

Dachser Denmark A/S

Helseholmen 11, 2650 Hvidovre

CVR no. 17 16 91 14

Annual report 2019

Approved at the Company's annual general meeting on 02-04-2020

Chairman:

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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 2019.

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 2019 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 2019.


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, 20 March 2020
Executive Board:



René Marian Løvgreen Sidor
Chief Executive Officer



Per Lund

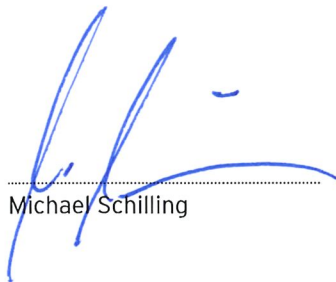


Thomas Krüger

Board of Directors:



Burkhard Eling
Chairman



Michael Schilling



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 2019, 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 2019, 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 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (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, 20 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Kim Thomsen
State Authorised Public Accountant
mne26736


Martin Stenstrup Toft
State Authorised Public Accountant
mne42786

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	Burkhard Eling, Chairman Michael Schilling Wolfgang Helmut Reinel
Executive Board	René Marian Løvgreen Sidor, Chief Executive Officer Per Lund Thomas Krüger
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Danmark Commerzbank

Management's review

Financial highlights for the Group

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	1,287,445	1,205,787	1,083,204	1,070,024	1,053,514
Gross profit	281,104	269,208	244,100	237,331	224,832
Operating profit/loss	52,544	46,229	34,685	39,108	35,887
Net financials	-1,772	-2,868	-2,661	-3,572	-2,525
Profit for the year	52,954	39,629	28,717	28,607	25,292
Balance sheet					
Total assets	443,172	428,890	380,789	386,271	407,045
Investment in property, plant and equipment	-3,435	-982	-1,206	-2,394	4,298
Equity	184,482	160,803	121,640	94,429	64,575
Financial ratios					
Operating margin	4.2%	4.2%	3.2%	3.7 %	2.7 %
Gross margin	21.8%	22.3%	22.5%	22.2%	21.3%
Equity ratio	41.6%	37.5%	31.9%	24.4%	15.9%
Return on equity	30.7%	28.1%	26.6%	36.0%	48.6%
Average number of employees	475	455	433	425	405

For terms and definitions of financial ratios, 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 results of operation amounted to DKK 52,954 thousand in 2019 against DKK 39,629 thousand in 2018. The results of operation exceed expectations.

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

Despite the improved revenue, the results of operation of the Danish activities have developed negatively. This is mainly due to a higher cost base, which is expected to improve efficiency and support a positive development in future.

Dachser Sweden AB has continued the positive development in terms of both revenue and profit. In addition, the company has improved its cost efficiency. During 2019, the business unit, Dachser Air and Sea Logistics Sweden commenced operations in Sweden. However, the set-up of the new business unit affected the Swedish results of operation negatively. The result has been positively effected 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 initially had an expectation of a positive development in earnings for 2020. However, at the mid of March 2020, management noted an adverse effect of the Covid-19 virus outbreak. As it is uncertain how this develops, it is not possible to estimate expectations for the future more accurately, but it is the management's expectation at the time of the financial reporting that a decrease in revenue and profit compared to 2019 may be expected.

Special risks

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.

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-reducing strategies, which include among others the use of IT-optimised route planning and utilisation of modular vehicles during the year, the number of vehicles on the roads has been reduced and consequently the CO₂ emission. Furthermore, electric driven forklifts and low-emission vehicles are used, which require less fuel and thus drive more environmentally friendly. 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 the measurement of 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 friendly technologies. Inadequate handling of dangerous goods and waste material is considered to pose a material risk to the Company and the environment. In 2019, Dachser continued a number of actions to protect the environment. Active recycle 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 characterised by mutual appreciation and cooperation. This includes respect for internationally recognised human rights and labour rights and tolerance of people from other cultures and their 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.

Among others, this means, we encourage people, regardless of their personal background, to apply for vacant positions. Also in 2019, the Company employed staff with great variability in personal background.

