

DSV Solutions Holding A/S

Hovedgaden 630, 2640 Hedehusene

CVR No. 26 36 63 48

Annual Report

for the year ended 31 December 2019

19th financial year

Approved at the Company's annual general meeting on / 2020.

Chairman:

Patrick Figiel-Kibsgaard

Patrick Figiel-Kibsgaard A/S

CONTENTS

| | |
|---|----|
| Statement by Management on the annual report | 3 |
| Independent auditors' report | 4 |
| Information about the company | 6 |
| Management's review | |
| Financial highlights | 7 |
| Management review | 8 |
| Financial statements 1 January - 31 December | |
| Income statement | 9 |
| Balance sheet at 31 December 2019 | 10 |
| Statement of changes in equity | 12 |
| Notes | 13 |

Statement by Management on the Annual Report

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of DSV Solutions Holding A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations 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 Company's operations and financial matters and the result of the Company's operations and financial position.

We recommend that the Annual Report be approved at the annual general meeting.

Hedehusene, / 2020.

Executive Board:



Brian Ejsing (Apr 30, 2020)

Brian Skovgård Ejsing

Board of Directors:



Jens Bjørn Andersen (Apr 30, 2020)

Jens Bjørn Andersen
Chairman



Jens Lund (May 1, 2020)

Jens H. Lund



Thomas Plenborg (Apr 30, 2020)

Thomas Plenborg



Rene Falch Olesen (Apr 30, 2020)

Rene Falch Olesen

Independent Auditor's Report

To the Shareholders of DSV Solutions Holding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DSV Solutions Holding 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 a summary of significant accounting policies ("financial statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Copenhagen, / 2020.

PricewaterhouseCoopers


Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Kim Fichsel

State Authorised Public Accountant
mne9291



Dan Bjerregaard

State Authorised Public Accountant
mne33701

INFORMATION ABOUT THE COMPANY

| | |
|---------------------------------|---|
| Name | DSV Solutions Holding A/S |
| Address | Hovedgaden 630 |
| Post Code | 2640 Hedehusene |
| | Tel: +45 43 20 30 40 |
| | Fax: +45 43 20 30 41 |
| CVR No. | 26 36 63 48 |
| Municipality of domicile | Høje-Taastrup |
| Board of Directors: | Jens Bjørn Andersen, (Chairman) Jens H. Lund Thomas Plenborg Rene Falch Olesen |
| Executive Board: | Brian Skovgård Ejsing |
| Auditors: | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab |

MANAGEMENT'S REVIEW

Financial highlights

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Key figures (in thousands): | | | | | |
| Operating loss/profit | -3,617 | -2,907 | -44,842 | -22,748 | 47,273 |
| Net financials | -19,371 | -30,004 | -26,226 | -20,258 | -6,862 |
| Loss/profit for the year | 3,357 | 57,620 | -53,273 | -29,644 | 223,003 |
| Shareholders' equity at year-end | 407,642 | 456,490 | 398,804 | 452,704 | 652,497 |
| Total assets | 1,968,179 | 1,984,950 | 1,980,074 | 2,149,965 | 1,351,137 |
| Investments for the year | 42,029 | 3,356 | 51,781 | 903,922 | 25,529 |

Ratios:

| | | | | | |
|------------------|--------|--------|---------|--------|--------|
| Return on equity | 0.78% | 13.47% | -12.51% | -5.36% | 39.07% |
| Solvency ratio | 20.71% | 23.00% | 20.14% | 21.06% | 48.29% |

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015".

| | |
|------------------|---|
| Return on equity | $\frac{\text{Profit/loss} \times 100}{\text{Average equity}}$ |
| Solvency ratio | $\frac{\text{Equity} \times 100}{\text{Total Assets}}$ |

MANAGEMENT REVIEW

Business activities and mission

The Company is a 100% owned subsidiary of DSV Panalpina A/S. The Company's financial statements are a part of the consolidated financial statements for DSV Panalpina A/S.

DSV Solutions Holding A/S invests in companies which offers logistics and supply chain management services to multinational and local customers.

