

H. Daugaard A/S

Sdr. Havnegade 36
6000 Kolding
CVR No. 27460313

Annual report 2023

The Annual General Meeting adopted the annual report on 30.04.2024

Henrik Kleis

Chairman of the General Meeting

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Entity details

Entity

H. Daugaard A/S
Sdr. Havnegade 36
6000 Kolding

Business Registration No.: 27460313
Registered office: Kolding
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Henrik Kleis
Jørgen Meyer
Carsten Lykke Wædeled

Executive Board

Michael Frihagen
Palle Mogensen
Carsten Eskildsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of H. Daugaard A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 30.04.2024

Executive Board

Michael Frihagen

Palle Mogensen

Carsten Eskildsen

Board of Directors

Henrik Kleis

Jørgen Meyer

Carsten Lykke Wædeled

Independent auditor's report

To the shareholders of H. Daugaard A/S

Opinion

We have audited the financial statements of H. Daugaard A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Kolding, 30.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Per Schøtt

State Authorised Public Accountant

Identification No (MNE) mne28663

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	383,541	419,079	321,018	287,917	287,000
Gross profit/loss	43,487	45,106	34,253	25,200	24,291
Operating profit/loss	14,647	17,131	9,313	6,050	6,204
Income from investments in group enterprises	1,792	5,007	3,846	3,522	273
Net financials	(585)	(1,179)	(931)	(557)	649
Profit/loss for the year	12,466	17,158	10,117	7,787	5,458
Total assets	137,404	145,082	136,286	105,448	62,681
Investments in property, plant and equipment	3,370	5,442	4,677	156	3,252
Equity	45,428	38,033	23,667	14,874	11,693
Ratios					
Gross margin (%)	11.34	10.76	10.67	8.75	8.46
EBIT margin (%)	3.82	4.09	2.90	2.10	2.16
Net margin (%)	3.25	4.09	3.15	2.70	1.90
Return on equity (%)	29.87	55.62	52.50	58.62	41.60
Equity ratio (%)	33.06	26.21	17.37	14.11	18.65

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

EBIT margin (%):

$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Equity}} * 100$

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's activities include operation of warehouse hotels, national and international freight forwarding, shipping, transport and stevedoring activities with associated cargo terminals and logistics functions.

The mission statement is to offer optimal solutions by combining service, methods and technology to ensure that the tasks are carried out with high quality, efficiency and environmental awareness.

Development in activities and finances

The profit for the year amounted to DKK 15,854k before tax and DKK 12,466k after tax which is considered satisfactory by management.

Profit/loss for the year in relation to expected developments

In the annual report for 2022, the expectation for 2023 was a profit before tax in the range of DKK 18-21m. The profit, on the basis of the intensified competition in the industry, was on the lower side of expectations.

Outlook

After Q1 2024, revenue and profit are at a lower level than expected. In view of the persistently unfavourable market conditions, the results for Q1 are considered satisfactory.

Profit before tax for 2024 is expected to be in the range of DKK 16-19m.

Statutory report on corporate social responsibility

Business Model

Our business model – Customized Logistics – encompasses a unique combination of road and rail transport, shipping, and warehouse facilities.

Based in Kolding, Denmark and with a range of warehouse hotels, we cover the entire country, subsidiaries abroad enable us to expand our geographical reach and locally adapt to regional needs, creating value-adding synergies between all our internal specialists. Our team consists of 232 employees, including drivers and personnel at warehouses and offices.

We specialize in tailored logistics solutions, customizing our services to meet each customer's needs. With our extensive transport fleet and port and warehouse facilities, we can handle a wide range of logistics tasks.

Investments in IT are continuously evolving, with a continued focus on investing in digital customer solutions that provide our customers with opportunities for better and more secure integration. For example, we have developed a new customer portal where we provide CO2 reporting on transported goods and provide customers with statistics at a very detailed level. AI is also an area of focus, where collaboration with specialists involves the use of AI in bookings to ensure high data quality. We recognize that the key to good and stable cooperation includes digital interaction with our customers.

Social and employee relations

We take pride in being a workplace where it's enjoyable to work, and therefore, we describe our guidelines and principles for work in our employee handbook.

Work environment

Our employees are one of the keys to our business. We value and support all employees, regardless of their position in our organization.

