
Link Logistics A/S

Vallensbækvej 51 - 53, DK-2605 Brøndby

Annual Report for 1 January - 31 December 2022

CVR No 28 65 90 24

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/5 2023

Charlotte Gaarn Hansson
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Link Logistics A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

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

Brøndby, 23 May 2023

Executive Board

Anders Martin Martens
CEO

Mads Koch Jensen
Executive Officer

Board of Directors

Charlotte Gaarn Hansson
Chairman

Henrik Bonnerup

Pascal Paw Paramasivam

Sophie Öhrström

Independent Auditor's Report

To the Shareholder of Link Logistics 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Link Logistics A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

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.

Independent Auditor's Report

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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.

Hellerup, 23 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

State authorised public accountant

mne32209

Company Information

The Company

Link Logistics A/S
Vallensbækvej 51 - 53
DK-2605 Brøndby

Telephone: + 45 32488888
Website: www.linklog.dk

CVR No: 28 65 90 24
Financial period: 1 January - 31 December
Incorporated: 1 April 2006
Financial year: 15th financial year
Municipality of reg. office: Brøndby

Board of Directors

Charlotte Gaarn Hansson, Chairman
Henrik Bonnerup
Pascar Paw Paramasivam
Sophie Öhrström

Executive Board

Anders Martin Martens
Mads Koch Jensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Key figures					
Profit/loss					
Revenue	623,625	589,718	256,729	180,160	215,378
Gross profit/loss	131,751	121,224	59,619	41,599	56,907
Operating profit/loss	42,156	38,782	19,493	10,841	15,046
Profit/loss before financial income and expenses	43,727	42,156	19,493	10,841	15,046
Net financials	11,447	11,001	56	-28	178
Net profit/loss for the year	45,680	43,566	14,838	8,426	11,898
Balance sheet					
Balance sheet total	174,724	183,076	84,766	63,876	65,566
Equity	75,006	55,540	25,152	21,207	23,299
Investment in property, plant and equipment	1,398	1,743	-3,650	0	1,229
Number of employees	172	144	82	78	73
Ratios					
Gross margin	21.1%	20.6%	23.2%	23.1%	26.4%
Profit margin	7.0%	7.1%	7.6%	6.0%	7.0%
Return on assets	25.0%	23.0%	23.0%	17.0%	22.9%
Solvency ratio	42.9%	30.3%	29.7%	33.2%	35.5%
Return on equity	70.0%	108.0%	64.0%	37.9%	52.0%

In 2021, Link Logistics A/S have merged with YOYO Global Freight ApS and YOYO Holding ApS. Please note that the financial figures for 2020 and earlier have not been restated.

Management's Review

Key activities

The purpose of the company is to carry on transport and freight business as well as any related business, including express and courier shipments.

Services and main activities

Link Logistics is one of the largest independent transport providers in the Nordics within Courier and Freight Forwarding related transport, offering digital one-stop shopping to premium High-end Industrial and e-commerce customers across all main sectors.

Our promise is to eliminate barriers within the logistic networks. Our passion is to offer BtB and BtC customers tailor-made one-stop-shop transport solutions structured around the best global setup and the company, together with its subsidiaries, are represented in Denmark, Norway, Sweden and in USA – and ensure that our customers are “Simply Connected”.

- **Proactive service**
Our team monitors and proactively follow-up on all shipments, ensuring they arrive safely and on time.
- **Customized to your needs**
You stay in control of your shipments, billing is flexible, and Pick 'n' Pack can be done from your warehouses or ours.
- **One pickup for all your shipments**
Simplifies your operations and minimizes any risks of errors.
- **Integrated booking platform**
Easy access to all our services so you can monitor shipments in real-time, analyze performance and get all the data you need.
- **Responsible business with a sustainable ambition**
We constantly strive towards greener logistics, with a growing number of ESG certifications and free CO2 reporting for your shipments.

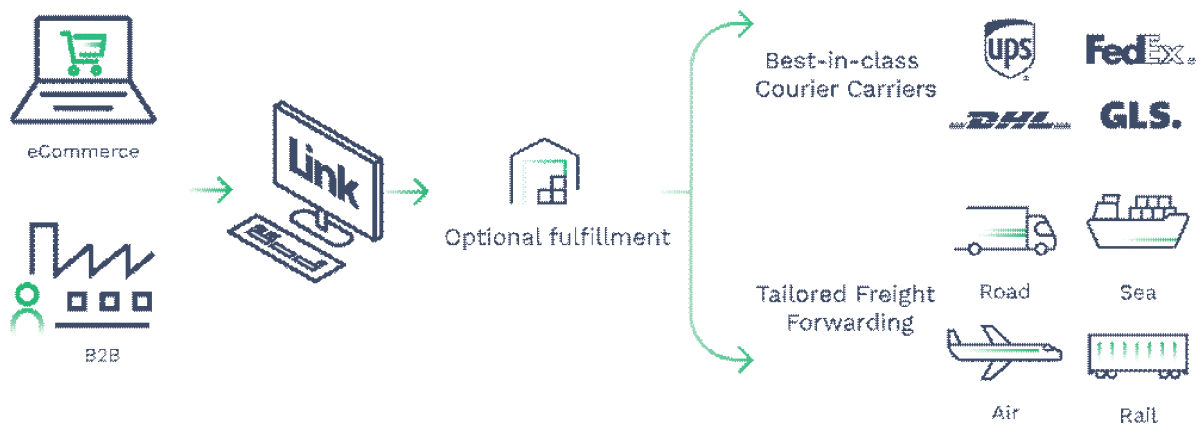
Management's Review

Business model

The business model is founded on long term customer relations characterized by high loyalty and very low churn rates. Our +2.500 customers are supported by more than 250 dedicated employees, all strive to deliver 5-star performance every day.

