
DANX Group A/S

Vejleåvej 9, DK-2635 Ishøj

Annual Report for 1 July 2019 - 30 June 2020

CVR No 28 66 52 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/10 2020

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 2019 - 30 June 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

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, 28 October 2020

Executive Board

Klaus Rud Sejling
CEO

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 2020 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 2019 - 30 June 2020 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 2019 - 30 June 2020, 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, 28 October 2020

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: 14th 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

Klaus Rud Sejling

Auditors

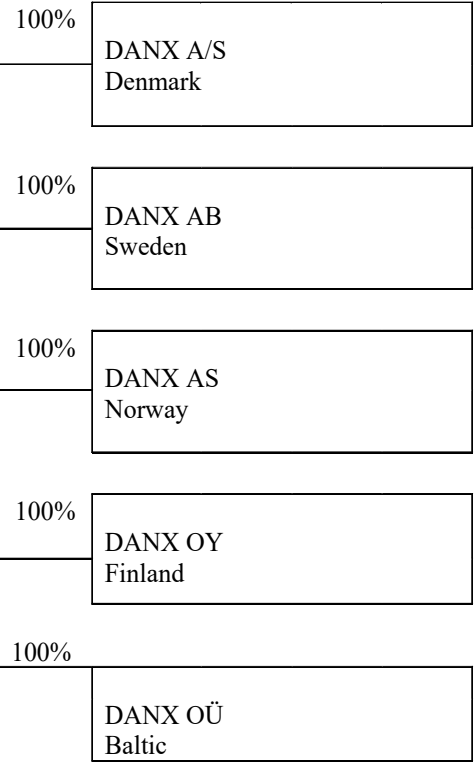
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Group Chart

Parent Company

DANX Group A/S
Denmark

Consolidated Subsidiaries



Financial Highlights

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

	Group				
	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	603,091	564,610	534,741	502,754	379,460
EBITDA	24,116	39,599	42,057	39,565	33,534
Operating profit/loss	20,286	36,259	30,540	32,096	99,839
Net financials	-403	-1,191	-2,813	-1,221	-2,074
Net profit/loss for the year	15,668	28,242	20,848	23,448	19,957
Balance sheet					
Balance sheet total	167,582	148,061	113,126	253,096	170,453
Investments in property, plant and equipment	4,560	4,260	3,745	73,483	31,244
Equity	77,096	64,605	36,893	48,228	35,846
Number of employees	220	209	186	188	169
Ratios					
Solvency ratio	46.0%	43.6%	32.6%	19.1%	21.0%
EBITDA ratio	4.0%	7.0%	7.9%	7.9%	8.8%

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.

Development in the year

In January 2020, board member and investor in DANX, Klaus Rud Sejling was appointed new CEO of DANX. Klaus has 14 years of executive roles in Maersk across strategy, commercial, operations and has also been Global CEO of Damco, one of the world's largest freight forwarders and special logistics companies with revenues of DKK 18 million.

The income statement of the Group for 2019/20 shows a profit of TDKK 15,668, and at 30 June 2020 the balance sheet of the Group shows equity of TDKK 77,096.

Management consider the profit for the year as satisfactory.

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

We expected a growth in revenue and EBITDA of 5-10%, but in reality, we realised an increase in revenue of 6.8 % and a decline in EBITDA of 39%.

Despite significant cost mitigations in Q1 and Q2 2020 the result was not satisfactory due to higher than expected transportation costs in Q3 2019, and the negative corona impact on revenue in Q2 2020.

We have made progress on our strategic priorities during the financial year with focus on making the business more scalable and improving the customer experience. Especially implementation of new scanners and a significantly increased scanning discipline will benefit on time performance and productivity. We have won significant new businesses, especially in the automotive segment, but also our warehousing/FSL business have seen new wins.

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.

Management's Review

Targets and expectations for the year ahead

Due to a continued high intake of new customers and improved cost controls and scalability, we expect increase in revenue of 5-10% and an EBITDA result for the year 2020/21 of approx. DKK 40 million.

