BATON TRANSPORT A/S

Karolinevej 16, DK-4200 Slagelse

Annual Report for 2023

CVR No. 33 03 38 26

The Annual Report was presented and adopted at the Annual General Meeting of the company on 29/4 2024

Claus Hansen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BATON TRANSPORT A/S for the financial year 1 January - 31 December 2023.

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 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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.

Slagelse, 29 April 2024

Executive Board

Bo Brangstrup Keldke
CEO

Board of Directors

Thomas Krøyer Chairman	Jeppe Holger Hjølund Larsen	Claus Normann Hansen

Lars Syberg

Independent Auditor's report

To the shareholder of BATON TRANSPORT 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 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BATON TRANSPORT A/S for the financial year 1 January - 31 December 2023, 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' 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 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.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent 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 Parent 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.

Independent Auditor's report

Ringsted, 29 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Sloth Langhoff Hansen
State Authorised Public Accountant
mne36027

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

Company information

The Company	BATON TRANSPORT A/S Karolinevej 16 DK-4200 Slagelse CVR No: 33 03 38 26 Financial period: 1 January - 31 December Municipality of reg. office: Slagelse
Board of Directors	Thomas Krøyer, chairman Jeppe Holger Hjølund Larsen Claus Normann Hansen Lars Syberg
Executive Board	Bo Brangstrup Keldke
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted
Lawyers	Lind Advokataktieselskab Ved Vesterport 6, 2. 1612 København V.
Bankers	Sydbank A/S Kgs. Nytorv 30 1050 København K. Jyske Bank A/S Toldbodgade 25 4800 Nykøbing F.

Group Chart

Company	Residence	Ownership
BATON TRANSPORT A/S	**Hjemsted**	
Baton Transport SP. Z.O.O	Poland	100%
Baton Transport Bulgaria EOOD	Bulgaria	100%
Baton Transport Hungary (Branch)	Hungary	100%
Baton Transport Hungary KFT	Hungary	100%
Baton Transport Latvia SIA	Latvia	100%
Baton Transport GmbH	Germany	100%
Baton Transport AB	Sweden	100%
Baton Transport Switzerland AG	Switzerland	100%

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	584,704	582,641	447,128		
Gross profit	132,767	110,017	66,934	59,156	51,405
Profit/loss of primary operations	9,605	17,503	13,584	21,523	20,861
Profit/loss of financial income and expenses	-4,760	-385	-1,688	-490	-733
Net profit/loss for the year	2,992	14,746	10,094	17,588	17,607
Balance sheet					
Balance sheet total	202,325	180,977	133,343	119,594	99,278
Investment in property, plant and equipment	43,654	36,745	34,028	7,873	1,683
Equity	53,489	65,096	50,408	73,758	56,585
Cash flows					
Cash flows from:					
- operating activities	32,689	16,766	17,855	28,045	16,869
- investing activities	-1,261	-635	-2,269	-1,123	-1,547
- financing activities	-33,407	-10,709	-37,336	-7,847	-5,333
Change in cash and cash equivalents for the year	-1,979	5,422	-21,750	19,075	9,989
Number of employees	520	413	369	239	209
Ratios					
Gross margin	22.7%	18.9%	15.0%		
Profit margin	1.6%	3.0%	3.0%		
Return on assets	4.7%	9.7%	10.2%	18.0%	21.0%
Solvency ratio	26.4%	36.0%	37.8%	61.7%	57.0%
Return on equity	5.0%	25.5%	16.3%	27.0%	36.9%

Revenue for the years 2019 and 2020 are not disclosed, as the Group was not required to disclose revenue for these years.

Management's review

Key activities

The Groups principal activity is to deliver Line Haul services with trailers or Swap-body trucks to global or local freight forwarders.

Development in activities and financial matters

The consolidated income statement for 2023 shows a net profit after tax of 2.9 mio kr. against 14.8 mio.kr. last year. The consolidated tax expense amounts to 1.9 mio kr. and a group tax rate of 39 %. The consolidated balance sheet as of December 31st shows equity of 53.5 mio. kr compared to 65.1 mio kr last year. The development should be compared to the group's expected income from ordinary activities before tax for 2023 of 17.5 mio. kr. as stated in the annual report for 2022. The management considers the year's net profit to be disappointing, however is very pleased with the underlying profitability development in the existing business.