At Link Logistics, we're passionate about our customers and our values – and both are cornerstones in everything we do. Our customers transportation and goods are organized across the world's leading logistics companies. We are the global and independent logistics link making sure that shipments reach their destination quickly and securely on time – always aided by innovative technology.

We offer one-stop shopping, which means that customers only have to talk to us and have Link Logistics' staff monitor the shipments all the way to their destination - whether it be courier or freight forwarding, warehousing or fulfillment or special solutions.



Management's Review

Financial performance and outlook

Development in the year

The income statement of the Company for 2022 shows a profit of TDKK 45,680, and at 31 December 2022 the balance sheet of the Company shows equity of TDKK 75,006.

2022 was the year, in which we could celebrate Link's 20 years in the business. When the Link brand was founded, the internet-based one-stop-shop concept seemed like a radical idea, but the word soon spread that this was a valuable and sustainable solution and still is.

Our company has continuously been developing over the past 20 years - a journey from being 8 people to now being more than 190 colleagues in Denmark and a revenue of more than 600 mDKK.

Together, we have managed to navigate in a year which has been extraordinary in many ways. Our activity level has been very high, in particular, during the first half of our financial year. Our people worked very hard to meet customer needs in a challenging marketplace.

In a full year comparison total revenue grew by 6% compared to 2021. The growth was fueled by strong underlying market demand in the first half of the year.

The EBITDA amounted to 49 mDKK which is in line with expectations going into the year 2022. Both revenue and EBITDA is considered satisfying.

Especially within courier, road and warehousing, we outperformed 2021 level. In the last part of the year, the market has been more challenging and characterized by decreasing freight rates and higher uncertainty primarily caused by the significant worldwide inflation as well as the impact from the geopolitical conflict in Ukraine.

Navigating the remaining Covid-19 restrictions in some parts of the world continued to be a challenge in the transport networks during the first months of the year. The health and safety of employees and customers was the Company's main priority, and fortunately, we did not experience any severe outbreaks at any of our facilities.

The merger of Link Logistics and YOYO Global Freight served as a steppingstone for strengthening the organization. In the central support functions to the benefit of the entire business by creating scalable platforms and supporting policies and guidelines for employees and management making operational and administrative tasks and decisions more efficient.

Management's Review

We have worked intensively with realigning our commercial focus, sharpening the commercial platform and tools for the combined business, utilizing our in-depth knowledge within logistics for the benefit of our customers. We see a clear place in the market for our unique one-stop shop for courier, supported by freight forwarding, warehousing and eCommerce solutions. This commercial push has been supported by an extensive branding initiative to clearly communicate our mission to towards a “Simply Connected” future.

The integration of YOYO Global Freight continued as a key strategic project in 2022 with a primary focus on building the digital platform for the future ensuring smooth integrations within our company, with our customers as well as our business partners.

Development in the markets

We experienced strong competition in the Danish market with both customers and suppliers being affected by the increasingly challenging market conditions. The Danish business unit is the largest entity in the Group and is working closely with the functional areas in terms of testing and implementing new processes and platforms for the benefit of the entire organization.

Solid financial performance allowed us to reinvest in our business. In the past year, we continued the acquisition journey and welcomed Tangen Logistics in our Norwegian business, which provided a platform to cater for existing and new clients in the Southeastern part of Norway. With the strong competencies especially within road transportation and customs handling, the addition of Tangen Logistics improved our offering to local Norwegian customers who value proximity, professional advice, and ease of working with us through our digital solution. Simultaneously, the acquisition was a strong boost to the company's smallest business entity in Norway - adding an ambitious growth agenda. Our teams are onboarding Tangen Logistics into the Link family, consolidating operations, IT, sales, and administration. While we integrate, we make sure day-to-day business and service levels stay at a 5-star level for our customers, and we strive to keep momentum and progress in our other key strategic projects.

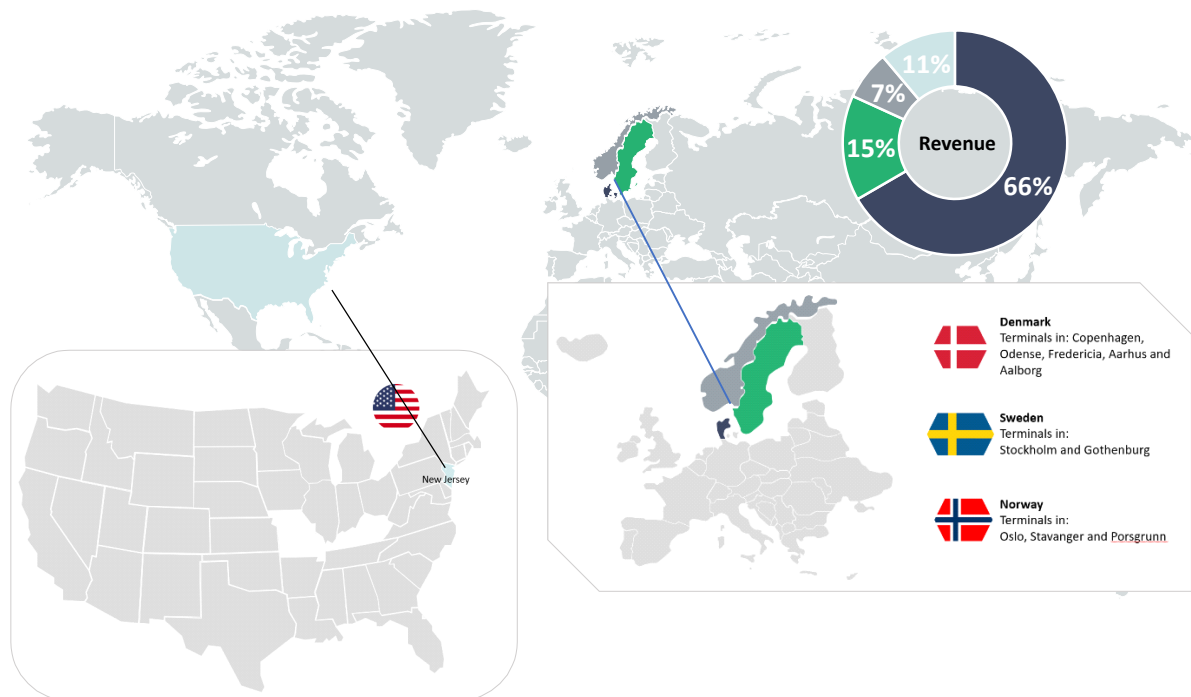
In our Swedish business, hard work has been put into merging the Link Logistics and YOYO Global Freight business units and on top of that adding new customers to our warehouse facility in Gothenburg. We have also strengthened our branch in Stockholm and added experienced sales resources to the branch.