All our employees perform functions that contribute to our overall business: a unique combination of road transport, rail transport, shipping, and warehouse hotels.

We maintain a culture characterized by mutual respect for each other.

We conduct ongoing evaluations of the work environment, including the registration and handling of deviations to ensure a stronger work environment and clear guidelines and procedures.

We provide ongoing training and qualification for our employees in areas such as ADR, safety, and communication.

We have a flat and agile organizational structure where employees feel seen and appreciated.

At H. Daugaard, we recognize that our most important resource is our employees, and therefore, we prioritize the work environment highly.

In all our companies, at least the respective countries' collective agreements, rules, wage, and personnel conditions are followed.

Work/life balance

We believe it's crucial for all employees to have time to relax and spend time with their families to maintain a good balance between work and personal life.

Therefore, we prioritize that our drivers are at home as much as possible on weekends. Similarly, it's important for us to minimize overtime by carefully planning our staffing both in warehouses and administrative departments.

It's our goal for H. Daugaard always to be a pleasant workplace. Additionally, we offer our employees the opportunity to work from home when necessary and possible.

Our leaders are attentive to employees' work/life balance, and at least once a month, departmental leaders review their teams together with the CEO, CFO, and CHRO to, as much as possible, accommodate different work needs and life situations.

As a company, we experience both high and low seasons in the industries we serve. Therefore, both leaders and employees are prepared for periods of busier times than others, but we strive to balance this through careful planning and hiring additional staff as needed.

We continuously evaluate employees' working hours to ensure compliance with H. Daugaard's values: People, Performance, Precision. It's important to us that all employees can recognize themselves and live up to our strong values.

Collective agreements

We support our employees' right to collective agreements and free choice of collective agreements.

We are subject to several collective agreements, including; 3F collective agreement, ATL, and Salaried Employees Agreement HTS and similar agreements in the countries where we have companies.

This gives our employees extra security regarding their workers' rights.

It's our desire to reduce the number of workplace accidents, as we believe one workplace accident is one too many. We will continue to work to reduce workplace accidents through information, proper working conditions, and employee training.

Environment

It's important for us to be good at our work and thereby be more sustainable, but we have not currently seen the need to document our attitudes in a formal policy, as we see it more as an integrated part of our work.

In this section, we describe our actions and principles for climate and the environment. However, we have an overarching goal to reduce CO2 emissions as much as possible.

We have identified that slow technological development can be a risk factor for H. Daugaard's impact on the environment, as we are largely dependent on technological development and an infrastructure in society that supports development.

The age of equipment is a crucial factor if it is to be environmentally friendly. The average age of trucks in Denmark is 10.2 years. For our trucks, the average age is 2.5 years.

Not only does it increase environmental friendliness in the form of more sustainable technology, but it also increases safety on the roads.

All our trucks comply with Euro standard 6, which is the latest standard. The trucks are leased, which allows for circularity in their consumption.

In collaboration with our trailer supplier, we have developed a 4-axle trailer, which helps us transport more tons at a time.

We constantly optimize our equipment according to what technological development allows. Therefore, we have electric trucks where technology permits. At the same time, we have a strong focus on testing environmentally friendly equipment when it is introduced to the market.

We have also integrated an Eco-driving system into all H. Daugaard group's trucks, making it easier for our drivers to drive more environmentally friendly and thus reduce CO2 emissions. Up to 6 different parameters are measured, which benefit the environment. At the same time, we ensure that our drivers are continuously trained in environmentally friendly behavior through courses. This will continue to be our focus in the future.

Our trucks use more environmentally friendly tires, which are both produced under environmentally friendly conditions, are more environmentally friendly in use, and have a longer life (recycled).

When our truck tarps have reached the end of their days, we don't just throw them away. Instead, we pass them on to the company Tarprec, which re- and upcycles PVC material in the form of old truck tarps. H. Daugaard's tarps thus have a much longer life, as the tarps are turned into various products such as bags, wallets, laptop

bags, and more.

We ensure that all our light sources in our warehouse hotels are LED.

We have heat pumps at all addresses that do not have district heating, and it is natural for us to sort waste.

We offer all our customers the opportunity to combine the rail, sea, and road transport modes for as optimal an environmentally friendly transport as possible.