The year's result is positively affected by Line Haul growth in Germany which is partly offset by stagnation in Sweden and Denmark. The year's result is negatively affected by costs in connection with the implementation of strategic initiatives contained in Staying Ahead 2027, recruitment costs in connection with the employment of drivers from India as well as investment in the new Baton Branding along with higher than expected write off of some customer accounts.

Financial risks and the use of financial instruments

Foreign currency risks

The transactions in Group are primarily in foreign currency and relate to the sale of transport services in EUR and SEK as well as the purchase of fuel, transport services from sub-suppliers, driver salaries and other types of costs. Since both the Group's sales and purchase transactions are primarily in EUR, currency risks are limited, and currently financial instruments are not used for price hedging of the Group's transactions.

Interest rate risks

It is the group's policy that interest rate risks are hedged when entering into fixed interest leasing credit facilities

Credit risks

The group does not have significant risks regarding individual customers, though some risks exist for cancellation fees for all customers, which to some extent have materialized in 2023 . There are risks regarding the group's financing of individual partners. The group's policy for assuming credit risks regarding business partners means that business partners are continually assessed for credit and that the total risk can amount to a maximum of 50% of the group outstanding with the sub-supplier

Delivery risks

The Group buys from global partners regarding trucks and trailers and the Group is in close dialogue with current and potential suppliers to reduce the effects of the continuing imbalances in the global supply chains. A significant part of the Line haul services are delivered by business partners and with the arrival of the EU mobility package and the current economic climate the delivery risk has increased. In order to reduce the risk, the Group has further invested in internal back up readiness from trucks and drivers. The shortage of drivers in Europe constitutes a significant risk for the group, however the risk has somehow been reduced through the employment of 3rd country drivers, primarily from Uzbekistan and India. During 2024 the delivery risk will be further reduced through increased employment of Indian drivers.

Expected developments

For the coming year, the group expects a sales increase of 5-10 % compared to 2023 and an operating profit before tax around 12-15 mio kr. The management expects to grow strongly in Germany and moderate growth in Denmark and Sweden and as part of Staying Ahead 2027, we will make further investments in both male and female driver recruitment, organization, processes and technology across all functions. However, there is a certain form of uncertainty about the future economic development due to macro economy and the geopolitical situation, which also creates some uncertainty about the future development of the group's result.

Events occurring after the end of the financial year

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

Statement of corporate social responsibility

Business model

The business model of Baton Transport A/S consists of delivering Line Hauls to global or regional forwarders. The group intends to deliver products, concepts, and services at a quality that can measure up to the markets bests. Furthermore, the group wishes to have a solid and credible reputation in all countries where the group is operating. This goes for both customers, employees, suppliers, and other stakeholders. Here, social awareness and responsibility play an important role in the group's culture and business operations.

Purpose

Our purpose is to drive change by supporting diversity and enabling equality of opportunity for all

Vision

Our Vision is to be the Preferred Partner for our customers by leverage our logistic Expertise and our extensive line haul capabilities

Mission

Our mission is to support our colleagues and customers by being proactive, straightforward, responsible and creative in all our activities.

It is expected that all of the group's activities are carried out with commitment, trust, openness, and integrity and that all employees are treated with dignity and respect. The group expects the same from all business partners. All companies in the group must comply with existing legislation and regulations in the countries in which the group operates.