In late summer we moved into new facilities in New Jersey, US - allowing us to add a warehouse offering to our US customers during the fall, which resulted in a very busy December. The team has worked to further develop the existing business and organization in the US, and we have managed to add great new colleagues to the team preparing for a busy 2023.

Management's Review

Geographical footprint

Link Logistics operates under own brand and is represented in Denmark by five offices and sorting terminals respectively in Copenhagen, Odense, Fredericia, Aarhus and Aalborg. In Sweden Link Logistics operates from two terminals in Gothenburg and Stockholm and in Norway the operation is run from offices in Oslo, Porsgrunn and Stavanger. Finally in the US, Link Logistics operates from our terminal in New Jersey.



Success built by our people

Finally, as a concluding remark, we want to acknowledge the huge contribution of our employees and thank them for their valuable effort during the year. 2022 taught us many valuable lessons; most importantly, it reminded us that we will always be a people-centered business – supported by digital tools and a flexible approach to how we operate and service our customers.

Management's Review

Market Outlook

Assumptions for the 2023 financial outlook

We prepare for a continuation of a challenged macro-economic environment and geopolitical unrest for some time. We expect that this will continue to adversely impact consumer purchasing power and global activity levels - consequently also impacting recent years' significant growth in the logistics industry.

Link Logistics expects a small top line growth for the coming year which should be seen in the light of the decreasing freight rates especially within sea freight and partly within air freight. Inflation is expected to remain high for the first months, before stabilizing later in the year. Activity in the market is expected to be a bit lower compared to the first half of 2022.

The macroeconomic conditions that characterize the current period has been handled from a partially conservative point of view, but still in the light of ambitions and realism. The outlook for 2023 is based upon assumptions and estimates that, while prepared with numerical specificity and considered reasonable, are inherently subject to both significant business, operational, economic, political, legal and competitive uncertainties and contingencies, many of which are beyond the company's control and influence, as well as decisions, which are subject to change pending future macroeconomic and geopolitical development.

Targets and focus areas in 2023

The budget for 2023 includes a revenue target of 694 mDKK, a gross profit level of 203-212 mDKK and an EBITDA-level of 63-69 mDKK; a significant increase from 2022 due to higher revenue and especially an improved gross margin for the business in total.

In 2023, focus will be on optimizing the existing business, controlling cost, and executing our growth strategy. Alongside the integration of recently completed acquisitions and harvesting of synergies, we will pursue new relevant and value creating M&A opportunities.

We expect to see growth within courier products from our two main customer segments - high end industrial as well as eCommerce customers across all markets, with strongest growth rates in Sweden and the US through the activity in the subsidiaries.

The efforts to strengthen our eCommerce offering in Sweden and US with dedicated ecommerce facilities in both countries, creating same offering as seen in Denmark, are mirrored in the budget with high expectations for the warehouse revenue growth.

The decreasing freight rates within especially sea, and to some extend road show in the numbers as we expect negative growth within these segments in 2023.

Our efforts within sustainability will in 2023 continue to be integrated in our business model with several measures to be implemented including a strong focus on climate change working towards creating the optimal transport mix based on lowest possible CO2 emission.

Management's Review

Non-financial performance

ESG at a glance

Being a proud signatory to the UN Global Compact, Link Logistics is mindful of how our business impacts environmentally, socially, and economically sustainable developments. Most prominent is the commitment to the Science Based Target initiative which was signed in 2022. Link Logistics further expanded our sustainability effort by the recruitment of a sustainability specialist and the initiation of a sustainability network of Green Runners across the company.

As part of its commitment to promoting gender equality and women's empowerment in the workplace, marketplace, and community, Link Logistics has adopted the United Nations Women's Empowerment Principles (WEPs) in 2022. As a workplace, Link Logistics works to ensure equal treatment and opportunities for all employees. We take pride in belonging to a community that supports the inclusion of all people, regardless of gender, age, ethnicity, ability, sexual orientation, faith, or religion. Link Logistics is committed to upholding a high standard of responsible business conduct, sustainable operations, and high data ethics to meet the expectations of our customers and business partners. In relation to this we have in the past year implemented a whistleblower solution on our webpage and thereby met the requirements and obligations of the EU whistleblowing directive.

Introduction to Sustainability at Link

Sustainability was set high on the agenda in Link Logistics in 2020 and has gained increased focus and importance in the organization over the past years, to a point where sustainability was anchored strategically in the organization's promise, strategy and 2025-plan. As described in Link's business model, found on page 8, we're passionate about delivering innovative solutions for our customers and sustainability has officially become a part of what we do.

At Link Logistics, we have a holistic view of sustainability and our business. As part of the transportation and logistics sector, we need to acknowledge and take responsibility for the large environmental impact caused by our company and industry. Additionally, as an employer of over 250 full-time employees and a corporate citizen in more than ten cities worldwide, we can significantly impact several social areas.

Link Logistics 2025 ambition manifests this holistic view and defines our four main sustainability focus areas towards 2025 to be: Increase gender Equality and diversity, ensure Health and safety, improve transparency and reduce our carbon footprint.

