
DANX GROUP A/S

Vejleåvej 9, DK-2635 Ishøj

Annual Report for 1 July 2018 - 30 June 2019

CVR No 28 66 52 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/10 2019

Sadik El Mahdaoui
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 DANX GROUP A/S for the financial year 1 July 2018 - 30 June 2019.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

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.

Ishøj, 30 October 2019

Executive Board

Ulrik Find

Bob Thorhauge

Board of Directors

Søren Byder Gønge
Chairman

Peter Korsholm

Bob Thorhauge

Klaus Rud Sejling

Christian Riis-Hansen

Independent Auditor's Report

To the Shareholder of DANX GROUP A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DANX GROUP A/S for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 and the Group'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 Group's and 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 Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 30 October 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Company Information

The Company

DANX GROUP A/S
Vejeåvej 9
DK-2635 Ishøj

CVR No: 28 66 52 10
Financial period: 1 July - 30 June
Incorporated: 3 July 2006
Financial year: 13rd financial year
Municipality of reg. office: Ishøj

Board of Directors

Søren Byder Gønge, Chairman
Peter Korsholm
Bob Thorhauge
Klaus Rud Sejling
Christian Riis-Hansen

Executive Board

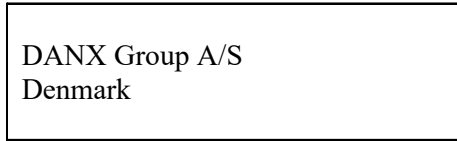
Ulrik Find
Bob Thorhauge

Auditors

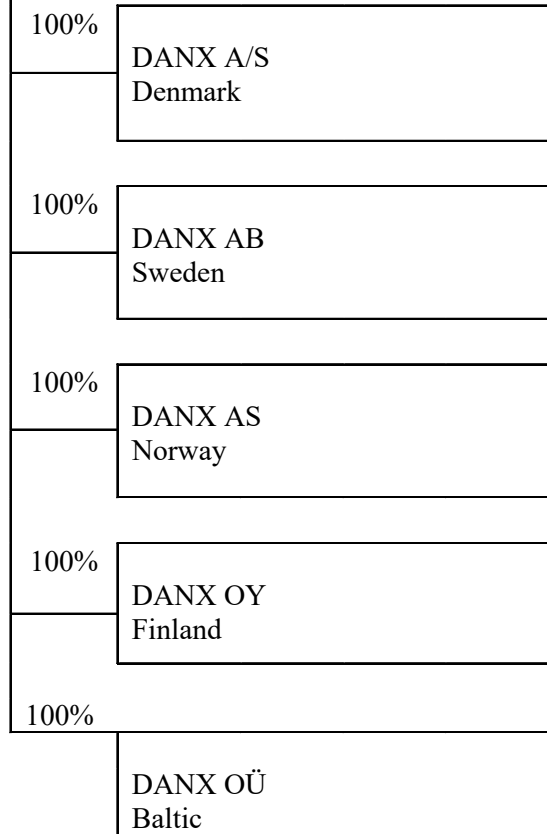
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Group Chart

Parent Company



Consolidated Subsidiaries



Financial Highlights

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

	Group				
	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK	2015/16 TDKK	2014/15 TDKK
Key figures					
Profit/loss					
Revenue	564.610	534.741	502.754	379.460	313.899
Operating profit/loss	36.259	30.540	32.096	99.839	19.642
Net financials	-1.191	-2.813	-1.221	-2.074	-1.620
Net profit/loss for the year	28.242	20.848	23.448	19.957	13.503
Balance sheet					
Balance sheet total	148.061	113.126	253.096	170.453	112.171
Investments in property, plant and equipment	4.260	3.745	73.483	31.244	16.036
Equity	64.605	36.893	48.228	35.846	26.786
Number of employees	209	186	188	169	140
Ratios					
Solvency ratio	43,6%	32,6%	19,1%	21,0%	23,9%

For definitions of Financial Highlights, see under accounting policies.

Management's Review

Key activities

In the Nordic and Baltic region DANX Group A/S is a leading and highly respected provider of customised transportation and logistics solutions within the niche of Service Logistics.

Our prime activity is efficient and highly reliable in-night distribution of spare parts to technician vans and workshops in the Nordics and the Baltics from both local and European warehouses.

It is the intention to perform any activity which the Board of Directors find suitable to achieve the above target.

Development in the year

The income statement of the Group for 2018/19 shows a profit of TDKK 28,242, and at 30 June 2019 the balance sheet of the Group shows equity of TDKK 64,605.

The result is satisfactory.

The past year and follow-up on development expectations from last year

The financial development and result is in line with expectations and with the communicated in the annual report for 2017/18.