Climate and environmental impacts

Like other companies in the industry that the group represents, the group has an impact on the environment through:

• Consumption of Diesel oil in connection with transport
• Emission of CO2, NOx and particles from transport

The group's environmental policy is to actively work to protect the environment and reduce the environmental impact from our activities as much as possible. The group seeks to achieve this by making the best possible use of raw materials and energy. Furthermore, environmental considerations, including emissions to air in particular, are included in the decision-making process regarding replacements in the company's vehicle fleet as well as in the transport planning itself

In 2023, we have worked to translate the environmental policy into concrete environmental improvements through:

• Maintenance of the vehicle fleet, so that optimal performance of the individual vehicles is achieved
• Compliance with applicable legislation and authority requirements in the environmental area
• Influencing drivers for energy-efficient driving
• Optimizing the journey planning
• Investments in the latest Euro standards for fleet replacements
• Involvement of employees in the company's environmental work
• Open dialogue with business partners, authorities and the public about the company's environmental work
• Investments in equipment for driving such as 25m cars. (Swap + link)
• Investments in trailers which are driven with double tyres.

Environmental goals for 2023 and 2024
• Reduction of fuel consumption and CO_2 emissions measured by tonnage by 3%
• Reduction of idling by a minimum of 5%
• Optimization of capacity utilization by 1.5%

Results in 2023 and expectations for 2024

We estimate that in 2023 the group has achieved 1.5 % reduction of the capacity utilization, though other goals have not been achieved. We though expect full achievement in 2024 through our newly launched fuel control program.

Social relations and employee relations

The group is a member of the collaboration platform "Responsible Trucking", which is organized and coordinated by CSR Europe and where all partners strive to comply with the social guidelines drawn up by the platform, which consist of the following:

Working conditions: Requirements & Aspirations

1. Forced Labor
2. Child Labor
3. Harassment
4. Working and resting times
5. Remuneration
6. Benefits
7. Non- Discrimination
8. Freedom of Association and collective bargaining
9. Health & Safety
10. Disciplinary practice
11. Facilities

Business Ethics

12. Fair Competition/Anti-Trust
13. Anti-Corruption
14. Privacy
15. Disclosure of Information

We strives to comply with all guidelines, of which some guidelines are complied with through the individual Line Haul's setup and others through the group's "safety first" handbook and though the newly established “Trucking for equality”. The Group's Safety First Handbook contains personnel policies for substance abuse, alcohol, driving and rest time regulations.

Management's review

Working Environment

Working environment deals with the efforts we make to ensure a healthy and safe working environment for our employees. There must not be employees in the company who are exposed to greater risks than the best insight and knowledge warrants. We undertake to evaluate these risks and endeavor to implement preventive measures and follow up on the effect of the measures.

This means, among other things, that:

• All employees, regardless of the nature and duration of the employment relationship, receive sufficient and appropriate training and instruction in carrying out the work in a safe and responsible manner.
• In order to prepare our Indian drivers for operating our trucks within our network all drivers are onboarded through a 6 weeks driver training program at our training facilities in Budapest, Hungary.
• All managers as well as employees contribute to us as a company being able to create safe and healthy working conditions with a focus on preventing attrition and accidents

Traffic Safety

As a transport company, we and our employees have a professional responsibility in the planning and execution of transports as well as in the maintenance of the vehicle fleet and equipment. We therefore attach great importance to the focus on road safety in order to thereby contribute to reducing the number of people killed and injured in traffic, reduce damage to goods and equipment and improve the well-being of employees.

We will work to ensure that the company's transport is carried out in a manner that is safe in terms of road safety and that our drivers have the best conditions to take care of themselves and others every time they travel in traffic. We work according to the following road safety program:

• The transports must be planned so that driving and rest times can be observed
• The load must be properly secured
• The driver must be trained and have the necessary certificates
• The driver must be rested and alert
• The driver must not be under the influence (alcohol, drugs, medication)
• The driver and any passengers must wear a seat belt
• The driver must show the greatest possible consideration for his fellow road users
• Hand-held mobile phones must not be used while driving
• When acquiring new equipment, solutions that can strengthen road safety are considered
• Equipment and equipment are regularly checked and maintained.

It is the management's responsibility that all drivers are offered necessary and relevant courses such as first aid, driving technical courses and emergency assistance. It is the individual employee's responsibility to live up to the policy and help develop it further. Upon employment and if a driver transfers to other driving duties, the driver receives thorough sideman training by the company's driver coach or another designated experienced driver. The sideman training has a duration of at least 5 working days and only after recommendation from our driver coach does the driver get access to independently handle the vehicle and related work tasks

Results in 2023

We estimate that our efforts have contributed to a greater focus among our employees on their own and others' safety both during work and in traffic

Human rights

We are pursuing our purpose, which is to drive change by supporting diversity and enabling equality of opportunity for all through:

We respects human rights and works to ensure that we do not contribute to any violations of these both in the workplace and in our relationships with customers, suppliers and business partners.