Business review

After several years with high organic growth rates, 2019 was a more stable year for DSV Solutions. Still, the focus was very much on developing the business and preparing for future growth.

In many locations we also focussed on the implementation of warehouse automation, standardised operating processes and planning tools.

Net profit/loss for the year compared with previously expressed expectations

The net result for the year, shows a profit of t.DKK 3,357 which is below the result for 2018 and lower than expectations. The reason for the lower result is less return on investments and impairment of subsidiaries.

The result is considered unsatisfactory by the Management.

Investments

In 2019, the company has bought shares from group companies with a value of t.DKK 9,829 and made capital increases of t.DKK 31,800.

Capital resources

The Company has a solid capital resource due to the fact that the Company is a part of the cashpool in the DSV Panalpina Group. The capital resource is supported by the Groups strategic goal to secure sufficient financial flexibility.

Outlook

It is anticipated that the net profit for 2020 will be at a lower level than the result for 2019 due to market conditions and the Covid 19 virus.

Unusual risks

There are no unusual matters which influence the recognition and measurement in the annual report.

Statement of corporate social responsibility, cf. The Financial Statements Act §99a

DSV Solutions Holding A/S is a subsidiary of the DSV Panalpina Group. The Group issues a separate report on corporate social responsibility, the DSV Panalpina CSR Report, which is the Group's progress report (COP) under UN's Global Compact. The report is available at: <http://www.dsv.com/responsibility/CSR/CSR-reports>

Statement of gender representation in Management, cf. The Financial Statements Act § 99b

The Financial Statements Act § 99b requires Danish companies of a certain size to set targets for and report on gender representation in the Company's Top Management.

At present, DSV Solutions Holding A/S does not comply with the requirement of equal gender representation in the Company's Top Management. This is due to the fact that the Company's Board is made up of members from the DSV Panalpina Group's Management Team. Equal gender representation in DSV Solutions Holding A/S depends on who holds the strategic positions in the Group, but it is the intention of the Company that within 2022 at least one of four board members should be female. This intention is supported by Company Policy as described in the following:

Gender diversity takes its cue from the anti-discrimination paragraph in the DSV Code of Conduct. The policy aims to ensure a balanced workforce as well as equal opportunity for all DSV employees. This target has been pursued through a hiring and advancement practice and policy, focused on equal advancement possibilities for all talented and dedicated employees regardless of gender.

Events after the reporting date

The Covid 19 virus has spread around the world in the beginning of 2020. This has affected the world economy negatively. The management has initiated actions to secure the Company's assets and business by a number of initiatives such as, savings on costs, secure access to cash, use of government subsidies and help programs. For further description, please refer to note 14.

A part from above no material events have occurred after 31 December 2019.

Financial Statements 1 January - 31 December

INCOME STATEMENT

| | Note | 2019 DKK '000 | 2018 DKK '000 |
|---|------|---------------------|----------------------|
| Other external expenses | | <u>-115,340</u> | <u>-91,969</u> |
| Gross margin | | -115,340 | -91,969 |
| Staff costs | 2 | -2,947 | -1,531 |
| Other operating income | | <u>114,670</u> | <u>90,593</u> |
| Operating loss/profit | | -3,617 | -2,907 |
| Income from investments in Group enterprises incl. impairment | 3 | 21,841 | 87,892 |
| Financial income | 4 | 17,994 | 7,281 |
| Financial expenses | 5 | <u>-37,365</u> | <u>-37,285</u> |
| Loss/profit before tax | | -1,147 | 54,981 |
| Tax on profit for the year | 6 | <u>4,504</u> | <u>2,639</u> |
| NET LOSS/PROFIT FOR THE YEAR | | <u>3,357</u> | <u>57,620</u> |