Our focus will remain on accelerating growth in our core innight business, improving scalability especially through focus on IT development and further optimising our customer experience. We will also focus on expanding our innight business with new customer segments and develop and add new products to our portfolio.

Research and development

Our primary investment focus is on effective development of our core inhouse IT systems.

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.

Actions and results:

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 2019/2020, we had focus on improvement of CO₂-emission reduction, electricity usage, waste management and recycling of materials. DANX takes action to constantly optimise the kilometers 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 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.

Management's Review

Statement on gender composition

At DANX, our goal is to keep up and even improve our position in the upper percentile of the industry when it comes to representation of women on executive management and management level. As we are in an industry where women are generally underrepresented at all levels, DANX sees a competitive advantage in having a diversified workforce which is why we have in particular during the last 4 years furthered the hiring and growth of female employees in DANX. Today managers and executive managers of female gender account for 29% of the total management group in DANX, which exceeds the percentage of female employees on all levels in DANX. The Executive Board of DANX is currently represented by 5 male board members. DANX is working on adding at least one female board member before the financial year 2024/25. There have been no women candidates for a board position within the current financial year.

DANX Group A/S is a private limited company without any direct activities or employees. As there are no employees directly employed in the company, and only one registered owner, it is irrelevant to discuss equal gender representation of management. With reference to the Danish Business Authority's guidance, no policy for equal gender representation in management has therefore been developed.

Uncertainty relating to recognition and measurement

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

Unusual events

The first reports of the coronavirus (COVID-19) reached the World Health Organization (WHO) from China in December 2019 and the virus is now spreading around the world, causing problems for businesses and affecting general economic activity. On March 11, the WHO declared the coronavirus outbreak a pandemic, and, as a result, many countries have declared a state of emergency. Crossing internal and external Schengen borders has temporarily been restricted and border controls have been restored in Europe to prevent the spread of the coronavirus. At the same time, states and governments assure that trade and transport will continue unrestricted. The short-term financial effect of COVID-19 on the company has been declining in Q2 2020 that have largely been mitigated by network and overhead cost reductions.

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	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Revenue		603,091	564,610	0	0
Other operating income		177	0	0	0
Cost of sales		-435,366	-392,201	0	0
Other external expenses		-55,756	-51,735	-552	-51
Gross profit/loss		112,146	120,674	-552	-51
Staff expenses	1	-88,030	-81,075	0	0
Depreciation, property, plant and equipment	2	-3,653	-3,340	0	0
Profit/loss before financial income and expenses		20,463	36,259	-552	-51
Income from investments in subsidiaries		0	0	15,312	28,793
Income from investments in associates		-42	-222	-42	-222
Financial income	3	1,429	166	1,907	724
Financial expenses	4	-1,790	-1,135	-836	-1,094
Profit/loss before tax		20,060	35,068	15,789	28,150
Tax on profit/loss for the year	5	-4,392	-6,826	-121	92
Net profit/loss for the year		15,668	28,242	15,668	28,242

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Other fixtures and fittings, tools and equipment		8,772	8,447	0	0
Property, plant and equipment	6	8,772	8,447	0	0
Investments in subsidiaries	7	0	0	46,914	65,361
Investments in associates	8	680	653	680	653
Deposits	9	866	868	0	0
Fixed asset investments		1,546	1,521	47,594	66,014
Fixed assets		10,318	9,968	47,594	66,014
Trade receivables		85,859	90,331	0	0
Receivables from group enterprises		39,232	11,202	68,291	23,933
Receivables from associates		107	618	107	617
Other receivables		3,203	4,388	0	187
Deferred tax asset	12	147	145	0	0
Corporation tax		2,525	1,829	0	245
Prepayments	10	1,934	2,953	0	0
Receivables		133,007	111,466	68,398	24,982
Cash at bank and in hand		24,257	26,627	25	99
Currents assets		157,264	138,093	68,423	25,081
Assets		167,582	148,061	116,017	91,095