The group hires our employees based on skills and we have a strong focus on ensuring that the individual does not feel discriminated against or treated differently in relation to gender, age, social or ethnic origin, sexual orientation, disability or religion/belief.

We prioritizes fair conditions for our employees, whom we employ in accordance with applicable collective agreements and legislation in the area. Our employees have freedom of association.

We has established a voluntary Whistleblower scheme, where employees have the opportunity to anonymously report breaches of human rights, occupational safety or other serious violations of the law and suspicions thereof.

The group treats sensitive personal data with respect and prioritizes high data protection to avoid abuse.

Our main risks connected to human rights are related to recruitment of 3rd country drivers from India and their wellbeing after joining Baton Transport Group.

- In order to mitigate any human rights issue in connection with the recruitment process in India we have partnered up with established recruitment agencies such as Anywherejobs and Banyai Consulting.

- First of all we have rented apartments, houses, hotels at European living standards along all our lines, where all our driver and rests after day to day work and during the weekends. Our female drivers rests in secured apartments, houses and hotels along our lines.

- Furthermore we have engaged an aftercare contract with Banyai Consulting to ensure all aspect of support to our Indian drivers are handled after joining the Group.

Results in 2023

We assess that the efforts in relation to our focus area, which deals with human rights in 2023, have been satisfactory. There have been no reports of violations and breaches of our guidelines. The management expect the same achieve in 2024, that means, no reports of violations and breaches of the company's guidelines in all 2024.

Fighting corruption and bribery

The Group strive to maintain a fair and transparent corporate culture and do not tolerate any form of direct or indirect bribery or other benefits that may be considered bribery or corruption. Through our "safety first" handbook, we have responsible business principles for our management and employees in relation to customers, suppliers and business partners

Results in 2023

We has not found any indications of bribery or corruption in the current financial year. Thus, no reason has been found to exclude suppliers or business partners from the cooperation with The Group. The assessment is that the risk of bribery and corruption is at a low level. We expect to achieve the same results in 2024 as in 2023.

Statement on gender composition

The group is very aware of the importance of promoting gender equality at management levels. Target figures for the company's top management is 20% women, a reasonable target number for women in the part of the board elected by the general meeting, however, this target number has not been met as the 4 members of the board are men. However, going forward and by 2025 at least, the group will strive to meet the target figure if the board is to be completed with additional board members or the existing board members do not stand for re-election. There have been no changes to the board composition in 2023 and therefore no further actions were taken during the financial year.

As Baton Transport ApS has less than 50 employees, the Company is not obligated to present targets or formulate policies regarding the underrepresented gender in other management levels of the Company.

	2023
Top management	
Total number of members	4
Underrepresented gender %	0%
Target figure %	20%
Year for meeting target	2025
Other management levels	
Total number of members	1
Underrepresented gender %	0%

Statement on data ethics

Since the introduction of the EU's General Data Protection Regulation (GDPR), responsible use of personal data has been an important part of the Group's daily operations.