Financial Statements 1 January - 31 December

BALANCE SHEET

| ASSETS | Note | 2019 DKK '000 | 2018 DKK '000 |
|--|-------------|--------------------------------|--------------------------------|
| NON-CURRENT ASSETS | | | |
| Financial assets | | | |
| Investments in Group enterprises | 7 | 1,910,104 | 1,916,045 |
| Investments in associated companies | 7 | 24,980 | 24,991 |
| Non-current receivables from Group companies | | 8,334 | 18,712 |
| Total fixed assets investments | | <u>1,943,418</u> | <u>1,959,748</u> |
| TOTAL NON-CURRENT ASSETS | | <u>1,943,418</u> | <u>1,959,748</u> |
| CURRENT ASSETS | | | |
| Receivables from Group companies | | 17,903 | 12,452 |
| Tax receivable | | 5,130 | 7,131 |
| Deferred tax asset | 8 | 893 | 853 |
| Other receivables | | 835 | 4,766 |
| Total receivables | | <u>24,761</u> | <u>25,202</u> |
| TOTAL CURRENT ASSETS | | <u>24,761</u> | <u>25,202</u> |
| TOTAL ASSETS | | <u><u>1,968,179</u></u> | <u><u>1,984,950</u></u> |

Financial Statements 1 January - 31 December

BALANCE SHEET

| EQUITY AND LIABILITIES | Note | 2019 DKK '000 | 2018 DKK '000 |
|--------------------------------------|-------------|--------------------------------|--------------------------------|
| EQUITY | | | |
| Share capital | 9 | 100,000 | 100,000 |
| Proposed dividend | 15 | 3,357 | 51,850 |
| Retained earnings | | <u>304,285</u> | <u>304,640</u> |
| TOTAL EQUITY | | <u>407,642</u> | <u>456,490</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Payables to Group companies | 10 | <u>1,469,650</u> | <u>1,204,903</u> |
| Total non-current liabilities | | <u>1,469,650</u> | <u>1,204,903</u> |
| Current liabilities | | | |
| Suppliers of goods and services | | 24 | 43 |
| Payables to Group companies | | 84,659 | 318,923 |
| Other debt | | <u>6,204</u> | <u>4,591</u> |
| Total current liabilities | | <u>90,887</u> | <u>323,557</u> |
| TOTAL LIABILITIES | | <u>1,560,537</u> | <u>1,528,460</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>1,968,179</u></u> | <u><u>1,984,950</u></u> |
| Contingent liabilities | 11 | | |
| Related parties and ownership | 12 | | |
| Consolidated financial statement | 13 | | |
| Events after the reporting date | 14 | | |
| Proposed distribution of profit | 15 | | |

Financial Statements 1 January - 31 December

STATEMENT OF CHANGES IN EQUITY

| | Share capital | Retained earnings | Dividend | Total |
|---|----------------------|--------------------------|-----------------|----------------|
| Shareholders' Equity at 1/1 2018 | 100,000 | 298,804 | - | 398,804 |
| Other adjustments | - | 66 | - | 66 |
| Transfer regarding proposed distribution | - | 5,770 | 51,850 | 57,620 |
| Shareholders' Equity at 31/12 2018 | 100,000 | 304,640 | 51,850 | 456,490 |
| | | | | |
| Shareholders' Equity at 1/1 2019 | 100,000 | 304,640 | 51,850 | 456,490 |
| Other adjustments | - | -355 | - | -355 |
| Paid dividend | - | - | -51,850 | -51,850 |
| Transfer regarding proposed distribution | - | - | 3,357 | 3,357 |
| Shareholders' Equity at 31/12 2019 | 100,000 | 304,285 | 3,357 | 407,642 |

Financial Statements 1 January - 31 December

Note 1. Accounting policies

The 2019 Annual Report of DSV Solutions Holding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies are consistent with those of last year.

The amounts in the Annual Report are stated in Danish kroner (DKK) and rounded to the nearest thousands.

Consolidated financial statements

In accordance with section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of DSV Solutions Holding A/S and its subsidiaries are included in the consolidated financial statements of DSV Panalpina A/S.

Cash flow statement

In accordance with section 86.4 of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement of DSV Solutions Holding A/S and its subsidiaries are included in the consolidated financial statement of DSV Panalpina A/S.