Social and employee responsibility

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

Among others, Dachser continuously supports the charity Terre des hommes. Together with Terre des hommes, Dachser is helping others 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.

Management's review

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

A great number of employees have participated in training and education activities during 2019.

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

Anti-corruption and bribery

Dachser ensures to conduct its business and provide its services in an ethically and legally responsible manner, hereunder Dachser expects each and every employee to abide without exception by all laws, including applicable anti-corruption legislation and does not 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 Compliance E-learning on a regular basis and our local Compliance Officer and internal control procedures monitor various risk indicators. This means there is a constant awareness to this subject.

During 2019, there have been no breaches of the anti-corruption and bribery rules.

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 is unchanged from previous years. The underrepresented gender was not represented on the Board during 2019.

It is the goal that both sexes must be represented on the Company's Board of Directors. There has been no new election for the Board in 2019. It is the Board's goal that the underrepresented gender is 25%, corresponding to one general elected member from 2020.

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 Management. 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 considered 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.

It is aimed that there is at least one of the underrepresented gender among the candidates in the recruitment process.

The proportion of underrepresented gender in senior management teams has increased during the current financial year.

Events after the balance sheet date

The company generally achieved results in January and February 2020, which is in line with expectations. However, as of the beginning of March 2020, management has noted that the soon-to-be worldwide Covid-19 outbreak will potentially affect the company's performance and financial position by 2020. The primary impacts are discussed further in the "Special risks" section. However, it is not possible for the company's management at the time of reporting to quantify the effect further, as it will depend on the duration and extent of the virus outbreak.

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

Income statement

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
3	Revenue	1,287,445	1,205,787	744,147	708,286
	Cost of sales	-935,334	-870,775	-587,236	-555,856
	Other operating income	1,769	4,051	12,660	12,716
	Other external expenses	-72,776	-69,855	-26,630	-26,052
	Gross profit	281,104	269,208	142,941	139,094
4	Staff costs	-219,001	-210,619	-115,443	-109,687
	Depreciation of property, plant and equipment	-7,789	-8,308	-6,319	-6,353
	Other operating expenses	-28	-28	-28	-26
	Profit before net financials	54,286	50,253	21,151	23,028
	Income from investments in group entities	0	0	38,142	23,475
5	Financial income	6,657	8,297	717	822
6	Financial expenses	-8,429	-11,165	-2,833	-3,090
	Profit before tax	52,514	47,385	57,177	44,235
7	Tax for the year	440	-7,756	-4,223	-4,606
	Profit for the year	52,954	39,629	52,954	39,629

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

Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
	ASSETS				
	Fixed assets				
8	Property, plant and equipment				
	Land and buildings	145,780	150,658	145,335	150,078
	Fixtures and fittings, other plant and equipment	7,798	7,368	3,971	4,167
		<u>153,578</u>	<u>158,026</u>	<u>149,306</u>	<u>154,245</u>
9	Investments				
	Investments in group entities	0	0	92,311	54,145
	Deposits, investments	36	19	0	0
		<u>36</u>	<u>19</u>	<u>92,311</u>	<u>54,145</u>
	Total fixed assets	<u>153,614</u>	<u>158,045</u>	<u>241,617</u>	<u>208,390</u>
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	236	215	236	215
		<u>236</u>	<u>215</u>	<u>236</u>	<u>215</u>
	Receivables				
	Trade receivables	123,835	129,982	68,416	76,480
	Receivables from group entities	102,266	91,417	43,386	38,405
10	Deferred tax assets	13,369	5,158	1,332	1,604
	Corporation tax receivable	3	867	3	867
	Other receivables	4,016	3,998	1,532	2,707
	Prepayments	5,896	5,528	1,832	2,032
		<u>249,385</u>	<u>236,950</u>	<u>116,501</u>	<u>122,095</u>
	Cash	<u>39,937</u>	<u>33,680</u>	<u>13,756</u>	<u>15,726</u>
	Total non-fixed assets	<u>289,558</u>	<u>270,845</u>	<u>130,493</u>	<u>138,036</u>
	TOTAL ASSETS	<u>443,172</u>	<u>428,890</u>	<u>372,110</u>	<u>346,426</u>