In 2021 Link Logistics committed to the UN Global Compact, and as a signatory member, we embrace the 10 principles and make them operational through the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. Together with the SDGs, the principles lay a foundation for how we manage potential and actual adverse impacts on areas for sustainable development.

Management's Review

A responsible and transparent business

In 2020, Link conducted its first impact assessment based on the UNGPs and OECD guidelines. The outcome of this assessment was a policy commitment on how we work with sustainability as well as a code of conduct for business relationships. The policy was approved by the board and became an integrated part of the company's business strategies. The impact assessment was previously up for review biannually but will from 2023 be reviewed annually going forward.

The following statement on responsibility is an excerpt from the content of the Policy Commitment on Sustainability, which was re-assessed in February 2023. The policy commitment can be found on our company website; <https://linklog.com/en/sustainability/>.

Environmental footprint

Climate change posts a potential risk of creating long-term negative impact on our industry. In 2020, we made the first environmental impact assessment, through implementation of the Task Force on Climate-related Financial Disclosures (TCFD) framework. This framework helped identify key risk areas and opportunities for how we can reduce our climate impact. Based on ongoing assessments of our operation and value chain impact, we continuously monitor and evaluate our main impact and key risks regarding our environmental impact. We are working on being more data-driven, making sure our governance and target-setting frameworks are built upon solid data so we can track our journey.

With the increased company focus on sustainability, it is time to document and develop policies for strategic and development purposes. We are actively working towards reducing our negative environmental impact, across the entire value chain. To support this work, we are conducting annual environmental assessments, identifying the carbon footprint of our activities. Results from the assessment can be found in our annual Sustainability report, which is available on our website (<https://linklog.com/en/sustainability/>). The work ahead is focused on increasing supplier data for the organization and providing customers with more emissions transparency.

Working together to decrease negative environmental impact.

Link has, in 2022, been focusing on its internal environmental footprint and in collaboration with our newly established internal Network of local sustainability representatives, we initiated several projects, which will help bring down our scope 1 and 2 emissions. Projects such as reducing energy consumption, recycling, and greener packaging materials, are just the beginning of our plans to reduce our environmental footprint.

We have engaged in dialogue with our suppliers, to discuss how we can reduce our transport-related emissions. It is important for us at Link, as a service company, that we engage in the discussions of developing a greener logistics sector. We have a responsibility to our customers, who want to lower their transport-related emissions, as well as to investigate and help promote alternative options.

Management's Review

Powered by solution-oriented people

Link prides itself on its high level of service, which cannot be achieved and maintained without our employees. Their dedication, drive, and ability to be solution-oriented and work together across departments, functions, and countries to deliver the best products and services to our customers, are of high value. Our employees are challenged by the continuous development in the field of courier and freight services, but at Link we are pioneers at heart and are not afraid to try new ideas and innovations, or of failing by doing so.

As part of our work with SDG 8, we care about creating safe, secure, and healthy working environments. This means ensuring all new warehouse and operations employees receive instructions in safe and proper lifting and carrying techniques for different parcels aligned with the Work Environment in Denmark (WEA) guidelines. Additionally, Link has safety requirements, including mandatory yellow vests and safety shoes in risk areas, to help improve the safety measures. We encourage our employees to report near misses, so that they can be talked over, and processes can be reviewed for flaws and revised if needed, to decrease the risk of repeats. In 2022 we reduced the amount of work-related accidents from 3 to 1. The accident recorded, was minor, and not related to any work procedures, and did not lead to lost time, personal injury and/or absence due to illness. Neither financial expenditure nor repercussions were necessary in this case and the employee was back to work after being checked at the ER.

In 2023 Link will have an increased focus on work environment, employee satisfaction and well-being. The company will conduct a new and improved employee satisfaction survey, with the goal of identifying key risk areas and improving the working environment. Moreover, a Code of Conduct for Employees will be introduced to ensure our employees are familiar with our work with the UNGPs and OECD guidelines and know our company policy and how to conduct responsible business, no matter their job function.

Human Rights

Link is an international company, and we have a responsibility to adhere to the laws and regulations of the countries in which we operate. As a logistics service company with several logistics suppliers across the globe, we are at risk of breaches against human rights related to our business activities. As previously mentioned, we annually review our policy commitment and go through our potential risks of impact. In our 2022 impact assessment we have a total of 26 potential risks, across the 48 specific rights forming the minimum for identifying adverse impacts.

We encourage our employees to react and inform, either nearest management or via our whistleblower scheme if they experience or identify impacts on human rights. We have not had any reports of breaches or incidents related to human rights during 2022. Through the upcoming implementation of our Business Relationships Code of Conduct, we will hold our suppliers and stakeholders responsible to the same standards we set for ourselves. This means holding ourselves and our entire supply chain accountable for, living up to the global minimum standard for responsible business conduct, as well as national laws in all countries, we are operating in.

Our Business Relationships Code of Conduct is publicly available on our website: www.linklog.com.

Management's Review

Anti-corruption

We as a service company, handle high value shipments and move large amounts of goods each day. Link has potential corruption risks within bribes, through facilitation payments and gifts, and moreover, Link is at risk of cronyism and nepotism, as well as lack of clearly defined job duties. We have a responsibility to investigate these potential impacts and set in place actions that lower these risks. Through our yearly impact assessments, we continuously evaluate these risks and adapt where needed. Link has zero tolerance for corruption and bribery and as a part of our CSR policy, we highlight our ethical guidelines for responsible business conduct. In 2022, we did not receive any reports on incidents of corruption. The Link Logistics Whistleblower scheme was set up in 2021 and is handled by third-party law firm IUNO. The purpose of the whistle-blower scheme is to give our employees, as well as others with relation to the company, access to report on actual or potential breaches of law or other serious matters, or a suspicion hereof, without the fear of consequences for the individual. We take our business seriously and do not condone illegal conduct – the whistleblower scheme and policy are, therefore, important systems to have available. We are yet to receive a report through the scheme. We plan to include Sustainability due diligence/compliance in regular management meetings, as well as management training within anti-corruption risks. Furthermore, we will implement a code of conduct for employees that includes economic risk areas.