Special risks - operating and financial risks

The Group sales and purchases are mainly effected in DKK, EUR, SEK and NOK. Financial risks are therefore limited to the listed currencies. These foreign exchange risks are not hedged; however, Management assesses the exposure on a current basis and considers whether any exposure should be hedged by means of forward exchange contracts.

DANX is not significantly affected by other financial or operational risks, which not are common for industries in which DANX operates.

Targets and expectations for the year ahead

The positive development is expected to continue in the financial year 2019/20. Due to a continued high intake of new customers, there are very positive expectations in terms of increase in revenue and EBITDA as well as the result for the year 2019/20.

The growth in the above parameters is expected to be between 5-10%, compared with the in 2018/2019 financial year realised.

Management's Review

Research and development

The Group has no significant research and development activities.

External environment

As a service logistics provider, DANX acknowledges that we impact the environment in terms of CO₂ emission and waste creation. Consequently, the biggest risks derived from our activities are emission of CO₂ from the transport of goods and creation of waste, mainly due to large quantities of packaging materials. To mitigate these risks, we have implemented an environmental management system in accordance with ISO 14001:2015 and we, amongst other things, have undertaken to reduce our CO₂ emissions and waste creation.

All employees in DANX are committed to protecting the environment, including prevention of pollution and we are determined to continually improve our environmental performance in regards to our carbon footprint.

In 2018/2019 we have had focus on improvement of CO₂ emission reduction, electricity usage, waste management and recycling of materials.

DANX takes action to constantly optimize the kilometres we drive, and we ask all drivers to take ECO – Driving Education. Also, our internal company cars in Norway have been changed to 100 % electric cars. In relation to waste management, we have several sites in the Nordic countries, which this year have had focus on the sorting process and have good control of the different waste fractions, e.g. wood, plastic, packing materials. We have gotten a very high degree of re-usage of pallets, which further reduces our carbon footprint because we transport less waste to recycling plants and generally have reduced our need for producing new pallets. The recycling of printer cartridges from both large and small sites in the Nordic region is close to 100 %. Our large terminals have been, or are in the process of, changing the classical lighting to more efficient LED light.

Finally, we have reduced our CO₂ emission with 5% per parcel.

For further information regarding corporate social responsibility a reference is made to the management review in the annual report for the ultimate parent, DANX Holding I ApS.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 June 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018/19 have not been affected by any unusual events.

Management's Review

Subsequent events

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

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
Revenue		564.610	534.741	0	0
Cost of sales		-392.201	-373.007	0	0
Other external expenses		-51.735	-41.257	-51	-51
Gross profit/loss		120.674	120.477	-51	-51
Staff expenses	1	-81.075	-78.421	0	0
Depreciation, property, plant and equipment	2	-3.340	-9.056	0	0
Other operating expenses		0	-2.462	0	0
Profit/loss before financial income and expenses		36.259	30.538	-51	-51
Income from investments in subsidiaries		0	0	28.793	21.479
Income from investments in associates		-222	-90	-222	-90
Financial income	3	166	1.138	724	1.975
Financial expenses	4	-1.135	-3.861	-1.094	-2.618
Profit/loss before tax		35.068	27.725	28.150	20.695
Tax on profit/loss for the year	5	-6.826	-6.877	92	153
Net profit/loss for the year		28.242	20.848	28.242	20.848

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
Other fixtures and fittings, tools and equipment		8.447	7.960	0	0
Property, plant and equipment	6	8.447	7.960	0	0
Investments in subsidiaries	7	0	0	65.361	39.058
Investments in associates	8	653	875	653	875
Deposits	9	868	1.221	0	0
Fixed asset investments		1.521	2.096	66.014	39.933
Fixed assets		9.968	10.056	66.014	39.933
Trade receivables		90.331	87.197	0	0
Receivables from group enterprises		11.202	0	23.933	18.912
Receivables from associates		618	108	617	107
Other receivables		4.388	9.161	187	2.396
Deferred tax asset	12	145	0	0	0
Corporation tax		1.829	0	245	153
Prepayments	10	2.953	1.681	0	0
Receivables		111.466	98.147	24.982	21.568
Cash at bank and in hand		26.627	4.923	99	0
Currents assets		138.093	103.070	25.081	21.568
Assets		148.061	113.126	91.095	61.501