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

Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	9,000	9,000	9,000	9,000
	Retained earnings	160,543	121,934	160,543	121,934
	Dividend proposed	14,939	29,869	14,939	29,869
	Total equity	184,482	160,803	184,482	160,803
	Liabilities other than provisions				
12	Non-current liabilities other than provisions				
	Bank debt	24,454	27,418	24,454	27,418
	Other payables	2,601	0	2,601	0
		27,055	27,418	27,055	27,418
	Current liabilities other than provisions				
12	Short-term part of long-term liabilities other than provisions				
		2,965	2,842	2,965	2,842
	Trade payables	77,043	88,332	38,175	47,443
	Payables to group entities	100,949	100,694	97,051	83,035
	Corporation tax payable	3,751	3,233	0	0
	Other payables	46,927	45,568	22,382	24,885
		231,635	240,669	160,573	158,205
	Total liabilities other than provisions	258,690	268,087	187,628	185,623
	TOTAL EQUITY AND LIABILITIES	443,172	428,890	372,110	346,426
1	Accounting policies				
2	Special items				
13	Contractual obligations and contingencies, etc.				
14	Interest rate risks				
15	Related parties				
16	Fee to the auditors appointed by the Company in general meeting				

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

Statement of changes in equity

Note	DKK'000	Group		
		Share capital	Retained earnings	Dividend proposed
		9,000	112,640	0
	Equity at 1 January 2018			121,640
	Transfer through appropriation of profit	0	9,760	29,869
	Foreign exchange adjustments, foreign subsidiaries	0	-1,328	0
	Adjustment of hedging instruments at fair value	0	1,105	0
	Tax on items recognised directly in equity	0	-243	0
				-243
	Equity at 1 January 2019	9,000	121,934	29,869
	Transfer through appropriation of profit	0	38,015	14,939
	Foreign exchange adjustments, foreign subsidiaries	0	24	0
	Adjustment of hedging instruments at fair value	0	731	0
	Tax on items recognised directly in equity	0	-161	0
	Dividend distributed	0	0	-29,869
	Equity at 31 December 2019	9,000	160,543	14,939
				184,482

Note	DKK'000	Parent company		
		Share capital	Retained earnings	Dividend proposed
		9,000	112,640	0
	Equity at 1 January 2018			121,640
17	Transfer, see "Appropriation of profit"	0	9,760	29,869
	Foreign exchange adjustments, foreign subsidiaries	0	-1,328	0
	Adjustment of hedging instruments at fair value	0	1,105	0
	Tax on items recognised directly in equity	0	-243	0
				-243
	Equity at 1 January 2019	9,000	121,934	29,869
17	Transfer, see "Appropriation of profit"	0	38,015	14,939
	Foreign exchange adjustments, foreign subsidiaries	0	24	0
	Adjustment of hedging instruments at fair value	0	731	0
	Tax on items recognised directly in equity	0	-161	0
	Dividend distributed	0	0	-29,869
	Equity at 31 December 2019	9,000	160,543	14,939
				184,482

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

Cash flow statement

Note	DKK'000	Group	
		2019	2018
	Profit for the year	52,954	39,629
18	Adjustments	8,810	18,690
	Cash generated from operations (operating activities)	61,764	58,319
19	Changes in working capital	-15,294	-57,519
	Cash generated from operations (operating activities)	46,470	800
	Interest received, etc.	343	334
	Interest paid, etc.	-2,320	-2,590
	Income taxes paid	-6,632	-6,391
	Cash flows from operating activities	37,861	-7,847
	Additions of property, plant and equipment	-3,435	-982
	Disposals of property, plant and equipment	0	261
	Sale of financial assets	338	126
	Other long-term receivables	-17	0
	Cash flows to investing activities	-3,114	-595
	Dividends distributed	-29,869	0
	Repayments, long-term liabilities	-2,841	-2,740
	Cash flows from financing activities	-32,710	-2,740
	Net cash flow	2,037	-11,182
	Cash and cash equivalents at 1 January	33,680	42,766
	Foreign exchange adjustments	4,220	2,096
	Cash and cash equivalents at 31 December	39,937	33,680

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 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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 included in "Other receivables" and "Other payables", respectively.