The impact of a diverse workplace

At Link we believe in supporting all genders in opportunities and career goals and have a zero tolerance for gender discrimination. Gender diversity is a priority at Link and a significant part of our 2025 Ambition. We encourage our employees to act with kindness, be friendly and help foster an inclusive culture to avoid adverse impacts on human rights.

Status is now, that 50% of our board members are women, a goal we set in our 2021 report. We are excited to have achieved this goal and will put our focus on increasing the share of female leaders in management positions going forward, including C-level, country- and branch managers as well as department heads. Despite being a company in a normally male-dominated industry, we at Link have a current share of 32,14% female leaders and have an ambition that by 2025, 40% of management positions will be occupied by women.

To help reach our 2025 ambition, Link committed in 2022 to actively working with the Women's Empowerment Principles, developed by the UN Global Compact and UN Women. Through 2023 we will work on how to incorporate the principles in our strategy and policymaking, and general corporate culture.

Learn more

Link has for the third time developed an independent Sustainability Report, which will be available on our website from April 2023. The report contains a more in-depth description of our sustainability journey, targets, goalsetting and projects towards becoming a more sustainable company.

Management's Review

Corporate governance, ownership and capital allocation

Risk management

Risk management forms an integral part of Link's operations and decision-making process and aims to create and safeguard business value and customers, secure continuity of operations and ensure the safety of people.

The Risk Management process is designed to manage uncertainties and risks affecting the Company and its business units in the global marketplace identifying, prioritizing, and managing key risks at all levels of the business to support the Company in better decision making, proper allocation of resources and better and faster utilization of opportunities as they arise. Identified potential risks are addressed directly with business unit management.

Risk Governance

The responsibility for the governance of risks lie with the Board of Directors who work closely together with the Executive Management on the overall risk management of the company. The Executive Management is accountable for the operational part of risk management and the primary driver of risk identification and mitigation as well as responsible for design and maintenance of risk management systems.

Risk Management Procedure

The company applies a structured approach to risk management, organized according to the following four elements:

- Identification and initial reporting - Executive Management receives input through the monthly reports from the most significant business areas.
- Analysis and assessment - Identified risks are recorded in a work register and assessed in terms of likelihood of occurrence and potential financial impact.
- Risk review and mitigation - Key risks are selected for further review and design of mitigating actions. These include avoidance, transfer, reduction, or acceptance.
- Risk reporting - Key risks and mitigating actions are reported to the Board of Directors and are reviewed and discussed at Board Meetings.

Management's Review

Compliance risks

As a large company with international activities, Link Logistics operates according to a range of regulatory requirements. Compliance with relevant legislation and regulatory standards is imperative for Link. As we contract with independent carriers, non-compliance is both an internal and external risk factor.

Our continuous compliance work includes codes of conduct and instructions to suppliers and employees, communication of guidelines in the employee handbook as well as the whistleblower scheme. On an on-going basis, we monitor relevant regulatory areas to ensure timely identification and implementation of new or updated rules affecting our business.

Market risks

As stated under the Market Outlook section above, the Company has shown strong resilience and robustness during a challenging COVID-19 pandemic. While Management considers the company to be downside protected in many ways, Link Logistics and our customers are, however, not invulnerable to recessions. Rising inflation, interest rates and growing geopolitical uncertainty creating faster-than-expected economic decline might adversely impact customer demand within the various industries of our customers. This may jeopardize the Company's operational strategic plans and targeted market growth.

The management closely monitors market conditions, and the managing directors of the different countries provide operational insights and assess current market developments. The Company aims to enhance its resilience towards economic downturns through a continued focus on sales to the core customer segments.

Foreign exchange risks

The Company is exposed to currency fluctuations, mainly from USD, SEK, NOK, and EUR, but in all material aspects most transactions are handled in local currency i.e., DKK in Denmark and SEK in Sweden.

Credit risks

The Company has a solvency ratio of 43% and the credit risk is considered low. The Company has external debt of 86 mDKK.

Employee risks

Having the right competencies with adequate experience is vital. Therefore, it is important that the Company continues to attract, retain, and develop skilled employees. Failure to do so has the potential to negatively impact the expected development of the Company.

Management's Review

Supplier risks

The Company relies on suppliers to deliver both transport and related services. Shortage on subcontractor capacity due to either market factors or political developments may affect the Company's ability to service its customers. The Company keeps close contact with critical suppliers and ensures an adequate standardization of the supply-chain to ensure contingencies in case of individual subcontractor's inability to deliver.

IT and cybersecurity risks

As the company becomes increasingly digitalized and globalized, more devices and control systems are connected online. The threat to the Company's cybersecurity and data security continues to be a key risk area and a cyber-attack could result in an extended period of downtime, non-compliance with applicable laws and legislation or cause adverse effects on the company's reputation. Operational disruptions or vulnerabilities in key information systems could significantly affect the Company's ability to carry out daily operational business processes and servicing customers. Link Logistics' IT function continuously seeks to minimize the above risks by revising strategy, governance, and development plans. The Company invests in employee training, additional relevant internal competences, governance, and technological measures to curb the cyber threat and increase overall resilience and compliance with information security standards. Monitoring of controls and continuous update of systems alleviates the risk and impact of security breaches, and the company only contracts with well renowned service providers to guarantee a secure IT platform. Annual external IT reviews are conducted, and results are reported to and reviewed with the Board of Directors.

Management's Review

Corporate Governance

The Board of Directors and the Executive Board work constantly to ensure that appropriate and sufficient control systems are in place, managed by a robust management team structure. The Board of Directors and the Executive Board have various duties which are defined by the Companies Act, the Danish Financial Statements Act and the Articles of Association and Rules of Procedure for the Board of Directors, among other regulations and policies. On this basis, the necessary internal procedures are continually being developed, refined, and maintained to ensure active, reliable and profitable management of the Company.