Fees to auditors appointed at the annual general meeting

In accordance with section 96.3 of the Danish Financial Statements Act, no information about fees to appointed auditors at the Annual General Meeting are disclosed, due to the information is disclosed on group level in the consolidated financial statements of DSV Panalpina A/S.

Foreign currency translation

On initial recognition, foreign currency transactions are translated at the exchange rate ruling at the transaction date. Exchange differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financial income and expenses.

Receivables, payables and other monetary items denominated in a foreign currency are translated at the exchange rate ruling at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date on which the receivable or payable was recorded or the exchange rate used in the latest annual report is recognised in the income statement as financial income and expenses.

Income statement

Staff costs

Staff costs include wages and salaries, pensions, social security costs and other staff costs.

Other external expenses

Other external expenses comprise expenses incurred during the year related to management and administration of the company, including expenses for administrative personnel, management, office premises and expenses and office supplies.

Other operating income and losses

Other operating income is primarily related to invoicing of service fee to subsidiaries.

Income from investments in Group enterprises and associated companies

Dividends from investments in Group enterprises and associated companies are recognised in the Company's income statement in the financial year in which the dividends are declared. If the dividends distributed exceed accumulated earnings after the date of acquisition, dividends are, however, not recognised as income in the income statement, but as an adjustment of the cost of the investment.

Financial Statements 1 January - 31 December

Financial income and expenses

Financial income and expenses include interest income and expense, capital gains and losses in respect of securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities as well as surcharges and refunds under the tax prepayment scheme etc.

Tax on profit/loss for the year

DSV Solutions Holding A/S is subject to the Danish regulations relating to compulsory joint taxation of the Group's subsidiaries. The subsidiaries are included in the joint taxation from the time of entering the consolidation in the consolidation annual accounts and up to the time when they are deconsolidated.

The current Danish corporation tax is allocated by settlement of the jointly taxed companies compared with the taxable income of these companies. In this connection, the companies with tax losses receive joint taxation contribution from the companies which are able to apply these losses to reduce own taxable gains (full allocation).

Tax for the year, which comprises of the current corporation tax for the year, joint taxation contribution and changes in deferred tax are taken to the profit and loss account with the part which is attributable to the profit/loss for the year and directly taken to equity with the part which is attributable to entries directly in equity.

Balance sheet

Investments in Group enterprises and associated companies

Investments in Group enterprises and associated companies are measured at cost. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

The cost is adjusted if dividends distributed exceed accumulated earnings after the date of acquisition.

Impairment of non-current assets

The carrying amounts of other non-current assets are calculated once a year to determine whether there is an indication of impairment. If so, their recoverable amounts are calculated. The recoverable amount is the higher of the fair value of the asset less the expected disposal costs and the value in use. The value in use is calculated as the present value of expected future cash flow from the asset or the cash-generating unit of which the asset forms part.

Impairment losses are recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses. Impairments of investments are included in share of income from investments.

Impairment of other investments is reversed if the assumptions and estimates on, which the impairment is based have changed. Impairments are reversed if the new carrying amount of the asset exceeds the book value.

Other receivables

Other receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Equity

Proposed dividends are recognised as a liability when adopted at the annual general meeting (date of declaration). Expected dividends for the year are shown as a separate item under equity.

Financial Statements 1 January - 31 December

Incentive programmes

The Company's incentive schemes include equity-settled share-based share option and warrants programmes, which are settled in DSV Panalpina A/S shares.

The value of the services, which the staff delivers in return for granting of options and warrants are measured at the fair value of the options and warrants.

The equity-settled share-based payment arrangements are measured at fair value at the time of granting and are recognised in the profit and loss account under staff costs during the period where the final right to the options or warrants is achieved. The counter item is directly recognised in equity.

In connection with the first recognition of share-based arrangements, the number of options and warrants, which the staff are expected to gain right to is estimated. Subsequently, changes are adjusted for related to the number of the right of acquisition of options and warrants so that the total recognition is based on the actual number of rights of acquisition of options and warrants.

The fair value of the granted options and warrants is estimated by the use of the Black-Scholes valuation method. By the estimation terms and conditions related to the granted options and warrants are taken into account.