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
Share capital		643	643	643	643
Reserve for net revaluation under the equity method		0	0	53.886	28.744
Retained earnings		63.962	36.250	10.076	7.506
Equity		64.605	36.893	64.605	36.893
Provision for deferred tax	12	3.173	2.379	0	0
Other provisions	13	0	0	91	2.051
Provisions		3.173	2.379	91	2.051
Corporation tax		1.997	0	0	0
Long-term debt	14	1.997	0	0	0
Credit institutions		72	71	0	0
Prepayments received from customers		0	2.994	0	0
Trade payables		63.964	55.524	48	50
Payables to group enterprises		0	0	26.186	18.764
Corporation tax	14	3.263	5.074	0	0
Other payables		10.987	10.191	165	3.743
Short-term debt		78.286	73.854	26.399	22.557
Debt		80.283	73.854	26.399	22.557
Liabilities and equity		148.061	113.126	91.095	61.501
Distribution of profit	11				
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Accounting Policies	19				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	643	0	36.250	36.893
Exchange adjustments	0	0	-530	-530
Net profit/loss for the year	0	0	28.242	28.242
Equity at 30 June	643	0	63.962	64.605

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	643	28.744	7.506	36.893
Exchange adjustments	0	0	-530	-530
Net profit/loss for the year	0	25.142	3.100	28.242
Equity at 30 June	643	53.886	10.076	64.605

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2018/19 TDKK	2017/18 TDKK
Net profit/loss for the year		28.242	20.848
Adjustments	15	10.943	18.907
Change in working capital	16	6.608	12.479
Cash flows from operating activities before financial income and expenses		45.793	52.234
Financial income		150	3.800
Financial expenses		-1.137	-6.523
Cash flows from ordinary activities		44.806	49.511
Corporation tax paid		-7.820	-9.930
Cash flows from operating activities		36.986	39.581
Purchase of property, plant and equipment		-4.260	-3.745
Fixed asset investments made etc		353	-846
Sale of property, plant and equipment		403	135.300
Loans		-506	0
Cash flows from investing activities		-4.010	130.709
Repayment of loans from credit institutions		-71	-26.089
Raising of loans from group enterprises		-11.201	-26.328
Dividend paid		0	-30.600
Other adjustments		0	-1.583
Cash flows from financing activities		-11.272	-84.600
Change in cash and cash equivalents		21.704	85.690
Cash and cash equivalents at 1 July		4.923	-80.767
Cash and cash equivalents at 30 June		26.627	4.923
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		26.627	4.923
Cash and cash equivalents at 30 June		26.627	4.923

Notes to the Financial Statements

	Group		Parent	
	2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
1 Staff expenses				
Wages and salaries	67.965	71.824	0	0
Pensions	3.321	3.170	0	0
Other staff expenses	9.789	3.427	0	0
	81.075	78.421	0	0
Including remuneration to the Executive Board of: Executive Board	5.575	4.488	0	0
	5.575	4.488	0	0
Average number of employees	209	186	0	0
2 Depreciation, property, plant and equipment				
Depreciation of property, plant and equipment	3.340	9.056	0	0
	3.340	9.056	0	0
3 Financial income				
Interest received from group enterprises	18	2	721	1.949
Interest received from associates	3	26	3	26
Other financial income	114	595	0	0
Exchange adjustments	31	515	0	0
	166	1.138	724	1.975

Notes to the Financial Statements

	Group		Parent	
	2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
4 Financial expenses				
Interest paid to group enterprises	0	1	770	2.156
Other financial expenses	4	3.860	0	0
Interests	73	0	0	0
Exchange loss	1.058	0	324	462
	1.135	3.861	1.094	2.618
5 Tax on profit/loss for the year				
Current tax for the year	6.177	6.877	-92	-153
Deferred tax for the year	649	0	0	0
	6.826	6.877	-92	-153

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 July	25.977
Additions for the year	4.260
Disposals for the year	<u>-655</u>
Cost at 30 June	<u>29.582</u>
Impairment losses and depreciation at 1 July	18.053
Depreciation for the year	3.340
Reversal of impairment and depreciation of sold assets	<u>-258</u>
Impairment losses and depreciation at 30 June	<u>21.135</u>
Carrying amount at 30 June	<u>8.447</u>
Depreciated over	<u>2-8 years</u>

Notes to the Financial Statements

	Parent	
	2018/19	2017/18
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 July	10.314	10.444
Disposals for the year	0	-130
Cost at 30 June	<u>10.314</u>	<u>10.314</u>
Value adjustments at 1 July	26.693	33.583
Net profit/loss for the year	28.793	21.010
Dividend to the Parent Company	0	-26.317
Other adjustments, currency	-530	-1.583
Value adjustments at 30 June	<u>54.956</u>	<u>26.693</u>
Equity investments with negative net asset value amortised over receivables	<u>0</u>	<u>0</u>
Equity investments with negative net asset value transferred to provisions	<u>91</u>	<u>2.051</u>
Carrying amount at 30 June	<u>65.361</u>	<u>39.058</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
DANX A/S	Ishøj	500	100%	11.535	7.027
DANX AB	Skårholmen	71	100%	21.975	4.880
DANX AS	Oslo	77	100%	27.499	11.074
DANX OY	Helsingfors	19	100%	5.446	5.286
DANX OÜ	Estland	19	100%	-91	2.286

