808	-6,319
	Other operating expenses	0	-28	0	-28
	Profit before net financials	71,512	54,286	25,044	21,151
	Income from investments in group entities	0	0	39,255	38,142
5	Financial income	9,116	6,657	380	717
6	Financial expenses	-11,673	-8,429	-2,333	-2,833
	Profit before tax	68,955	52,514	62,346	57,177
7	Tax for the year	-11,705	440	-5,096	-4,223
	Profit for the year	57,250	52,954	57,250	52,954

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2020	2019	2020	2019
	ASSETS				
	Fixed assets				
8	Property, plant and equipment				
	Land and buildings	142,133	145,780	141,718	145,334
	Fixtures and fittings, other plant and equipment	6,623	7,798	3,194	3,972
	Property, plant and equipment under construction	5,558	0	5,558	0
		<u>154,314</u>	<u>153,578</u>	<u>150,470</u>	<u>149,306</u>
9	Investments				
	Investments in group entities	0	0	132,692	92,311
	Deposits, investments	75	36	0	0
		<u>75</u>	<u>36</u>	<u>132,692</u>	<u>92,311</u>
	Total fixed assets	<u>154,389</u>	<u>153,614</u>	<u>283,162</u>	<u>241,617</u>
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	300	236	300	236
		<u>300</u>	<u>236</u>	<u>300</u>	<u>236</u>
	Trade receivables	114,289	123,835	56,056	68,416
	Receivables from group entities	117,753	102,266	11,280	43,386
11	Deferred tax assets	12,877	13,369	1,038	1,332
	Corporation tax receivable	0	3	0	3
	Other receivables	3,066	4,016	2,176	1,532
	Prepayments	5,332	5,896	1,389	1,832
		<u>253,317</u>	<u>249,385</u>	<u>71,939</u>	<u>116,501</u>
	Cash	<u>36,504</u>	<u>39,937</u>	<u>9,300</u>	<u>13,756</u>
	Total non-fixed assets	<u>290,121</u>	<u>289,558</u>	<u>81,539</u>	<u>130,493</u>
	TOTAL ASSETS	<u>444,510</u>	<u>443,172</u>	<u>364,701</u>	<u>372,110</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2020	2019	2020	2019
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	9,000	9,000	9,000	9,000
	Hedging reserve	926	0	926	0
	Translation reserve	1,127	0	0	0
	Retained earnings	173,172	160,543	174,299	160,543
	Dividend proposed	44,621	14,939	44,621	14,939
	Total equity	228,846	184,482	228,846	184,482
	Liabilities other than provisions				
12	Non-current liabilities other than provisions				
	Bank debt	21,367	24,454	21,367	24,454
	Other payables	7,130	2,601	7,130	2,601
		28,497	27,055	28,497	27,055
	Current liabilities other than provisions				
12	Short-term part of long-term liabilities other than provisions				
	Trade payables	3,086	2,965	3,086	2,965
	Payables to group entities	76,679	77,043	34,200	38,175
	Corporation tax payable	50,090	100,949	42,688	97,051
	Other payables	7,571	3,751	1,423	0
		49,741	46,927	25,961	22,382
		187,167	231,635	107,358	160,573
		215,664	258,690	135,855	187,628
	TOTAL EQUITY AND LIABILITIES	444,510	443,172	364,701	372,110

1 Accounting policies

2 Special items

14 Contractual obligations and contingencies, etc.

15 Related parties

16 Fee to the auditors appointed by the Company in general meeting

17 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group				
		Share capital	Hedging reserve	Translation reserve	Retained earnings	Dividend proposed
						Total
	Equity at 1 January 2019	9,000	0	0	121,934	29,869
	Transfer through appropriation of profit	0	0	0	38,015	14,939
	Other value adjustments of equity	0	0	0	24	0
	Adjustment of hedging instruments at fair value	0	0	0	731	0
	Tax on items recognised directly in equity	0	0	0	-161	0
	Dividend distributed	0	0	0	0	-29,869
	Equity at 1 January 2020	9,000	0	0	160,543	14,939
	Transfer through appropriation of profit	0	0	0	12,629	44,621
	Foreign exchange adjustments, foreign subsidiaries	0	0	1,127	0	0
	Other value adjustments of equity	0	1,187	0	0	0
	Tax on items recognised directly in equity	0	-261	0	0	0
	Dividend distributed	0	0	0	0	-14,939
	Equity at 31 December 2020	9,000	926	1,127	173,172	44,621
						228,846

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity (continued)

Note	DKK'000	Parent company			
		Share capital	Hedging reserve	Retained earnings	Dividend proposed
					Total
	Equity at 1 January 2019	9,000	0	121,934	29,869
17	Transfer, see "Appropriation of profit"	0	0	38,015	14,939
	Other value adjustments of equity	0	0	24	0
	Adjustment of hedging instruments at fair value	0	0	731	0
	Tax on items recognised directly in equity	0	0	-161	0
	Dividend distributed	0	0	0	-29,869
	Equity at 1 January 2020	9,000	0	160,543	14,939
17	Transfer, see "Appropriation of profit"	0	0	12,629	44,621
	Foreign exchange adjustments, foreign subsidiaries	0	0	1,127	0
	Other value adjustments of equity	0	1,187	0	0
	Tax on items recognised directly in equity	0	-261	0	0
	Dividend distributed	0	0	0	-14,939
	Equity at 31 December 2020	9,000	926	174,299	44,621
					228,846

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2020	2019
	Profit for the year	57,250	52,954
18	Adjustments	21,540	8,810
	Cash generated from operations (operating activities)	78,790	61,764
19	Changes in working capital	-47,184	-15,294
	Cash generated from operations (operating activities)	31,606	46,470
	Interest received, etc.	207	343
	Interest paid, etc.	-2,230	-2,320
	Income taxes paid	-6,991	-6,632
	Cash flows from operating activities	22,592	37,861
	Additions of property, plant and equipment	-8,045	-3,435
	Sale of financial assets	0	338
	Other long-term receivables	-39	-17
	Cash flows to investing activities	-8,084	-3,114
	Dividends distributed	-14,939	-29,869
	Repayments, long-term liabilities	-2,966	-2,841
	Cash flows from financing activities	-17,905	-32,710
	Net cash flow	-3,397	2,037
	Cash and cash equivalents at 1 January	39,937	33,680
	Foreign exchange adjustments	-36	4,220
	Cash and cash equivalents at 31 December	36,504	39,937

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Dachser Denmark A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Dachser Denmark A/S, and group entities in which Dachser Denmark A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in group entities are set off against the proportionate share of the group entities' fair value of net assets and liabilities at the acquisition date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

Income statement

Revenue

Income from the rendering of transport services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year-end.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales (freight costs) includes cost of forwarding, including costs for haulage contractors and sub-suppliers, etc. before any discounts.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 6 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business entities with strong market positions and long-term earnings profiles.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	30-40 years
Fixtures and fittings, other plant and equipment	3-20 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The Company is covered by the Danish rules on mandatory joint taxation of Dachser SE's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments

Financial fixed assets are represented by Deposita.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements, if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost based on weighted average prices. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises the purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash and cash equivalents.

Equity

Revaluation reserve

The reserve comprises revaluations of property, plant and equipment/investments in subsidiaries and associates relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

As management company for all the entities in the joint taxation arrangement, the Company is liable for payment of the Danish subsidiaries of Dachser SE's income taxes vis à vis the tax authorities, as the subsidiaries of Dachser SE pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Group's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year.

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash and cash equivalents comprise cash and short-term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

2 Special items

Group

Special items comprise significant income and expenses of a special nature relative to the Group's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items also comprise significant one-off items which in the opinion of Management do not form part of the Group's operating activities.

As disclosed in the management's review, the profit for the year is affected by the recognition of deferred tax assets amounting to DKK 3,369 thousand (2019: DKK 11,973 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
	2020	2019	2020	2019
DKK'000				
3 Segment information				
Breakdown of revenue by geographical segment:				
Scandinavia	923,517	928,864	522,443	550,864
Other Europe	351,942	355,794	167,005	190,497
Other world	3,433	2,787	3,337	2,786
	<u>1,278,892</u>	<u>1,287,445</u>	<u>692,785</u>	<u>744,147</u>
Group				
For competitive reasons, the primary segment is not disclosed.				
Parent company				
For competitive reasons, the primary segment is not disclosed.				
4 Staff costs				
Wages/salaries	200,695	200,156	100,928	102,831
Pensions	11,483	10,027	7,791	7,980
Other social security costs	1,836	2,025	1,672	1,869
Other staff costs	5,992	6,793	2,584	2,763
	<u>220,006</u>	<u>219,001</u>	<u>112,975</u>	<u>115,443</u>
Average number of full-time employees	<u>477</u>	<u>475</u>	<u>241</u>	<u>244</u>
Remuneration to members of Management:				
Executive Board	5,150	4,825	5,150	4,825
	<u>5,150</u>	<u>4,825</u>	<u>5,150</u>	<u>4,825</u>
5 Financial income				
Interest receivable, group entities	205	343	0	0
Other financial income	8,911	6,314	380	717
	<u>9,116</u>	<u>6,657</u>	<u>380</u>	<u>717</u>
6 Financial expenses				
Interest expenses, group entities	402	146	402	143
Other financial expenses	11,271	8,283	1,931	2,690
	<u>11,673</u>	<u>8,429</u>	<u>2,333</u>	<u>2,833</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent company	
	2020	2019	2020	2019
7 Tax for the year				
Estimated tax charge for the year	10,814	7,700	4,801	3,952
Deferred tax adjustments in the year	891	-8,140	295	271
	<u>11,705</u>	<u>-440</u>	<u>5,096</u>	<u>4,223</u>

8 Property, plant and equipment

DKK'000	Group			
	Land and buildings	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2020	198,035	49,995	0	248,030
Foreign exchange adjustments	0	-31	0	-31
Additions	1,173	1,314	5,558	8,045
Disposals	0	-1,369	0	-1,369
Cost at 31 December 2020	<u>199,208</u>	<u>49,909</u>	<u>5,558</u>	<u>254,675</u>
Impairment losses and depreciation at 1 January 2020	52,255	42,197	0	94,452
Depreciation	4,820	2,458	0	7,278
Reversal of accumulated depreciation and impairment of assets disposed	0	-1,369	0	-1,369
Impairment losses and depreciation at 31 December 2020	<u>57,075</u>	<u>43,286</u>	<u>0</u>	<u>100,361</u>
Carrying amount at 31 December 2020	<u>142,133</u>	<u>6,623</u>	<u>5,558</u>	<u>154,314</u>
Depreciated over	<u>30-40 years</u>	<u>3-20 years</u>		

DKK'000	Parent company			
	Land and buildings	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2020	197,010	34,660	0	231,670
Additions	1,173	241	5,558	6,972
Disposals	0	-873	0	-873
Cost at 31 December 2020	<u>198,183</u>	<u>34,028</u>	<u>5,558</u>	<u>237,769</u>
Impairment losses and depreciation at 1 January 2020	51,676	30,688	0	82,364
Depreciation	4,789	1,019	0	5,808
Reversal of accumulated depreciation and impairment of assets disposed	0	-873	0	-873
Impairment losses and depreciation at 31 December 2020	<u>56,465</u>	<u>30,834</u>	<u>0</u>	<u>87,299</u>
Carrying amount at 31 December 2020	<u>141,718</u>	<u>3,194</u>	<u>5,558</u>	<u>150,470</u>
Depreciated over	<u>30-40 years</u>	<u>3-20 years</u>		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

	Group
	Deposits, investments
DKK'000	
Cost at 1 January 2020	36
Additions	39
Cost at 31 December 2020	75
Carrying amount at 31 December 2020	75
	Parent company
	Investments in group entities
DKK'000	
Cost at 1 January 2020	143,249
Cost at 31 December 2020	143,249
Value adjustments at 1 January 2020	-50,938
Foreign exchange adjustments	1,126
Profit/loss for the year	39,255
Value adjustments at 31 December 2020	-10,557
Carrying amount at 31 December 2020	132,692

Parent company

Name	Domicile	Interest
Subsidiaries		
Dachser Norway AS	Vinterbro, Oslo	100.00%
Dachser Sweden AB	Arendal, Göteborg	100.00%

	Parent company	
	2020	2019
DKK'000		
10 Share capital		
Analysis of the share capital:		
9,000 shares of DKK 1,000.00 nominal value each	9,000	9,000
	9,000	9,000

The parent's share capital has remained DKK 9,000 thousand over the past 5 years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent company	
	2020	2019	2020	2019
11 Deferred tax				
Deferred tax at 1 January	-13,368	-5,158	-1,332	-1,604
Adjustment of the deferred tax charge for the year	491	-8,210	294	272
Other deferred tax	0	-1	0	0
Deferred tax at 31 December	<u>-12,877</u>	<u>-13,369</u>	<u>-1,038</u>	<u>-1,332</u>
Deferred tax relates to:				
Property, plant and equipment	-1,130	-1,333	-1,038	-1,332
Receivables	-22	-138	0	0
Tax loss	-11,725	-11,898	0	0
	<u>-12,877</u>	<u>-13,369</u>	<u>-1,038</u>	<u>-1,332</u>

At 31 December 2020, the Group has recognised tax assets of DKK 12,877 thousand (2019: 13,368 thousand). Based on budgets and forecasts, Management has assessed that the recognised deferred tax assets can be offset against tax on future earnings within 5 years.

12 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	24,453	3,086	21,367	7,702
Other payables	7,130	0	7,130	0
	<u>31,583</u>	<u>3,086</u>	<u>28,497</u>	<u>7,702</u>
DKK'000	Parent company			
	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	24,453	3,086	21,367	7,702
Other payables	7,130	0	7,130	0
	<u>31,583</u>	<u>3,086</u>	<u>28,497</u>	<u>7,702</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

13 Derivative financial instruments and disclosure of fair values

The Group hedges interest rate risks through interest rate swaps whereby floating interest payments are rescheduled into fixed interest payments.

Group

DKK'000	2019				2020			
	Notional principal amount	Value adjustment recognised in equity	Fair value	Time to maturity months	Notional principal amount	Value adjustment recognised in equity	Fair value	Time to maturity months
Interest rate swap	33,000	731	-6,132	0-96	33,000	1,187	-4,945	0-84

Group

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

DKK'000	Interest rate swap
Group	
Fair value at year end	-4,945
Changes recognised in the hedging reserve	1,187
Fair value level	2
Parent Company	
Fair value at year end	-4,945
Changes recognised in the hedging reserve	1,187
Fair value level	2

14 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	Group		Parent company	
	2020	2019	2020	2019
Guarantee commitments	5,055	5,017	5,017	5,017
	5,055	5,017	5,017	5,017

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	89,026	85,271	5,995	11,962
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The Parent Company is jointly taxed with Meles Insurance A/S. As management company, the Company has joint and several unlimited liability, together with Meles Insurance A/S, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the Group of jointly taxed entities.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

15 Related parties

Group

Dachser Denmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Dachser SE	Thomas-Dachser-Strasse 2, D-87439 Kempten, Germany	Principal shareholder

Related party transactions

DKK'000	2020	2019
Group		
Sale of goods to related parties	286,623	304,286
Cost of sales to related parties	223,653	219,184
Administrative expenses to related parties	16,901	18,104
Interest expenses to related parties	205	340
Interest income from related parties	585	475
Receivables from related parties	117,753	66,512
Payables to related parties	126,768	80,154
Parent Company		
Sale of goods to related parties	200,350	164,783
Cost of sales to related parties	193,501	147,343
Administrative expenses to related parties	7,980	8,624
Interest expenses from related parties	486	0
Interest income from related parties	0	466
Receivables from related parties	11,280	22,591
Payables to related parties	76,887	76,256

With reference to Section 98(3) of the Danish Financial Statements Act, information on transactions between Dachser Denmark A/S and its wholly-owned subsidiaries are not disclosed.

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

DKK'000	Group		Parent company	
	2020	2019	2020	2019
16 Fee to the auditors appointed by the Company in general meeting				
Total fees to EY	604	619	284	284
Statutory audit	516	495	254	254
Other assistance	88	124	30	30
	604	619	284	284

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Parent company	
DKK'000		2020	2019
17	Appropriation of profit		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	44,621	14,939
	Retained earnings	12,629	38,015
		<u>57,250</u>	<u>52,954</u>
		Group	
DKK'000		2020	2019
18	Adjustments		
	Amortisation/depreciation and impairment losses	7,278	7,478
	Financial income	-9,116	-6,657
	Financial expenses	11,673	8,429
	Tax for the year	11,705	-440
		<u>21,540</u>	<u>8,810</u>
19	Changes in working capital		
	Change in inventories	-64	-21
	Change in receivables	-4,427	11,892
	Change in trade and other payables	-42,693	-27,165
		<u>-47,184</u>	<u>-15,294</u>