As an integrated part of Staying Ahead 2027, the group has engaged an external supplier in 2024 to help the group continue work with procedures, policies and thus further develop the group's data policy.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Revenue	1	584,704	582,641	204,905	314,288
Other operating income		70	0	4,830	4,337
Expenses for raw materials and consumables		-431,394	-451,913	-169,598	-291,274
Other external expenses		-20,613	-20,711	-19,407	-18,638
Gross profit		**132,767**	**110,017**	**20,730**	**8,713**
Staff expenses	2	-100,870	-82,938	-3,509	-3,844
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-22,292	-9,576	-19,224	-9,109
Profit/loss before financial income and expenses		**9,605**	**17,503**	**-2,003**	**-4,240**
Income from investments in subsidiaries		0	0	7,168	18,844
Financial income		925	2,166	88	202
Financial expenses		-5,685	-2,551	-3,360	-1,203
Profit/loss before tax		**4,845**	**17,118**	**1,893**	**13,603**
Tax on profit/loss for the year	4	-1,853	-2,372	1,099	1,143
Net profit/loss for the year	5	**2,992**	**14,746**	**2,992**	**14,746**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Goodwill		473	591	0	0
Intangible assets	6	**473**	**591**	**0**	**0**
Other fixtures and fittings, tools and equipment		87,752	67,293	73,945	54,110
Property, plant and equipment	7	**87,752**	**67,293**	**73,945**	**54,110**
Investments in subsidiaries	8	0	0	50,228	52,355
Fixed asset investments		**0**	**0**	**50,228**	**52,355**
Fixed assets		**88,225**	**67,884**	**124,173**	**106,465**
Raw materials and consumables		0	1,753	0	0
Inventories		**0**	**1,753**	**0**	**0**
Trade receivables		80,812	80,552	16,098	17,771
Receivables from group enterprises		0	0	25,223	30,383
Other receivables		4,416	3,107	2,418	1,681
Deferred tax asset	9	3,931	2,051	2,683	1,585
Corporation tax		1,439	1,181	340	340
Prepayments	10	3,009	1,975	417	70
Receivables		**93,607**	**88,866**	**47,179**	**51,830**
Cash at bank and in hand		**20,493**	**22,472**	**167**	**4,404**
Current assets		**114,100**	**113,091**	**47,346**	**56,234**
Assets		**202,325**	**180,975**	**171,519**	**162,699**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Share capital	11	400	400	400	400
Reserve for net revaluation under the equity method		0	0	43,078	48,507
Reserve for exchange rate conversion		-43	-444	0	0
Retained earnings		53,132	50,140	10,011	1,189
Proposed dividend for the year		0	15,000	0	15,000
Equity		**53,489**	**65,096**	**53,489**	**65,096**
Credit institutions		0	257	0	0
Lease obligations		59,163	43,182	55,332	38,759
Long-term debt	12	**59,163**	**43,439**	**55,332**	**38,759**
Credit institutions	12	3,840	1,299	3,840	1,299
Lease obligations	12	21,000	16,300	19,000	14,800
Trade payables		46,037	43,422	29,363	37,434
Payables to group enterprises		0	0	9,300	4,613
Corporation tax		5,307	2,119	0	0
Other payables		13,309	8,291	1,195	698
Deferred income	13	180	1,009	0	0
Short-term debt		**89,673**	**72,440**	**62,698**	**58,844**
Debt		**148,836**	**115,879**	**118,030**	**97,603**
Liabilities and equity		**202,325**	**180,975**	**171,519**	**162,699**
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Fee to auditors appointed at the general meeting	18				
Accounting Policies	19				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	-444	50,140	15,000	65,096
Exchange adjustments	0	401	0	0	401
Extraordinary dividend paid	0	0	0	-15,000	-15,000
Net profit/loss for the year	0	0	2,992	0	2,992
Equity at 31 December	**400**	**-43**	**53,132**	**0**	**53,489**