Notes to the Financial Statements

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
8 Investments in associates				
Cost at 1 July	1.723	1.461	1.723	1.461
Additions for the year	0	262	0	262
Cost at 30 June	1.723	1.723	1.723	1.723
Value adjustments at 1 July	-848	-758	-848	-758
Net profit/loss for the year	-222	-90	-222	-90
Value adjustments at 30 June	-1.070	-848	-1.070	-848
Carrying amount at 30 June	653	875	653	875

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Algoplan Technologies ApS	Vallensbæk	3.359	27%	2.382	-601

9 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 July	1.221
Disposals for the year	-353
Cost at 30 June	868
Carrying amount at 30 June	868

10 Prepayments

Prepayments consist of prepaid expenses concerning costs related to the subsequent year.

Notes to the Financial Statements

	Parent	
	2018/19	2017/18
	TDKK	TDKK
11 Distribution of profit		
Reserve for net revaluation under the equity method	25.142	-8.182
Retained earnings	3.100	29.030
	28.242	20.848

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
12 Provision for deferred tax				
Deferred tax in Danx AB (Sweden)	3.173	2.379	0	0
Property, plant and equipment	-145	0	0	0
Transferred to deferred tax asset	145	0	0	0
	3.173	2.379	0	0
Deferred tax asset				
Calculated tax asset	145	0	0	0
Carrying amount	145	0	0	0

The recognised tax asset is primary attributable to temporary difference between value for accounting purposes and tax base.

	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
13 Other provisions				
Other provisions consists of provisions to cover net debt in subsidiary and the negative equity in the subsidiary, DANX OU (Baltics).				
Other provisions	0	0	91	2.051
	0	0	91	2.051

Notes to the Financial Statements

14 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:

	Group		Parent	
	2018/19 TDKK	2017/18 TDKK	2018/19 TDKK	2017/18 TDKK
Corporation tax				
Between 1 and 5 years	1.997	0	0	0
Long-term part	1.997	0	0	0
Within 1 year	3.263	5.074	0	0
	5.260	5.074	0	0

15 Cash flow statement - adjustments

	Group	
	2018/19 TDKK	2017/18 TDKK
Financial income	-166	-1.138
Financial expenses	1.135	3.861
Depreciation, amortisation and impairment losses, including losses and gains on sales	3.352	9.056
Income from investments in associates	222	90
Tax on profit/loss for the year	6.826	6.877
Other adjustments	-426	161
	10.943	18.907

16 Cash flow statement - change in working capital

Change in receivables	1.699	-1.648
Change in trade payables, etc	4.909	14.127
	6.608	12.479

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations	Group		Parent	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	19.235	16.531	0	0
Between 1 and 5 years	43.065	45.432	0	0
After 5 years	26.329	16.745	0	0
	88.629	78.708	0	0

Other contingent liabilities

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the danish companies in the Group. The total amount of corporation tax payable is disclosed in the Annual Report of DANX Holding I ApS, 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.

The Company's shares have been provided as security for bank loans in other group enterprises.

The Company's equity interests in subsidiaries have been provided as security for bank loans in a subsidiary.

Group enterprises have provided surety in respect of bank loans of other group enterprises.

Notes to the Financial Statements

18 Related parties

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

The company is a part of the consolidated financial statement mentioned below.

<u>Name</u>	<u>Place of registered office</u>
DANX Holding I ApS	Ishøj

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of DANX GROUP A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in TDKK.

With reference to a true and fair view, certain reclassifications have been made in the income statement, balance sheet and notes for the Company and Group. Comparative figures are adjusted accordingly.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DANX GROUP A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

19 Accounting Policies (continued)

Leases

All 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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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

Cost of sales

Cost of sales comprise the raw materials and consumables 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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Staff expenses

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

Depreciation and impairment losses

Depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

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

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

19 Accounting Policies (continued)

Balance Sheet

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 2-8 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of 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 and associates

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

The items “Investments in subsidiaries” and “Investments in associates” 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 with deduction or addition of unrealised inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates 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 and the associates.

Notes to the Financial Statements

19 Accounting Policies (continued)

Subsidiaries and associates 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.

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 costs incurred in respect of subsequent financial year.

Equity

The net revaluation of equity investments in subsidiaries and associates is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

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 Group 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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

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.

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

Notes to the Financial Statements

19 Accounting Policies (continued)

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$