The Board of Directors ensure that the Executive Board complies with the approved objectives, strategies, business procedures and rules of procedure for the Executive Board. The information presented to the Board of Directors is provided systematically before and during meetings as well as in written and verbal reports. The topics of these reports include market development and the Company's development and profitability. The Board of Directors and the Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the Company meet at least five times a year. Furthermore, information about the Company, results and financial position is shared with the Board of Directors on a monthly call. If relevant, extraordinary meetings are held.

Board of Directors

The Board of Directors are:

Name	Charlotte Hansson	Henrik Bonnerup	Pascal Sivam	Sophie Öhrström
Position:	Chair of the Board	Member of the Board	Member of the Board	Member of the Board
Nominated by:	Polaris Private Equity	Polaris Private Equity	Polaris Private Equity	Polaris Private Equity
Chair of the Board in:	vChain AB		Nordgreen Aps	
Deputy Chairman of the Board in:				
Member of the Board in:	Green Cargo AB Bergman & Beving AB DistIT AB Probi AB Senergia Nordic AB Stena Trade & Industry AB	RelyOn Nutec Holding A/S Sinful Holdco A/S As well as other Holding companies owned by Polaris Private Equity		
Member of the Executive Board in:		Polaris Private Equity (Partner)	Blazar Capital (Founder & CCO)	GANT (EVP Global Logistics)

The Board of Directors, the senior management and key employees are included in a share program.

Management's Review

Ownership and capital structure

The Parent Company Link Top Holding A/S owns 100% of Link Logistics A/S.

The ultimate owner is Polaris Private Equity IV K/S (Polaris). Polaris, a private equity company, owns 74% of Link Logistics A/S and is a member of Active Owners Denmark (formerly the "Danish Venture Capital Association" or "DVCA") and is therefore covered by Active Owners Denmark's guidelines and recommendations for responsible ownership and corporate governance for private equity companies and their portfolio companies. Please revert to aktiveejere.dk for more information.

The remaining shares are directly or indirectly owned by Management, employees and Board members.

The following additional ultimate shareholders own more than 5% of the total share capital:

- AHM Andersen Holding ApS, CVR no. 42 91 80 75
- MASH HOLDING ApS, CVR no. 27 52 36 68
- S.A.M.G.L. HOLDING ApS, CVR no. 32 56 03 18

Data ethics

Introduction

The Executive Management in Link recognizes the importance of data and data ethics and reviewing data management and data ethics are well incorporated in the annual cycle of the Executive Management.

This statement is done following Links entry to a new financial category and the implementation of §99 in the Danish Financial Act. The statement covers all types of data and is thus a supplement to Links Privacy Policy

<https://gdpr.complycloud.com/externaldocument?id=2936961396c63db3489ea7aaf8a9524ea22e6374174409830862117019> which covers the processing of personal data.

Data management

At Link we only collect the necessary data to operate our daily business. We do not resell data, even if data is legally obtained.

At Link we strive for full transparency of data. Employees, customers, suppliers, and all other partners must know which data Link holds to cooperate with said partners and how and why we process the data. Data policies ensure that data is only used for the purpose it was obtained.

At Link we are convinced that data will be more important in the future, which is why we take our data management seriously. High quality data will be the foundation for all operations in the future and building artificial intelligence will only succeed if the data is top quality.

Management's Review

Third party data

When third parties are operating on behalf of Link, we use well known and established partners who takes their data responsibility seriously. If Link in any way suspect that third party data, we come in contact with, are illegally obtained, we act on it and report our suspicions to relevant authorities.

IT security

IT and data security are always top of mind at Link. We have state of the art IT security and technical safeguards to protect the data we hold and the data we exchange with our partners. All data held or processed at Link, being both master data or transactional data have a clear ownership in the organization.

Artificial intelligence

When we use artificial intelligence, we make sure that the result produced is not discriminatory or biased. Use of artificial intelligence in Link is still in its early days and we learn as we go. With focus on data and process ownership and data ethics in general, we have initiated a project that will map all data related to Links primary processes. The project will ensure that data is collected and processed responsibly, as well as data having the highest possible quality. Data quality is essential in creating valuable artificial intelligence solutions. In the same project all data under the GDPR regulation are anonymized unless user holds privileged rights.

Employee awareness

IT security and data ethics are two important topics when new employees are attending the “New in Link intro day”. Furthermore, regular posts are made on Links Intranet and regular mails are distributed on the very same topics. Link is evaluating standard software solutions to support awareness of the IT security, data management and GDPR topics.

Employees are encouraged to report any suspicious behavior regarding data management and can even do it anonymously via our whistleblower system. Employees are also encouraged to ask any questions regarding data, data management, GDPR, IT security and IT in the broadest term and can do so to IT Support or directly to Links Data Protection Officer.

Application development

In Link we develop our own selected IT applications. Data management and data ethics is an inherent part of the development process and are defined and implemented in approval processes. Before an self-developed application is released for operation, all data going into the application, being generated by the application, or leaving the application are covered by Links data map and has a clearly defined ownership.

Management's Review

Knowledge resources

At Link logistics we are constantly focusing on attracting and retaining the best knowledge resources in the market for the core business of delivering express and courier related transport and logistics as well as for the Freight Forwarding business. Despite the fierce competition on knowledge resources as well as the current limited supply in the overall workforce, the Company is experiencing a continually increasing volume of applicants with the needed competencies. Internally, the common IT platform and standardized processes ensure that the Company employees' knowledge is shared and documented. The Company's vulnerability related to individual knowledge of employees is therefore limited.

Research and development activities

The Company continuously and vigorously invests in development both externally in new geographical markets and terminals as well as internally in IT infrastructure and employees, all aspects which are key levers in the continued successful development and growth of the Company. The Company has no research activities. In 2022 the company has developed new internal IT-systems of which 8.4 mDKK has been capitalized. Of the 8.4 mDKK, 3.4 mDKK can be attributed to internal development resources.