We have an HVO tank, which gives our customers the opportunity to opt for a more environmentally friendly land transport and warehouse management.

We offer our customers a CO2 calculator as well as access to their own data on CO2 emissions for the transports we have carried out for them.

Human Rights

At H. Daugaard, we tolerate no form of forced or child labor, and likewise, discrimination or harassment of our employees is not tolerated. These principles are outlined in our Code of Conduct. These principles are adhered to through compliance with, among other things, Danish legislation on employment and working conditions for children/youth over 15 years of age, as well as how to deal with their own guidelines for employment and business management.

Also in the future, it's important for H. Daugaard that we comply with applicable laws and our own principles, and we work with ongoing control and updating of the Code of Conduct, as well as employee training.

Anti-Corruption

H. Daugaard's stance on anti-corruption is outlined in our Code of Conduct, where we describe how employees should behave regarding, among other things, gifts. Likewise, we believe it's essential that if incidents of corruption or bribery were to occur, our employees can report this to us in a confidential and secure manner. Therefore, it is described in our employee handbook how to report incidents through our Whistleblower scheme.

No significant risks of corruption or bribery incidents have been identified in 2023, but there is always a risk that employees are offered benefits or bribed in other ways for customers to achieve better deals and prices for services. This is mitigated through the Code of Conduct.

No incidents of corruption or bribery have been identified in H. Daugaard in 2023. It is our expectation that there will be no incidents in the future, and this is ensured through ongoing attention to the area, including considerations about employee training, or information campaigns, if deemed necessary or value-adding.

Compliance

We support the UN's 17 Sustainable Development Goals, with a primary focus on No. 3 Good Health and Well-being, No. 7 Affordable and Clean Energy, No. 8 Decent Work and Economic Growth, and No. 9 Industry, Innovation, and Infrastructure.

These sustainable development goals are also integrated into our Code of Conduct and are included in every business agreement entered into with H. Daugaard, which should be considered as a minimum requirement.

Statutory report on the underrepresented gender

2023

Supreme management body

Total number of members	3
Underrepresented gender (%)	0.00
Target figures (%)	40.00
Year of expected achievement of target figures	2030

We always strive to hire the most qualified employees for our advertised positions and our board, regardless of gender.

2023

Other management levels

Total number of members	17
Underrepresented gender (%)	11.76
Target figures (%)	40.00
Year of expected achievement of target figures	2030

Our goal for gender composition in other management is included in the table above. In 2023, we had 2 female leaders out of a management group of 17 people, which equates to 11.76% women. It is our policy to always hire the most qualified candidates for our advertised positions and our board, regardless of gender.

Statutory report on data ethics policy

H. Daugaard does not have a specific policy for data ethics; however, this is covered by the IT policy described in the employee handbook, which all employees receive upon hiring. This handbook outlines guidelines for handling data, electronic equipment, and more.

Additionally, we have an IT contingency plan designed to ensure that the IT-dependent critical business processes at H. Daugaard can be restored and functional after a critical incident has directly or indirectly impeded normal process execution for an extended period.

Statutory report on corporate governance

In order to maintain a sustainable business with a European presence, it is necessary to be prepared for and adapt to the constant dynamics of the market, as well as develop new business opportunities. Effectively managing the associated risks through a systematic and model-based approach is essential to ensure and create value in both the short and long term. Management and the Board of Directors review our biggest risks at least annually on a strategy day. This review includes risks that could cause significant disruption to business over a three-year horizon and is modelled on this model.

	Risk	Impact	Mitigation
Economic development			
Contractual obligations			
IT Security Breach			
Currency impact and tax disputes			
Credit risk and cash flow			

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Revenue		383,541	419,079
Production costs		(340,054)	(373,973)
Gross profit/loss		43,487	45,106
Distribution costs		(7,713)	(7,792)
Administrative expenses		(23,718)	(22,346)
Other operating income		2,591	2,163
Operating profit/loss		14,647	17,131
Income from investments in group enterprises		1,792	5,007
Other financial income	4	503	281
Financial expenses from group enterprises		(63)	(7)
Other financial expenses	5	(1,025)	(1,453)
Profit/loss before tax		15,854	20,959
Tax on profit/loss for the year	6	(3,388)	(3,801)
Profit/loss for the year	7	12,466	17,158