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Share capital		643	643	643	643
Reserve for net revaluation under the equity method		0	0	35,488	53,886
Retained earnings		38,453	63,962	2,965	10,076
Proposed dividend for the year		38,000	0	38,000	0
Equity		77,096	64,605	77,096	64,605
Provision for deferred tax	12	2,872	3,173	0	0
Provisions relating to investments in group enterprises		0	0	0	91
Provisions		2,872	3,173	0	91
Payables to group enterprises relating to corporation tax		2,474	1,997	121	0
Long-term debt	13	2,474	1,997	121	0
Credit institutions		84	72	0	0
Trade payables		71,146	63,964	50	48
Payables to group enterprises		0	0	37,633	26,186
Corporation tax		735	3,263	0	0
Other payables		13,175	10,987	1,117	165
Short-term debt		85,140	78,286	38,800	26,399
Debt		87,614	80,283	38,921	26,399
Liabilities and equity		167,582	148,061	116,017	91,095
Distribution of profit	11				
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Accounting Policies	18				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	643	0	63,962	0	64,605
Exchange adjustments	0	0	-3,177	0	-3,177
Net profit/loss for the year	0	0	-22,332	38,000	15,668
Equity at 30 June	643	0	38,453	38,000	77,096

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	643	53,886	10,076	0	64,605
Exchange adjustments	0	-3,177	0	0	-3,177
Dividend from group enterprises	0	-30,491	30,491	0	0
Net profit/loss for the year	0	15,270	-37,602	38,000	15,668
Equity at 30 June	643	35,488	2,965	38,000	77,096

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2019/20 TDKK	2018/19 TDKK
Net profit/loss for the year		15,668	28,242
Adjustments	14	5,035	10,943
Change in working capital	15	16,678	6,609
Cash flows from operating activities before financial income and expenses		37,381	45,794
Financial income		1,428	150
Financial expenses		-1,785	-1,138
Cash flows from ordinary activities		37,024	44,806
Corporation tax paid		-7,447	-7,820
Cash flows from operating activities		29,577	36,986
Purchase of property, plant and equipment		-4,560	-4,260
Sale of property, plant and equipment		629	353
Repayment of receivables to associates		0	403
Adjustments of deposits		2	0
Loans		0	-506
Cash flows from investing activities		-3,929	-4,010
Repayment of loans from credit institutions		12	-71
Repayment of payables from group enterprises		-28,030	-11,201
Cash flows from financing activities		-28,018	-11,272
Change in cash and cash equivalents		-2,370	21,704
Cash and cash equivalents at 1 July		26,627	4,923
Cash and cash equivalents at 30 June		24,257	26,627
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		24,257	26,627
Cash and cash equivalents at 30 June		24,257	26,627

Notes to the Financial Statements

	Group		Parent	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
1 Staff expenses				
Wages and salaries	73,877	67,965	0	0
Pensions	3,605	3,321	0	0
Other staff expenses	10,548	9,789	0	0
	88,030	81,075	0	0
Including remuneration to the Executive Board and Board of Directors	4,726	5,575	0	0
Average number of employees	220	209	0	0
<p>The Group has in the financial year 2019/20 applied for the Government's economic stimulus packages regarding wage compensation. In total, DKK 2,113k has been set off against staff expenses in the Financial Statement line "Wages and salaries". The comparative figures have not been affected by this.</p>				
2 Depreciation, property, plant and equipment				
Depreciation of property, plant and equipment	3,598	3,340	0	0
Gain and loss on disposal	55	0	0	0
	3,653	3,340	0	0
3 Financial income				
Interest received from group enterprises	307	18	867	721
Interest received from associates	0	3	0	3
Other financial income	38	114	0	0
Exchange adjustments	1,084	31	1,040	0
	1,429	166	1,907	724

Notes to the Financial Statements

	Group		Parent	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
4 Financial expenses				
Interest paid to group enterprises	0	0	836	770
Other financial expenses	214	77	0	0
Exchange adjustments	1,576	1,058	0	324
	1,790	1,135	836	1,094
5 Tax on profit/loss for the year				
Current tax for the year	4,695	6,177	121	-92
Deferred tax for the year	-303	649	0	0
	4,392	6,826	121	-92

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	29,582
Exchange adjustment	-1,419
Additions for the year	4,560
Disposals for the year	-629
Cost at 30 June	<u>32,094</u>
Impairment losses and depreciation at 1 July	21,135
Exchange adjustment	-1,257
Depreciation for the year	3,598
Reversal of impairment and depreciation of sold assets	-154
Impairment losses and depreciation at 30 June	<u>23,322</u>
Carrying amount at 30 June	<u>8,772</u>
Depreciated over	<u>2-8 years</u>

Notes to the Financial Statements

	Parent	
	2019/20	2018/19
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 July	10,314	10,314
Cost at 30 June	10,314	10,314
Value adjustments at 1 July	54,956	26,693
Net profit/loss for the year	15,312	28,793
Dividend to the Parent Company	-30,491	0
Currency adjustments	-3,177	-530
Value adjustments at 30 June	36,600	54,956
Equity investments with negative net asset value transferred to provisions	0	91
Carrying amount at 30 June	46,914	65,361

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%	19,697	8,161
DANX AB	Skårholmen	71	100%	22,968	1,956
DANX AS	Oslo	77	100%	13,909	3,368
DANX OY	Helsingfors	19	100%	6,730	1,294
DANX OÜ	Estland	19	100%	441	533

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
8 Investments in associates				
Cost at 1 July	1,723	1,723	1,723	1,723
Other adjustments	69	0	69	0
Cost at 30 June	<u>1,792</u>	<u>1,723</u>	<u>1,792</u>	<u>1,723</u>
Value adjustments at 1 July	-1,070	-848	-1,070	-848
Net profit/loss for the year	<u>-42</u>	<u>-222</u>	<u>-42</u>	<u>-222</u>
Value adjustments at 30 June	<u>-1,112</u>	<u>-1,070</u>	<u>-1,112</u>	<u>-1,070</u>
Carrying amount at 30 June	<u>680</u>	<u>653</u>	<u>680</u>	<u>653</u>

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	5,919	18%	3,779	-603

9 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 July	868
Exchange adjustment	<u>-2</u>
Cost at 30 June	<u>866</u>
Carrying amount at 30 June	<u>866</u>

10 Prepayments

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

Notes to the Financial Statements

	Group		Parent	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
11 Distribution of profit				
Proposed dividend for the year	38,000	0	38,000	0
Reserve for net revaluation under the equity method	0	0	15,270	25,142
Retained earnings	-22,332	28,242	-37,602	3,100
	15,668	28,242	15,668	28,242
12 Provision for deferred tax				
Deferred tax - Danx AB (Sweden)	2,872	3,173	0	0
Property, plant and equipment	-147	-145	0	0
Transferred to deferred tax asset	147	145	0	0
	2,872	3,173	0	0
Deferred tax asset				
Calculated tax asset	147	145	0	0
Carrying amount	147	145	0	0

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

Notes to the Financial Statements

13 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	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Payables to group enterprises relating to corporation tax				
Between 1 and 5 years	2,474	1,997	121	0
Long-term part	2,474	1,997	121	0
Within 1 year	0	0	0	0
	2,474	1,997	121	0

14 Cash flow statement - adjustments

	Group	
	2019/20 TDKK	2018/19 TDKK
Financial income	-1,429	-166
Financial expenses	1,790	1,135
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,653	3,352
Exchange adjustments	-3,177	0
Income from investments in associates	42	222
Tax on profit/loss for the year	4,392	6,826
Other adjustments	-236	-426
	5,035	10,943

15 Cash flow statement - change in working capital

Change in receivables	7,293	1,699
Change in trade payables, etc	9,385	4,910
	16,678	6,609

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK

Charges and security

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.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	21,712	19,235	0	0
Between 1 and 5 years	45,716	43,065	0	0
After 5 years	19,327	26,329	0	0
	86,755	88,629	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.

Notes to the Financial Statements

17 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	Denmark, Ishøj

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of DANX Group A/S for 2019/20 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 2019/20 are presented in TDKK.

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

18 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

18 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

18 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
Leasehold improvements	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

18 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.

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.

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".

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Solvency ratio

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

EBITDA ratio

$$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$$

EBITDA is composed of Gross profit less Staff expenses.