Parent company

	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 January	400	48,507	1,189	15,000	65,096
Exchange adjustments	0	401	0	0	401
Extraordinary dividend paid	0	0	0	-15,000	-15,000
Net profit/loss for the year	0	-5,830	8,822	0	2,992
Equity at 31 December	**400**	**43,078**	**10,011**	**0**	**53,489**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		TDKK	TDKK
Result of the year		2,992	14,746
Adjustments	14	29,306	12,275
Change in working capital	15	5,954	-5,167
Cash flow from operations before financial items		**38,252**	**21,854**
Financial income		925	2,166
Financial expenses		-5,685	-2,551
Cash flows from ordinary activities		**33,492**	**21,469**
Corporation tax paid		-803	-4,703
Cash flows from operating activities		**32,689**	**16,766**
Purchase of property, plant and equipment		-1,601	0
Sale of property, plant and equipment		340	0
Business acquisition		0	-635
Cash flows from investing activities		**-1,261**	**-635**
Repayment of loans from credit institutions		-257	-2,443
Reduction of lease obligations		-20,691	-8,266
Raising of loans from credit institutions		2,541	0
Dividend paid		-15,000	0
Cash flows from financing activities		**-33,407**	**-10,709**
Change in cash and cash equivalents		**-1,979**	**5,422**
Cash and cash equivalents at 1 January		22,472	17,050
Cash and cash equivalents at 31 December		**20,493**	**22,472**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		20,493	22,472
Cash and cash equivalents at 31 December		**20,493**	**22,472**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Geographical segments				
Northern Europe	227,535	281,202	179,355	78,550
Western Europe	333,906	278,165	25,550	0
Eastern Europe	23,263	23,274	0	235,738
	584,704	**582,641**	**204,905**	**314,288**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
2. Staff Expenses				
Wages and salaries	87,477	74,650	3,125	3,290
Pensions	2,883	886	315	448
Other social security expenses	5,265	7,233	27	40
Other staff expenses	5,245	169	42	66
	100,870	**82,938**	**3,509**	**3,844**
Including remuneration to the Executive Board and Board of Directors:				
Executive board		2,722		2,722
Board of directors		5,900		550
		8,622		**3,272**
Including remuneration to the Executive Board and Board of Directors	**7,181**		**1,914**	
Average number of employees	**520**	**413**	**3**	**4**

As the Executive Board has only consisted of 1 person for the entirety of the financial year 2023, the remuneration to the Executive Board and Board of Directors is presented summarised for 2023.

The company has entered a incentive scheme with management

Notes to the Financial Statements

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

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Amortisation of intangible assets	118	0	0	0
Depreciation of property, plant and equipment	22,174	9,576	19,224	9,109
	22,292	**9,576**	**19,224**	**9,109**

4. Income tax expense

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	3,733	4,359	0	0
Deferred tax for the year	-1,880	-1,987	-1,099	-1,143
	1,853	**2,372**	**-1,099**	**-1,143**

5. Profit allocation

	Parent company	
	2023	2022
	TDKK	TDKK
Proposed dividend for the year	0	15,000
Reserve for net revaluation under the equity method	-5,830	18,844
Retained earnings	8,822	-19,098
	2,992	**14,746**

Notes to the Financial Statements

6. Intangible fixed assets
Group

	Goodwill
	TDKK
Cost at 1 January	591
Cost at 31 December	591
Impairment losses and amortisation at 1 January	0
Amortisation for the year	118
Impairment losses and amortisation at 31 December	118
Carrying amount at 31 December	**473**

7. Property, plant and equipment

	Group	**Parent company**
	Other fixtures and fittings, tools and equipment	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	96,299	65,787
Exchange adjustment	2	0
Additions for the year	43,654	39,144
Disposals for the year	-13,039	-600
Cost at 31 December	126,916	104,331
Impairment losses and depreciation at 1 January	29,006	11,677
Depreciation for the year	22,174	19,039
Reversal of impairment and depreciation of sold assets	-12,016	-330
Impairment losses and depreciation at 31 December	39,164	30,386
Carrying amount at 31 December	**87,752**	**73,945**
Including assets under finance leases amounting to	78,757	73,804

8. Investments in subsidiaries

	Parent company 2023 TDKK	Parent company 2022 TDKK
Cost at 1 January	1,098	1,098
Cost at 31 December	1,098	1,098
Value adjustments at 1 January	48,509	34,194
Exchange adjustment	400	-152
Net profit/loss for the year	7,083	18,844
Dividend to the Parent Company	-13,000	-4,377
Amortisation of goodwill	-118	0
Other adjustments	204	0
Value adjustments at 31 December	43,078	48,509
Equity investments with negative net asset value amortised over receivables	6,052	2,748
Carrying amount at 31 December	**50,228**	**52,355**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Baton Transport SP. Z.O.O	Poland	5.000	100%
Baton Transport Bulgaria EOOD	Bulgaria	50	100%
Baton Transport GmbH	Germany	50.000	100%
Baton Transport AB	Sweden	50.000	100%
Baton Transport Switzerland AG	Switzerland	100.000	100%
Baton Transport Hungary KFT	Hungary	58.000	100%
Baton Transport Latvia SIA	Latvia	426.000	100%