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired licences		1,046	953
Goodwill		9,557	10,777
Intangible assets	8	10,603	11,730
Land and buildings		48,617	50,257
Other fixtures and fittings, tools and equipment		3,958	3,160
Leasehold improvements		6,240	6,170
Property, plant and equipment	9	58,815	59,587
Investments in group enterprises		12,353	12,508
Other investments		752	760
Other receivables		3,352	3,352
Financial assets	10	16,457	16,620
Fixed assets		85,875	87,937
Trade receivables		42,150	46,680
Receivables from group enterprises		3,842	3,488
Other receivables		1,457	3,255
Prepayments	11	1,845	1,020
Receivables		49,294	54,443
Cash		2,235	2,702
Current assets		51,529	57,145
Assets		137,404	145,082

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	12	5,000	1,500
Revaluation reserve		3,639	3,785
Translation reserve		325	396
Retained earnings		36,464	32,352
Equity		45,428	38,033
Deferred tax	13	9,933	9,886
Provisions		9,933	9,886
Mortgage debt		18,603	20,503
Bank loans		1,295	1,871
Lease liabilities		1,598	838
Other payables	14	7,178	7,169
Non-current liabilities other than provisions	15	28,674	30,381
Current portion of non-current liabilities other than provisions	15	2,991	8,096
Bank loans		7	19,528
Trade payables		39,886	27,694
Payables to group enterprises		1,950	1,184
Joint taxation contribution payable		164	1,465
Other payables		8,358	8,802
Deferred income	16	13	13
Current liabilities other than provisions		53,369	66,782
Liabilities other than provisions		82,043	97,163
Equity and liabilities		137,404	145,082
Events after the balance sheet date	1		
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Revaluation reserve DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000
Equity beginning of year	1,500	3,785	396	32,352	0
Increase of capital	3,500	0	0	(3,500)	0
Extraordinary dividend paid	0	0	0	0	(5,000)
Exchange rate adjustments	0	0	(71)	0	0
Transfer to reserves	0	(146)	0	146	0
Profit/loss for the year	0	0	0	7,466	5,000
Equity end of year	5,000	3,639	325	36,464	0

	Total DKK'000
Equity beginning of year	38,033
Increase of capital	0
Extraordinary dividend paid	(5,000)
Exchange rate adjustments	(71)
Transfer to reserves	0
Profit/loss for the year	12,466
Equity end of year	45,428

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	87,501	85,088
Pension costs	7,964	6,901
Other social security costs	1,593	1,654
Other staff costs	2,537	2,084
	99,595	95,727
Average number of full-time employees	160	165

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Executive Board	5,767	5,666
Board of Directors	405	286
	6,172	5,952

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	1,449	1,384
Depreciation of property, plant and equipment	4,089	4,711
	5,538	6,095

4 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	224	195
Other interest income	116	77
Exchange rate adjustments	163	0
Other financial income	0	9
	503	281

5 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	36	0
Other interest expenses	986	1,162
Exchange rate adjustments	0	288
Other financial expenses	3	3
	1,025	1,453

6 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	3,341	4,023
Change in deferred tax	47	(222)
	3,388	3,801

7 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Extraordinary dividend distributed in the financial year	5,000	0
Retained earnings	7,466	17,158
	12,466	17,158

8 Intangible assets

	Acquired licences DKK'000	Goodwill DKK'000
Cost beginning of year	4,731	12,200
Additions	322	0
Cost end of year	5,053	12,200
Amortisation and impairment losses beginning of year	(3,778)	(1,423)
Amortisation for the year	(229)	(1,220)
Amortisation and impairment losses end of year	(4,007)	(2,643)
Carrying amount end of year	1,046	9,557

9 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	67,171	28,414	10,377
Additions	248	2,489	633
Disposals	0	(53)	0
Cost end of year	67,419	30,850	11,010
Revaluations beginning of year	5,600	0	0
Revaluations end of year	5,600	0	0
Depreciation and impairment losses beginning of year	(22,514)	(25,254)	(4,207)
Depreciation for the year	(1,888)	(1,638)	(563)
Depreciation and impairment losses end of year	(24,402)	(26,892)	(4,770)
Carrying amount end of year	48,617	3,958	6,240
Carrying amount if asset had not been revalued	43,950	3,958	6,240
Recognised assets not owned by entity	0	2,316	0

Recognised assets not owned by the entity consists of leased fixed assets.