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 as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current 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

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".

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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 ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
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 11,973 thousand.

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

Notes to the financial statements

	Group		Parent company	
	2019	2018	2019	2018
DKK'000				
3 Segment information				
Breakdown of revenue by geographical segment:				
Scandinavia	928,864	872,268	550,864	525,094
Other Europe	355,794	327,933	190,497	177,592
Other world	2,787	5,586	2,786	5,600
	<u>1,287,445</u>	<u>1,205,787</u>	<u>744,147</u>	<u>708,286</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	200,156	193,767	102,831	97,872
Pensions	10,027	8,713	7,980	7,464
Other social security costs	2,025	1,744	1,869	1,608
Other staff costs	6,793	6,395	2,763	2,743
	<u>219,001</u>	<u>210,619</u>	<u>115,443</u>	<u>109,687</u>
Average number of full-time employees	<u>475</u>	<u>455</u>	<u>244</u>	<u>231</u>
Remuneration to members of Management:				
Executive Board	4,825	3,948	4,825	3,948
	<u>4,825</u>	<u>3,948</u>	<u>4,825</u>	<u>3,948</u>
5 Financial income				
Interest receivable, group entities	343	249	0	0
Other financial income	6,314	8,048	717	822
	<u>6,657</u>	<u>8,297</u>	<u>717</u>	<u>822</u>
6 Financial expenses				
Interest expenses, group entities	146	367	143	183
Other financial expenses	8,283	10,798	2,690	2,907
	<u>8,429</u>	<u>11,165</u>	<u>2,833</u>	<u>3,090</u>
7 Tax for the year				
Estimated tax charge for the year	7,700	7,582	3,952	4,365
Deferred tax adjustments in the year	-8,140	174	271	241
	<u>-440</u>	<u>7,756</u>	<u>4,223</u>	<u>4,606</u>

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

Notes to the financial statements

8 Property, plant and equipment

	Group		
	Land and buildings	Fixtures and fittings, other plant and equipment	Total
DKK'000			
Cost at 1 January 2019	197,999	50,493	248,492
Foreign exchange adjustments	1	-161	-160
Additions	35	3,400	3,435
Disposals	0	-3,737	-3,737
Cost at 31 December 2019	198,035	49,995	248,030
Impairment losses and depreciation at 1 January 2019	47,341	43,125	90,466
Foreign exchange adjustments	6	-100	-94
Depreciation	4,908	2,881	7,789
Reversal of accumulated depreciation and impairment of assets disposed	0	-3,709	-3,709
Impairment losses and depreciation at 31 December 2019	52,255	42,197	94,452
Carrying amount at 31 December 2019	145,780	7,798	153,578
Depreciated over	30-40 years	3-20 years	
	Parent company		
	Land and buildings	Fixtures and fittings, other plant and equipment	Total
DKK'000			
Cost at 1 January 2019	197,010	36,357	233,367
Additions	0	1,407	1,407
Disposals	0	-3,105	-3,105
Cost at 31 December 2019	197,010	34,659	231,669
Impairment losses and depreciation at 1 January 2019	46,932	32,190	79,122
Depreciation	4,743	1,575	6,318
Reversal of accumulated depreciation and impairment of assets disposed	0	-3,077	-3,077
Impairment losses and depreciation at 31 December 2019	51,675	30,688	82,363
Carrying amount at 31 December 2019	145,335	3,971	149,306
Depreciated over	30-40 years	3-20 years	

9 Investments

	Group
	Deposits, investments
DKK'000	
Cost at 1 January 2019	19
Additions	17
Cost at 31 December 2019	36
Carrying amount at 31 December 2019	36

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

Notes to the financial statements

9 Investments (continued)

	Parent company Investments in group entities
DKK'000	
Cost at 1 January 2019	143,249
Cost at 31 December 2019	143,249
Value adjustments at 1 January 2019	-89,104
Foreign exchange adjustments	24
Profit/loss for the year	38,142
Value adjustments at 31 December 2019	-50,938
Carrying amount at 31 December 2019	92,311