Unusual events

There have been no unusual circumstances which should be referred to in relation to the accounts or the Annual Report for 2022.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue	1	623,625	589,718
Other operating income		2,027	3,374
Expenses for direct costs		-435,278	-436,031
Other external expenses		-58,623	-35,837
Gross profit/loss		131,751	121,224
Staff expenses	2	-82,518	-73,503
EBITDA		49,233	47,721
Depreciation and amortisation of intangible assets and property, plant and equipment	3	-5,506	-5,565
Profit/loss before financial income and expenses		43,727	42,156
Income from investments in subsidiaries		11,069	10,246
Financial income	4	2,145	1,367
Financial expenses	5	-1,767	-612
Profit/loss before tax		55,174	53,157
Tax on profit/loss for the year	6	-9,494	-9,591
Net profit/loss for the year		45,680	43,566

Balance Sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Software		1,448	1,854
Goodwill		4,930	6,881
Development projects in progress		8,351	0
Intangible assets	7	14,729	8,735
Other fixtures and fittings, tools and equipment		3,151	3,721
Leasehold improvements		1,581	2,013
Property, plant and equipment	8	4,732	5,734
Investments in subsidiaries	9	25,771	15,992
Deposits	10	3,446	3,244
Fixed asset investments		29,217	19,236
Fixed assets		48,678	33,705
Trade receivables		102,170	115,893
Receivables from group enterprises		21,058	17,562
Other receivables		812	37
Corporation tax		122	0
Prepayments	11	1,884	828
Receivables		126,046	134,320
Cash at bank and in hand		0	15,051
Currents assets		126,046	149,371
Assets		174,724	183,076

Balance Sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		5,000	5,000
Reserve for net revaluation under the equity method		13,653	3,799
Reserve for development costs		6,514	0
Retained earnings		9,839	21,741
Proposed dividend for the year		40,000	25,000
Equity		75,006	55,540
Provision for deferred tax	13	1,719	1,336
Other provisions	14	2,850	2,850
Provisions		4,569	4,186
Lease obligations		1,437	1,960
Long-term debt	15	1,437	1,960
Credit institutions		3,729	0
Lease obligations	15	514	507
Trade payables		67,826	94,149
Payables to group enterprises		9,236	8,642
Corporation tax		0	3,637
Deposits		0	539
Other payables		12,407	13,916
Short-term debt		93,712	121,390
Debt		95,149	123,350
Liabilities and equity		174,724	183,076
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

Statement of Changes in Equity

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5,000	3,799	0	21,741	25,000	55,540
Ordinary dividend paid	0	0	0	0	-25,000	-25,000
Exchange adjustments relating to foreign entities	0	-1,214	0	0	0	-1,214
Development costs for the year	0	0	6,514	-6,514	0	0
Net profit/loss for the year	0	11,068	0	-5,388	40,000	45,680
Equity at 31 December	5,000	13,653	6,514	9,839	40,000	75,006

Notes to the Financial Statements

	2022 TDKK	2021 TDKK
1 Revenue		
Geographical segments		
Revenue, Denmark	623,625	589,718
	623,625	589,718
Business segments		
Courier	469,479	457,033
Freight Forward	154,146	132,685
	623,625	589,718
2 Staff expenses		
Wages and salaries	74,857	67,929
Pensions	6,517	4,353
Other social security expenses	1,144	1,221
	82,518	73,503
Including remuneration to the Executive Board of:		
Executive Board- and Supervisory Board	3,794	3,318
	3,794	3,318
Average number of employees	172	144

A part of the remuneration to the Executive Board disclosed above is paid by the Parent Company Link Top Holding A/S and invoiced to the Company as a Management fee.

Notes to the Financial Statements

	2022 TDKK	2021 TDKK
3 Depreciation and amortisation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,345	3,215
Depreciation of property, plant and equipment	3,161	2,350
	5,506	5,565
4 Financial income		
Interest received from group enterprises	381	190
Other financial income	1,703	1,177
Exchange gains	61	0
	2,145	1,367
5 Financial expenses		
Interest paid to group enterprises	0	115
Other financial expenses	1,767	497
	1,767	612
6 Tax on profit/loss for the year		
Current tax for the year	9,386	10,249
Deferred tax for the year	383	-659
Adjustment of tax concerning previous years	-275	1
	9,494	9,591

Notes to the Financial Statements

7 Intangible assets

	Software TDKK	Goodwill TDKK	Development projects in progress TDKK
Cost at 1 January	3,910	32,388	0
Additions for the year	748	0	8,351
Cost at 31 December	4,658	32,388	8,351
Impairment losses and amortisation at 1 January	2,056	25,507	0
Amortisation for the year	1,154	1,951	0
Impairment losses and amortisation at 31 December	3,210	27,458	0
Carrying amount at 31 December	1,448	4,930	8,351

Development projects in progress relate to the development of new versions and additions to current IT-systems and internal procedures. The projects are progressing according to plan through the use of the resources allocated by Management to the development and are expected to be completed in 2023. The projects are expected to be utilised within the Company to provide more effective use of the IT-systems and ultimately result in more effective internal procedures which intends to reduce costs.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	16,782	3,702
Additions for the year	930	468
Cost at 31 December	17,712	4,170
Impairment losses and depreciation at 1 January	13,061	1,689
Depreciation for the year	1,500	900
Impairment losses and depreciation at 31 December	14,561	2,589
Carrying amount at 31 December	3,151	1,581
Including assets under finance leases amounting to	1,352	0

Notes to the Financial Statements

	2022 TDKK	2021 TDKK
9 Investments in subsidiaries		
Cost at 1 January	12,193	9,405
Net effect from merger and acquisition	0	4,559
Additions for the year	0	2,929
Disposals for the year	-75	-4,700
Cost at 31 December	12,118	12,193
Value adjustments at 1 January	3,799	-3,339
Net effect from merger and acquisition	0	1,710
Disposals for the year	409	-4,146
Exchange adjustment	-1,214	87
Net profit/loss for the year	10,723	10,363
Dividend to the Parent Company	0	-274
Other adjustments	-64	-602
Value adjustments at 31 December	13,653	3,799
Carrying amount at 31 December	25,771	15,992

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Linklog AB	Sweden	370	100%	714	-5,372
Link Logistics US Inc.	USA	7	100%	6,212	3,833
YOYO Global Freight Sweden AB	Sweden	18	100%	13,845	10,294
YOYO Global Freight Norway AS	Norway	90	100%	5,000	2,458
Link Logistics Inc.	USA	7	0%	0	-490
				25,771	10,723

Link Logistics Inc. has been liquidated during the financial year 2022. The results during 2022 has been recognised as net profit/loss for the year and the negative equity related to the liquidation is recognized in the disposals for the year.

Notes to the Financial Statements

10 Other fixed asset investments

	Deposits TDKK
Cost at 1 January	3,244
Additions for the year	202
Cost at 31 December	3,446
Carrying amount at 31 December	3,446

11 Prepayments

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

12 Distribution of profit

	2022 TDKK	2021 TDKK
Extraordinary dividend paid	0	26,546
Proposed dividend for the year	40,000	25,000
Reserve for net revaluation under the equity method	11,068	1,905
Retained earnings	-5,388	-9,885
	45,680	43,566

Notes to the Financial Statements

	2022 TDKK	2021 TDKK
13 Provision for deferred tax		
Provision for deferred tax at 1 January	1,336	2,034
Amounts recognised in the income statement for the year	383	-659
Net effect from merger and acquisition	0	-39
Provision for deferred tax at 31 December	1,719	1,336
Intangible assets	3,041	1,218
Tangible assets	-155	305
Prepayments	414	182
Trade receivables	-954	-195
Lease obligations	-429	-174
Restructuring asset	264	0
Restructuring liability	-462	0
	1,719	1,336

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

14 Other provisions

Provision for restoration obligation on leases	2,850	2,850
	2,850	2,850

Notes to the Financial Statements

15 Long-term debt

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

The debt falls due for payment as specified below:

	2022 TDKK	2021 TDKK
Lease obligations		
Between 1 and 5 years	1,437	1,960
Long-term part	1,437	1,960
Within 1 year	514	507
	1,951	2,467

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
16 Contingent assets, liabilities and other financial obligations		

Charges and security

The company has provided guarantee to Link Top Holding A/S' bank in which all creditors of Link Top Holding A/S can demand payment from the company in case of overdue payments for Link Top Holding A/S.

The Company has a letter of indemnity to Nykredit Bank A/S. Nykredit Bank A/S has a floating charge in goodwill, property plant and equipment and trade receivables which as of 31 December 2022 amounts to a booked value of TDKK 111.832.

Contingent assets

The Company has entered into a lease contract for office premises and storage facilities. The lease contract has a security of tenure of 10 years with effect from 01 July 2018. The lease asset as of 31 December 2022 amounts to TDKK 5,722 (2021: TDKK 6,558)

Rent- and lease obligations

Rental- and lease obligations, period of notice	21,989	25,178
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The company has provided a bank guarantee to a landlord to guarantee the fulfillment of its obligations, cf. a lease contract of TDKK 333 (2021: TDKK 333).

A payment guarantee of TDKK 123 has been provided to a creditor to guarantee the fulfillment of its obligations. The guarantee expires at 30 January 2023.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of P-Link 2019 A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

17 Related parties

	<u>Basis</u>
Controlling interest	
Polaris Private Equity IV K/S, København, CVR 36 48 65 97	Ultimative Parent Company
P-Link 2019 A/S, København, CVR 39 86 01 04	Intermediate Parent Company
Link Top Holding A/S, København, CVR 39 86 06 35	Immediate Parent Company

Transactions

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

Consolidated Financial Statements

Link Logistics A/S is included in the Consolidated Financial Statements for:

<u>Name</u>	<u>Place of registered office</u>
P-Link 2019 A/S	Malmøgade 3 2100 København Ø
Link Top Holding A/S	Vallensbækvej 51 2605 Brøndby

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Link Logistics A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Link Top Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Link Top Holding A/S, the Company has not prepared a cash flow statement.

Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act, the Company has not disclosed information regarding the fee to auditors appointed at the general meeting as the Company is included in the consolidated financial statements of Link Top Holding A/S, where the information is disclosed for the Group as a whole.

Recognition and measurement

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

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

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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

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

Business combinations

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of the acquisition, and comparative figures have not been restated.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

18 Accounting Policies (continued)

Translation policies

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Revenue

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

Income Statement

Revenue

Net sales from the sale of express and courier shipments and related transport services are recognised in the income statement if delivery and risk transfer to the buyer have taken place before the year-end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for direct costs

Expenses for direct costs comprise the expenses consumed to achieve revenue for the year.

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

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

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the remaining software period, however not exceeding 3 years.

Development costs for development projects and development projects in progress are recognized in profit or loss as they are incurred unless the conditions for capitalization have been met. The costs includes wages and salaries, depreciation and other external expenses which directly and indirectly relates to the development activities.

Development costs are capitalized if the development projects are clearly defined and identifiable and where the technical rate of utilization of the project, the availability of adequate resources and a potential development opportunity can be demonstrated. Furthermore, such costs are capitalized only where the intention is to use the project, when the cost can be measured reliably and when it is probable that future economic benefits that will flow to the company can cover administrative expenses and development costs.

After completion of the development work, development costs are amortized over the estimated useful life. Ongoing development projects are tested for impairment at least annually or when there is indication of impairment.

Notes to the Financial Statements

18 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

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

Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

18 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Financial Highlights

Explanation of financial ratios

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