10 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000	Other receivables DKK'000
Cost beginning of year	13,708	1,690	3,352
Additions	0	16	0
Disposals	0	(279)	0
Cost end of year	13,708	1,427	3,352
Impairment losses beginning of year	(1,200)	(930)	0
Exchange rate adjustments	(97)	0	0
Share of profit/loss for the year	1,792	0	0
Dividend	(1,850)	0	0
Reversal regarding disposals	0	255	0
Impairment losses end of year	(1,355)	(675)	0
Carrying amount end of year	12,353	752	3,352

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Dauczech S.R.O.	Czech Republic	S.R.O.	100.00
Daulux S.A.	Luxembourg	S.A.	100.00
Toldbodgade 7, Kolding ApS	Kolding	ApS	100.00

11 Prepayments

Prepayments comprises costs, which are paid in the financial year, but are related to the next financial year.

12 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	5,000	1	5,000
	5,000		5,000

13 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	178	134
Property, plant and equipment	9,350	9,528
Receivables	405	224
Deferred tax	9,933	9,886

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	9,886	10,108
Recognised in the income statement	47	(222)
End of year	9,933	9,886

14 Other payables

	2023 DKK'000	2022 DKK'000
Holiday pay obligation	6,178	6,169
Other costs payable	1,000	1,000
	7,178	7,169

Other costs payable consist of the outstanding purchase price for shares in group enterprises.

15 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	1,900	1,888	18,603	10,886
Bank loans	576	576	1,295	0
Lease liabilities	410	475	1,598	82
Other payables	105	5,157	7,178	5,268
	2,991	8,096	28,674	16,236

16 Deferred income

Deferred income under liabilities consist of accrual revenue relating to the next financial year.

17 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Liabilities under rental or lease agreements until maturity in total	93,753	95,428
Liabilities under rental agreements or leases with group enterprises until expiry	657	632

The total liability on DKK 93,753k consists of:

Rental liabilities	DKK 86,604k	Primarily two tenancy agreements with maturity to 2024 and 2037.
Lease liabilities	DKK 7,149k	Trucks and cars for the period 2024-2030

Some of the company's external rental and lease contracts contain the possibility of withdrawing from these before maturity. The above liability has been calculated on the assumption that this option is used. If the rental and lease contracts are used until maturity the commitment amounts to DKK 133,128k as of 31.12.2023.

Other contractual liabilities

The company has entered into a number of strategic collaborations with customers and suppliers, including cooperation agreements/leases concerning areas at Kolding and Vejle port. The contracts entail reciprocal obligations. At the end of the leases, the areas must be returned in a cleared condition. For the tenant, there is a notice period of 6-12 months.

18 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where H. Daugaard Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities.

19 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 18,800

k nominal. The bank debt amounts to DKK 1,877k as of 31.12.2023.

The carrying amount of mortgaged properties is DKK 48,617k

Bank loans are secured by way of a pledge in Investments in group enterprises. The carrying amount is DKK 9,369k as of 31.12.2023.

Bank loans are secured by way of a floating charge of DKK 20,000k nominal in trade receivables. The carrying amount of assets subject to floating charge amounts to DKK 42,150k as of 31.12.2023.

Other guarantees amounting to DKK 159k have been provided.

20 Related parties with controlling interest

H. Daugaard A/S, Kolding owns all shares in the Entity, thus exercising control.

21 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
H. Daugaard Holding A/S, Kolding.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
H. Daugaard Holding A/S, Kolding.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise costs incurred to earn revenue for the financial year, including wages and salaries and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, and amortisation of financial assets.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by

Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise software

Software is measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings are measured at cost plus revaluation, and for buildings, less accumulated depreciation and impairment losses. Revaluation is calculated on the basis of regular, independent fair value measurements.

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost plus revaluation and minus estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	5-30 years
Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	5-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus of unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 10 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference

between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of H. Daugaard Holding A/S, Business Reg. No. 27220169