Parent company

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

	Group		Parent company	
DKK'000	2019	2018	2019	2018
10 Deferred tax				
Deferred tax at 1 January	-5,158	-5,332	-1,604	-1,845
Adjustment of the deferred tax charge for the year	-8,210	174	272	241
Deferred tax at 31 December	-13,368	-5,158	-1,332	-1,604
Deferred tax relates to:				
Property, plant and equipment	-1,332	-1,787	-1,332	-1,604
Receivables	-138	-59	0	0
Tax loss	-11,898	-3,312	0	0
	-13,368	-5,158	-1,332	-1,604

Besides the tax loss recognised in the statement of deferred tax, the Group has additional tax loss carry-forwards at a carrying amount of DKK 21,175 thousand. As it is uncertain whether these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

The Group recognised a tax asset of DKK 13,169 thousand at 31 December 2019, which represents tax loss carry-forwards and non-utilised tax deductions in the form of timing differences.

Based on the budgets until 2022, Management considers it likely that there will be future taxable income against which non-utilised tax deductions can be offset.

Besides the tax loss recognised in the statement of deferred tax, the Group has additional tax loss carry-forwards at a carrying amount of DKK 3,369 thousand (2018: DKK 15,342 thousand). As it is uncertain whether these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

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

Notes to the financial statements

DKK'000	Parent company	
	2019	2018
11 Share capital		
Analysis of the share capital:		
9,000 shares of DKK 1,000.00 nominal value each	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

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

12 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	27,419	2,965	24,454	11,327
Other payables	2,601	0	2,601	0
	<u>30,020</u>	<u>2,965</u>	<u>27,055</u>	<u>11,327</u>
DKK'000	Parent company			
	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	27,419	2,965	24,454	11,327
Other payables	2,601	0	2,601	0
	<u>30,020</u>	<u>2,965</u>	<u>27,055</u>	<u>11,327</u>

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	Group		Parent company	
	2019	2018	2019	2018
Guarantee commitments	5,017	6,551	5,017	5,000
	<u>5,017</u>	<u>6,551</u>	<u>5,017</u>	<u>5,000</u>

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>85,271</u>	<u>89,321</u>	<u>11,962</u>	<u>15,272</u>
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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

14 Interest rate risks

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

Group

DKK'000	2018				2019			
	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	1,105	-6,863	0-110	33,000	731	-6,132	0-96

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.

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	2019	2018
Group		
Sale of goods to related parties	304,286	275,318
Cost of sales to related parties	219,184	198,875
Administrative expenses to related parties	18,104	17,701
Interest expenses to related parties	340	123
Interest income from related parties	475	356
Receivables from related parties	66,512	91,417
Payables to related parties	80,154	100,694
Parent Company		
Sale of goods to related parties	164,783	153,268
Cost of sales to related parties	147,343	135,659
Administrative expenses to related parties	8,624	8,789
Interest income from related parties	466	343
Receivables from related parties	22,591	38,405
Payables to related parties	76,256	83,035

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

Notes to the financial statements

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".

	Group		Parent company	
	2019	2018	2019	2018
DKK'000				
16 Fee to the auditors appointed by the Company in general meeting				
Total fees to EY	619	623	284	286
Statutory audit	495	495	254	254
Other assistance	124	128	30	32
	619	623	284	286
			Parent company	
DKK'000			2019	2018
17 Appropriation of profit				
Recommended appropriation of profit				
Proposed dividend recognised under equity			14,939	29,869
Retained earnings			38,015	9,760
			52,954	39,629
			Group	
DKK'000			2019	2018
18 Adjustments				
Amortisation/depreciation and impairment losses			7,478	8,066
Financial income			-6,657	-8,297
Financial expenses			8,429	11,165
Tax for the year			-440	7,756
			8,810	18,690
19 Changes in working capital				
Change in inventories			-21	-7
Change in receivables			11,892	-69,754
Change in trade and other payables			-27,165	12,242
			-15,294	-57,519