Corporation tax and deferred tax

Current tax liabilities and outstanding current tax are included in the balance sheet as tax calculated on the taxable income for the year adjusted for tax from previous years' taxable income and pre-paid taxes.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amounts and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to items disallowed for tax purposes if, except at the acquisition of enterprises, such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different tax rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity or jurisdiction.

Deferred tax assets and tax liabilities are set off if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax assets are tested for impairment annually and are only recognised if they are likely to be utilised.

Current liabilities

Other liabilities including amounts owed to suppliers, affiliates and associates and other debts are valued at net realisable value.

Financial Statements 1 January - 31 December

NOTES

| | 2019 DKK'000 | 2018 DKK'000 |
|---|-----------------|-----------------|
| Note 2. Staff costs | | |
| Specification of staff costs: | | |
| Salaries, wages, share options and warrants | 2,815 | 1,432 |
| Pension costs | 175 | 93 |
| Other expenses for social security | 3 | 1 |
| Other staff costs | -46 | 5 |
| | <u>2,947</u> | <u>1,531</u> |
| Average number of employees | <u>2</u> | <u>1</u> |

Information regarding remuneration to the Executive Board is excluded with reference to the Danish Financial Statements Act. Section 98 b, subsection 3.

The Board of Directors does not receive remuneration for their roles as members of the board.

DSV Panalpina A/S has established a share option and warrant programme for the Group's employees. The Executive Board in DSV Solutions Holding A/S has been granted share options from the programme. The Board of Directors have received options from the programme for their roles in DSV Panalpina A/S. DSV Solutions Holding A/S's part of costs regarding the share options and warrants program are included as staff costs on a continuing basis.

| | 2019 DKK'000 | 2018 DKK'000 |
|--|-----------------|-----------------|
| Note 3. Income from investments in Group enterprises incl. impairment | | |
| Dividend received from subsidiaries | 53,641 | 106,289 |
| Impairment of investments in subsidiaries | -31,800 | -18,397 |
| | <u>21,841</u> | <u>87,892</u> |

Note 4. Financial income

| | | |
|--|---------------|--------------|
| Financial income from Group enterprises | 8,521 | 5,082 |
| Foreign currency translation adjustments | 9,473 | 2,199 |
| | <u>17,994</u> | <u>7,281</u> |

Note 5. Financial expenses

| | | |
|--|---------------|---------------|
| Financial expenses for Group enterprises | 28,881 | 33,609 |
| Foreign currency translation adjustments | 8,484 | 3,676 |
| | <u>37,365</u> | <u>37,285</u> |

Financial Statements 1 January - 31 December

NOTES

| | 2019 | 2018 |
|--|----------------|----------------|
| | DKK'000 | DKK'000 |
| Note 6. Tax for the year | | |
| Current tax for the year | 3,819 | 4,713 |
| Adjustment of the deferred tax charge for the year | 40 | 104 |
| Prior year adjustments | 645 | -2,178 |
| | <u>4,504</u> | <u>2,639</u> |

Note 7. Financial assets

Investments in Group enterprises and associated companies:

| Cost | Associated companies | Group Enterprises |
|---|-------------------------|----------------------|
| Cost at 1/1 2019 | 25,084 | 2,727,532 |
| Capital increase | 0 | 31,800 |
| Additions | 0 | 10,229 |
| Disposals | -11 | 0 |
| Cost at 31/12 2019 | <u>25,073</u> | <u>2,769,561</u> |
| Write-offs and fair value adjustments | | |
| Write-offs and fair value adjustments at 1/1 2019 | -93 | -811,487 |
| Write-off and fair value adjustments for the year | 0 | -31,800 |
| Reduction re. dividend received which exceed accumulated earnings after the date of acquisition | 0 | -16,170 |
| Write-offs and fair value adjustments at 31/12 2019 | <u>-93</u> | <u>-859,457</u> |
| Carrying amount at 31/12 2019 | <u>24,980</u> | <u>1,910,104</u> |

Financial Statements 1 January - 31 December

NOTES

Note 7. Financial assets - continued

Group Enterprises

| Company name | Registered office | Ownership | Currency | CUR'000 Share Capital |
|---|-------------------|-----------|----------|--------------------------|
| DSV Real Estate Duisburg A/S | Denmark | 100% | DKK | 400 |
| DSV Solutions NV | Belgium | 100% | EUR | 29,040 |
| DSV Solutions S.R.L. | Romania | 100% | RON | 15 |
| DSV Solutions Holding B.V. | The Netherlands | 100% | EUR | 135 |
| DSV Solutions Group GmbH | Germany | 100% | EUR | 27 |
| DSV Solutions S.A. | France | 100% | EUR | 38 |
| DSV Solutions SDN. BHD. | Malaysia | 100% | MYR | 6,200 |
| DSV Solutions Ltd. | Great Britain | 100% | GBP | 1,000 |
| DSV Solutions Ltd. | Ireland | 100% | EUR | 3,500 |
| DSV Solutions OOO | Russia | 99% | RUR | 25,548 |
| DSV Solutions A/S | Denmark | 100% | DKK | 30,000 |
| DSV Solutions AS | Norway | 100% | NOK | 297 |
| DSV Solutions AB | Sweden | 100% | SEK | 16,000 |
| DSV Solutions OY | Finland | 100% | EUR | 214 |
| DSV Solutions Sp. Z.o.o. | Poland | 100% | PLN | 10,200 |
| DSV Solutions Hungary Kft. | Hungary | 100% | HUF | 6,000 |
| DSV Solutions Slovakia s. r. o. | Slovakia | 100% | EUR | 3,200 |
| DSV Solutions Pte Ltd. | Singapore | 100% | SGD | 1,000 |
| DSV Solutions Co., Ltd. | Taiwan | 100% | TWD | 100,000 |
| DSV Solutions Inc. | Canada | 100% | CAD | 77,642 |
| DSV Solutions S.A. de C.V. | Mexico | 100% | MXN | 46,561 |
| DSV Services Sp. Z.o.o. | Poland | 100% | PLN | 210 |
| DSV Solutions s.r.o. | Czech Republic | 100% | CZK | 200 |
| Inventory Management Solutions Holding Inc. | United States | 100% | USD | 0 |

Associated companies

| Company name | Registered office | Ownership | Currency | CUR'000 Share Capital |
|-----------------------------------|-------------------|-----------|----------|--------------------------|
| UTi Global Logistics Inc | Phillippines | 40% | PHP | 62,278 |
| DSV Solutions Ltd. | Thailand | 49% | THB | 12,500 |
| UT Worldwide (India) Pvt. Limited | India | 9% | INR | 234,873 |

Note 8. Deferred tax asset

| | 2019 DKK'000 | 2018 DKK'000 |
|------------------------------------|-----------------|-----------------|
| Deferred tax asset at 1/1 | 853 | 749 |
| Deferred tax for the year | 40 | 104 |
| Deferred tax asset at 31/12 | 893 | 853 |
| Deferred tax asset: | | |
| Other liabilities | 893 | 853 |
| Deferred tax asset | 893 | 853 |

Note 9. Share capital

Contributed capital consist of 1 share to nominal value t.DKK 100,000 and no changes for the last 5 years.

Financial Statements 1 January - 31 December

NOTES

Note 10. Non-current liabilities

The non-current liabilities to group companies are all due within 5 years.

Note 11. Contingent liabilities

The Company is jointly registered for VAT with the Group's other Danish Companies. The Company is thus jointly and severally liable for VAT as regards the jointly registration.

The Company is assessed jointly for tax purposes together with the other domestic DSV Panalpina Group entities. The Company is a wholly-owned subsidiary of DSV Panalpina A/S and is under an unlimited and joint liability regime for Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. The total amount is disclosed in the annual financial statements of DSV Panalpina A/S, which is the administration company of the joint taxation arrangement. Any subsequent adjustments of the taxable consolidated profit or withholding taxes may result in an increase in the Company's tax liability.

The Company has issued letter of support for individual Group enterprises to provide financial support to the extent necessary, allowing the Group enterprises to continue their activities and meet their obligations towards third parties.

| | 2019 | 2018 |
|---|------------------|------------------|
| | DKK'000 | DKK'000 |
| Guarantees for rent commitments, indemnification and subordination agreements re. subsidiaries. | <u>1,586,067</u> | <u>1,599,519</u> |

Note 12. Related parties and ownership

DSV Solutions Holding A/S related parties comprise the following:

Parties exercising control

DSV Panalpina A/S, Hovedgaden 630, DK-2640 Hedehusene

Other

The Company's related parties are the companies in the DSV Panalpina Group and the companies' daily management.

There are not entered agreements or other transactions with companies where the Board of Directors or the Executive Board have had any financial interest except from transactions related to the conditions of employment.

| | 2019 | 2018 |
|------------------------------------|---------|---------|
| | DKK'000 | DKK'000 |
| Transactions with related parties: | | |
| Sale of servicefee | 114,670 | 90,593 |
| Sale of administration fee | 7,527 | 6,605 |
| Purchase of service fee | 5,371 | 2,302 |
| Purchase of administration fee | 115,579 | 95,344 |
| Financial income | 8,521 | 5,082 |
| Financial expenses | 28,881 | 33,609 |

The company has bought shares from group companies with a value of t.DKK 9,829 (2018 t.DKK 109) and made capital increases of t.DKK 31,800 (2018 t.DKK 3,189).

Financial statements 1 January - 31 December

NOTES

Note 12. Related parties and ownership (continued)

The company has following receivables and payables as of 31 December:

| | 2019 DKK'000 | 2018 DKK'000 |
|--|-----------------|-----------------|
| Non-current receivables from Group companies | 8,334 | 18,712 |
| Current receivables from Group companies | 17,903 | 12,452 |
| Non-current liabilities to Group companies | 1,469,650 | 1,204,903 |
| Current liabilities to Group companies | 84,659 | 318,923 |

Ownership

Shareholders holding 5% or more of the share capital or the voting rights:

DSV Panalpina A/S, Hovedgaden 630, DK-2640 Hedehusene owns 100% of the shares in DSV Solutions Holding A/S.

Note 13. Consolidated financial statement

The financial statements of DSV Solutions Holding A/S and its subsidiaries are included in the consolidated financial statements of DSV Panalpina A/S, Hedehusene, Denmark. The consolidated financial statement of DSV Panalpina A/S can be requested at the following address:

DSV Panalpina A/S
Hovedgaden 630
DK-2640 Hedehusene
Denmark
or: www.investor.dsv.com

Note 14. Events after the reporting date

The Covid 19 virus has spread around the world in the beginning of 2020. This has affected the world economy negatively. The management has initiated actions to secure the Company's assets and business by a number of initiatives such as, savings on costs, secure access to cash, use of government subsidies and help programs.

Due to the changed outlook for the global supply chains and transport and logistics markets, we expect a negative impact on our business and financial performance in the coming months.

Being part of critical infrastructure, we will do our utmost to support our customers and keep supply chains open. We also expect the ongoing integration of Panalpina to continue as planned.

DSV Group management expects Covid 19 will continue to affect the world economy during 2020, however from a financial perspective, the DSV Panalpina Group is in a strong position.

Further, management considers the implications of COVID-19 as a subsequent event occurred after the balance sheet date 31 December 2019, which is therefore a non-adjusting event to the Group. In consequence, the assessments of impairment indications are and the impairment test made by management at 31 December 2019 is based on the future cash flows expected by management at 31 December 2019, which may differ from the cash flows expected by management at the time of adoption of the Annual Report.

Given the rapid day-to-day developments in many markets, we are currently unable to accurately assess the magnitude of this short-term impact, but if necessary further actions will be initiated.

A part from above no material events have occurred after 31 December 2019.

Note 15. Proposed distribution of profit

| | 2019 DKK '000 | 2018 DKK '000 |
|---------------------------|------------------|------------------|
| Dividend | 3,357 | 51,850 |
| Retained earnings | 0 | 5,770 |
| Total distribution | 3,357 | 57,620 |