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
9. Deferred tax asset				
Deferred tax asset at 1 January	2,051	64	1,585	451
Amounts recognised in the income statement for the year	1,880	1,987	1,098	1,134
Deferred tax asset at 31 December	**3,931**	**2,051**	**2,683**	**1,585**

The recognized tax asset comprises tax loss carry-forwards expected to be utilized within the next two to three years. When assessing the utilization of the tax asset, special emphasis is placed on the Company's expectations for the coming financial year, as stated in Management's Review.

10. Prepayments

prepayments consist of prepaid expenses related to rent, leasing, insurance premiums, subscriptions, etc.

11. Share capital

The share capital consists of 400 shares of a nominal value of TDKK 1. No shares carry any special rights.

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

12. 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 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	0	257	0	0
Long-term part	0	257	0	0
Other short-term debt to credit institutions	3,840	1,299	3,840	1,299
	3,840	**1,556**	**3,840**	**1,299**

12. Long-term debt

	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	59,163	43,182	55,332	38,759
Long-term part	59,163	43,182	55,332	38,759
Within 1 year	21,000	16,300	19,000	14,800
	80,163	**59,482**	**74,332**	**53,559**

13. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

14. Cash flow statement - Adjustments

	Group 2023 TDKK	Group 2022 TDKK
Financial income	-925	-2,166
Financial expenses	5,685	2,551
Depreciation, amortisation and impairment losses, including losses and gains on sales	22,292	9,576
Tax on profit/loss for the year	1,853	2,372
Exchange adjustments	401	-58
	29,306	**12,275**

15. Cash flow statement - Change in working capital

	Group 2023 TDKK	Group 2022 TDKK
Change in inventories	1,753	-642
Change in receivables	-2,603	-11,798
Change in trade payables, etc	6,804	7,273
	5,954	**-5,167**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
16. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Company charge of DKK 4 million on unsecured claims/trade receivables, fuel etc, inventories, crew, non-registered vehicles, intellectual property rights and operating fixtures and equipment at a carrying amount of	16,239	18,313	16,239	18,313
Rental and lease obligations				
Lease obligations, period of non-terminability	23,112	26,244	19,947	22,894

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 Slow Hands 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 has provided unlimited surety for subsidiaries bank connections.

17. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Claus Normann Hansen Mühlemattstrasse 25, 6004 Luzern, Schweiz	Ultimate shareholder
Baton Transport Holding ApS Karolinevej 16, 4200 Slagelse	Parent Company
Slow Hands ApS Nordre Strandvej 105, 8240 Riskov	Ulimate Parent Company
Other related parties	
Claus Normann Hansen	shareholder and board of directors
Lars Rasmussen	shareholder
Bo Keldke	shareholder & executive officer
Thomas Krøyer	Board of directors
Jeppe Holger Hjølund Larsen	Board of directors
Lars Syberg	Board of directors

Transactions

The Group 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. All transaction have been made on an arm's lenght basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Slow Hands ApS	Nordre Strandvej 105, 8240 Risskov
	Karolinevej 16, 4200 Slagelse

18. Fee to auditors appointed at the general meeting

	Group	
	2023	2022
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	402	175
Other assurance engagements	18	0
Tax advisory services	446	356
Non-audit services	251	58
	1,117	**589**

19. Accounting policies

The Annual Report of BATON TRANSPORT A/S for 2023 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 Consolidated Financial Statements and the Parent Company Financial Statements for 2023 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, BATON TRANSPORT 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.

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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two 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 pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Leases

Leases in terms of which the Group 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 Group.

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

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.

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 foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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.

Segment information on revenue

Information on geographical segments is based on the Group´s risks and returns and its internal financial reporting system.

Income statement

Revenue

Transport services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Notes to the Financial Statements

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and 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

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 on-account 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 Slow Hands ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed 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 5 year.

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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

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 and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

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 with deduction or addition of unrealised intercompany 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 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.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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 Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity