

DFDS Køletransport A/S

Majsmarken 1, 9500 Hobro

CVR no. 33 58 92 63

Annual report 2023

Approved at the Company's annual general meeting on 5 July 2024

Chair of the meeting:

.....
Anders Mikael Christensen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DFDS Køletransport 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 give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Mariagerfjord, 5 July 2024
Executive Board:

.....
Anders Mikael Christensen

Board of Directors:

.....
Niclas Göran Andersson
Chairman

.....
Anders Mikael Christensen

.....
Martin Gade Gregersen

Independent auditor's report

To the shareholders of DFDS Køletransport A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DFDS Logistics 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 ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Esbjerg, 5 July 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Palle H. Jensen
State Authorised Public Accountant
mne32115

Management's review

Company details

Name	DFDS Køletransport A/S
Address, Postal code, City	Majsmarken 1, 9500 Hobro
CVR no.	33 58 92 63
Established	1 April 2011
Registered office	Hobro
Financial year	1 January - 31 December
Board of Directors	Niclas Göran Andersson, Chairman Anders Mikael Christensen Martin Gade Gregersen
Executive Board	Anders Mikael Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 6700 Esbjerg

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	489,824	563,450	544,868	397,522	352,912
Gross profit	216,029	206,133	143,409	139,703	112,262
Profit before interest and tax (EBIT)	-5,613	-4,778	-115	20,379	11,025
Net financials	-13,025	-4,883	158	-575	-577
Profit/loss for the year	-15,139	-7,520	-12	15,356	8,014
Balance sheet					
Total assets	309,525	262,841	126,613	115,281	81,861
Investments in property, plant and equipment	196	1,938	767	1,728	1,163
Equity	-322	14,817	23,665	23,676	12,320
Financial ratios					
Operating margin	-1.1%	-0.8%	0.0%	5.1 %	3.1 %
Current ratio	65.5%	78.1%	134.4%	144.7%	111.9%
Equity ratio	-0.1%	5.6%	18.7%	20.5%	15.0%

For terms and definitions, please see the accounting policies.

* Key figures for the years 2021, 2020 and 2019 have not been adjusted in relation to changes in accounting policies.

Management's review

Data ethics

In accordance with Section 99d, paragraph 3 of the Danish Financial Statements Act, I refer to the data ethics policy statement in the annual report for DFDS A/S.

The company has chosen to publish its statement on data ethics on the Company's website:

<https://datacvr.virk.dk/gateway/dokument/downloadDokumentForVirksomhed?dokumentId=amNsb3Vkc3ovLzAzL2M1L2MxLzgzLzYzLzliYTItNDIyMy1hZWZWRkLTE1NDZhY2ZiMDNkMg&cvrNummer=14194711>

Business review

The company's main activities consist of running a transport and forwarding business and thus related business.

Financial review

The company is a leader in food transport and holds a market-leading position. DFDS Køletransport A/S offers a one-stop-shop solution, including transportation, logistics, cross-docking, storage, transport packaging, and customs handling.

The primary markets for DFDS Køletransport A/S are Denmark, the UK, Sweden, Germany, Poland, Italy, Spain, and Benelux, where they sell transport and logistics solutions to customers in all types of food-related businesses.

DFDS Køletransport A/S provides a comprehensive one-stop-shop solution for its customers, covering transportation, warehousing, and packaging options. The company also focuses on environmentally friendly packaging by using reusable materials, aligning with its goal of promoting greener practices. The company's strategy for 2024 aims to achieve growth through organic expansion with existing customers and within the markets it operates. Additionally, DFDS Køletransport A/S plans to expand its primary markets based on market analyses. Despite the market situation, the company expects to maintain its position. Due to market conditions, a volume decrease of 5-10% is anticipated compared to what was observed in 2023.

The year's gross profit amounts to kDKK 216,029 against kDKK 206,133 last year. Profit after tax amounts to kDKK -15,139 against kDKK -7,520 last year. The year's result and development are affected by an extremely pressured market and by the company's migration to DFDS the group's systems. In addition, the development of the organization continues to secure our position as the customer's favourite supplier of logistics solutions.

In 2024, A capital increase of 12m DKK has been executed to strengthen the company's financial position.

Profit/loss for the year compared to previously announced expectations

The global transport market began 2023 with significant uncertainties, partly due to capacity issues that emerged in 2022, as well as inflation and interest rate fluctuations. By the end of 2023, we observed a market that started returning to a more normal level, although demand had not fully recovered to the levels seen in 2022. Despite these challenges, DFDS Køletransport A/S worked diligently to meet our customers' expectations and uphold the company's goal of being a top player in a highly competitive market.

The company has competent employees, all of whom understand the company's vision and aim to deliver a product that our customers can always trust. This commitment allowed us to maintain strong financial results during a difficult period.

With the core values held by DFDS Køletransport A/S, the company and its employees enter 2024 with a focus on organic growth with existing customers and expansion into new markets. This approach aligns with our values, ensuring that even in a challenging market, we deliver products that meet our customers' standards and maintain the trust they place in us.

The year's result is considered unsatisfactory. For the financial year 2023, there was pressure from the political climate situation, rising costs, and comprehensive IT system changes, which resulted in a negative result.

Management's review

Non-financial matters

Operational Risks

DFDS Køletransport A/S operates within refrigerated transport, which entails specific operational risks. These challenges can include maintenance of cooling equipment, temperature control, and timely pickup and delivery. We continuously monitor both the market and our own transportation processes to optimize efficiency and minimize these risks.

Market Risks

DFDS Køletransport A/S is influenced by market developments. Changes in demand, competition, and price fluctuations can impact both volume and profitability. To minimize these risks, we closely monitor the market and adapt our strategy accordingly. Due to increasing inflation, we've observed an impact on our operating costs. Rising fuel prices, maintenance expenses, and wages have negatively affected our results. We've focused on transferring this risk to our customers and successfully streamlined processes to minimize the additional costs resulting from inflation. The transportation industry faces overcapacity, leading to heightened competition and price pressure. Our differentiation strategy emphasizes quality service and specialized solutions for our customers.

Financial Risks

As a result of its operations, investments, and financing, the company is exposed to changes in exchange rates and interest levels. Our goal and policy are to effectively manage significant fluctuations in exchange rates and interest rates. We do not use financial instruments for risk management, and active speculation in financial risks is not part of our policy. Our financial management focuses solely on managing existing financial risks. Currency Risks Activities conducted by Danish companies are affected by currency rate fluctuations. Revenue is generated in foreign currency, while costs (including salaries) are incurred in Danish kroner. The company primarily hedges currency risks by matching revenues and costs in the same local currency. Due to the company's primary currencies (DKK and EUR), risks related to recognized financial assets and liabilities are not hedged. Exchange rate risks associated with investments in subsidiaries and associated companies abroad are generally not hedged. The company believes that ongoing hedging of such long-term investments would not be optimal considering overall risk and cost considerations.

Liquidity Risks

The company relies on maintaining long-term financing stability. Therefore, it is the company's policy to secure non-cancelable credit facilities that are reasonable in relation to the group's planned activities. The company is solely financed through intra-group loans and participation in the group cash pool. Furthermore, the company has received a guarantee from DFDS A/S to ensure sufficient capital reserves for continued operations.

Strategy and Objectives Strategy

DFDS Køletransport A/S has developed its strategy based on DFDS Group's strategy, "Moving together towards 2030"

- ▶Protect & Grow Profits
- ▶Simplification through standardization
- ▶Optimization and transformation through digitalization
- ▶Transition from black to green
- ▶Being a great place to work

Building on these strategies, the company has assessed the market situation and established procedures to align with these strategic goals.

Knowledge Resources

DFDS Køletransport A/S' ambition to be a market leader and a frontrunner in refrigerated transport places significant demands on the company when it comes to recruiting new employees with the right education and language skills. Additionally, the field is complex, where each employee's personal knowledge plays a crucial role. To consistently deliver high-quality logistics solutions, it is essential for the company to recruit and retain employees with the specific competencies required by the industry. Throughout the year, competent and experienced employees have joined the company, strengthening its knowledge and competence base. Areas such as finance, operations, and sales have seen improvements during the year. DFDS Køletransport A/S offers trainee programs with an extended academy, enhancing employees' competencies and bringing fresh knowledge to the company, thereby empowering them in an ever-changing industry.

Management's review

Environmental Considerations

DFDS Køletransport A/S is conscious of its environmental footprint and continuously works to reduce the impact of its operations on the environment. We adhere to applicable environmental legislation and strive to reduce our CO2 emissions. Reducing the distance our trucks travel without cargo is one of the factors we aim to focus on in 2024 to make our freight forwarding activities more environmentally friendly. By minimizing or completely avoiding empty runs, we can optimize our truck fleet, reducing fuel consumption and CO2 emissions. Tracking our trucks enhances transparency and facilitates monitoring of empty runs. DFDS' goal is to increase the number of GPS-tracked orders. Our Cargo Balance Initiative (CBI) visualizes existing data and improves logistics planning. To reduce empty runs and achieve savings in kilometers, fuel, and CO2, DFDS will explore replacing traditional fossil fuels with biofuels and investing in trucks with the highest possible Euro class. We'll also explore electric trucks and trailers in markets where feasible.

Statutory CSR report

In accordance with Section 99a, paragraph 7 of the Danish Financial Statements Act, I refer to the CSR statement in the annual report for DFDS A/S.

The statutory CSR report is published on the Company's website:

<https://datacvr.virk.dk/gateway/dokument/downloadDokumentForVirksomhed?dokumentId=amNsb3Vkc3ovLzAzL2M1L2MxLzgzLzYzLzliYTItNDIyMy1hZWZWRkLTE1NDZhY2ZiMDNkMg&cvrNummer=141947>

Statement on Gender Composition of the Management in accordance with Section 99b of the Danish Financial Statements Act Highest management body and other management bodies.

DFDS Køletransport A/S aims to have board members selected based on their professional and business competencies. The board has set a target of having a minimum of 33.33% underrepresented gender elected at the annual general meeting. The current gender composition among the board members elected at the general meeting consists of three men and no women. The board will strive to nominate suitable female candidates for the board at future general meetings to achieve the target. No changes have occurred during the 2023 financial year, as the company has not had any leavers nor no new hires in any of the management bodies. Gender composition is expected to change in line with the company's 2028 goal, in connection with future hires and leavers. DFDS Køletransport A/S believes that diversity among employees, including gender balance, contributes positively to the working environment and strengthens the company's performance and competitiveness. This has further been communicated heavily via the DFDS groups internal intranet during 2023 and beyond.

Management's review

Diversity Across DFDS Køletransport A/S' Management Levels

The company has also developed a policy to increase the representation of underrepresented genders across all management levels within the organization. This policy is an addendum to the personnel policy and includes a goal of achieving gender balance at all management levels with personnel responsibilities, along with several cross-functional initiatives across DFDS Køletransport A/S. Below is the gender distribution within the management for 2023:

Overview of gender composition 2023	Male	Female
Highest management body	3	0
Other management bodies	6	3

Overview of gender composition	Goal 2028	2023
Share of the underrepresented gender in the highest management body %	33,33%	0,00%
Share of the underrepresented gender in the other management bodies %	50,00%	33,33%

Through 2023 DFDS Køletransport A/S has worked with various initiatives to promote equality in the company's management level.

No change can yet be measured. However, a positive development is expected when all initiatives are fully implemented.

Outlook

For the coming financial year 2024, management expects increased pressure from the political climate situation and rising costs. For 2024 management expect a negative result and has therefore received a guarantee from DFDS A/S to ensure sufficient capital reserves for continued operations.

As a result, Management has adjusted to the situation as best as possible. A loss before tax is expected in the range of 10 - 20 million DKK.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022
3	Revenue	489,824	563,450
	Cost of sales	-254,135	-346,058
	Other operating income	72	113
	External expenses	-19,732	-11,372
	Gross profit	216,029	206,133
4	Staff costs	-164,469	-148,091
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-57,173	-46,674
	Other operating expenses	0	-16,145
	Profit/loss before net financials	-5,613	-4,777
6	Financial income	71	398
7	Financial expenses	-13,096	-5,281
	Profit/loss before tax	-18,638	-9,660
	Tax for the year	3,499	2,140
	Profit/loss for the year	-15,139	-7,520

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
9	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	156	428
	Leasehold improvements	1,639	2,006
	Right to use assets	205,667	156,079
	Property, plant and equipment under construction	99	0
		<u>207,561</u>	<u>158,513</u>
10	Investments		
	Other securities and investments	158	158
		<u>158</u>	<u>158</u>
	Total fixed assets	<u>207,719</u>	<u>158,671</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	0	804
		<u>0</u>	<u>804</u>
	Receivables		
	Trade receivables	89,786	85,031
	Receivables from group enterprises	5,095	7,453
13	Deferred tax assets	3,219	1,326
	Corporation tax receivable	0	1,420
	Other receivables	116	2,180
11	Prepayments	3,590	5,543
		<u>101,806</u>	<u>102,953</u>
	Cash	<u>0</u>	<u>413</u>
	Total non-fixed assets	<u>101,806</u>	<u>104,170</u>
	TOTAL ASSETS	<u><u>309,525</u></u>	<u><u>262,841</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	1,500	1,500
	Retained earnings	-1,822	13,317
	Total equity	-322	14,817
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Lease liabilities	154,395	114,665
		154,395	114,665
	Current liabilities other than provisions		
14	Short-term part of long-term liabilities other than provisions	57,992	44,665
	Trade payables	56,671	68,616
	Payables to group enterprises	28,400	5,660
	Other payables	12,389	14,418
		155,452	133,359
	Total liabilities other than provisions	309,847	248,024
	TOTAL EQUITY AND LIABILITIES	309,525	262,841

- 1 Accounting policies
- 2 Events after the balance sheet date
- 8 Appropriation of profit/loss
- 15 Contractual obligations and contingencies, etc.
- 16 Security and collateral
- 17 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2022	1,500	22,165	23,665
	Adjustment of equity through changes in accounting policies	0	-1,328	-1,328
8	Transfer, see "Appropriation of profit/loss"	0	-7,520	-7,520
	Equity at 1 January 2023	1,500	13,317	14,817
8	Transfer, see "Appropriation of profit/loss"	0	-15,139	-15,139
	Equity at 31 December 2023	1,500	-1,822	-322

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of DFDS Køletransport A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes in accounting policies

With the effect from the 2023 annual report the company has changed the accounting policy for implementing IFRS 16. The basis for the change of accounting policies is to align to those of the ultimate parent company. In accordance with the Danish Financial Statements Act the comparison figures of 2022 has been updated accordingly with a positive/negative impact of profit for the year of DKK -2,540 thousand and an adjustment to the opening equity of 2023 of DKK -2,540 thousand.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, DFDS A/S.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Net revenue comes from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	1-3 years
Leasehold improvements	3-4 years
Right of use assets	3-10 years

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Deposits, investments

Deposit is measured at cost.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

2 Events after the balance sheet date

The company has received a statement from DFDS A/S guaranteeing that the company has sufficient capital reserves to ensure continued operations.

DKK'000	2023	2022
3 Segment information		
Breakdown of revenue by business segment:		
Transport	480,028	552,181
Other	9,796	11,269
	<u>489,824</u>	<u>563,450</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023	2022
4 Staff costs		
Wages/salaries	142,015	125,260
Pensions	15,988	15,966
Other social security costs	5,907	5,229
Other staff costs	559	1,636
	<u>164,469</u>	<u>148,091</u>
Average number of full-time employees	<u>257</u>	<u>228</u>

Total remuneration to Management: T.DKK 2,627 (2022: T.DKK 2,323)

5 Fee to the auditors appointed in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for DFDS A/S.

DKK'000	2023	2022
6 Financial income		
Interest receivable, group entities	67	327
Other financial income	4	71
	<u>71</u>	<u>398</u>
7 Financial expenses		
Interest expenses, group entities	238	0
Interest expense on lease liabilities	10,256	5,159
Other financial expenses	2,602	122
	<u>13,096</u>	<u>5,281</u>
8 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	<u>-15,139</u>	<u>-7,520</u>
	<u>-15,139</u>	<u>-7,520</u>

Financial statements 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Right to use assets	Property, plant and equipment under construction	Total
Cost at 1 January 2023	2,601	3,503	207,525	0	213,629
Re-measurement IFRS 16 RoU assets	0	0	2,520	0	2,520
Additions	0	97	106,217	99	106,413
Disposals	0	0	-13,419	0	-13,419
Cost at 31 December 2023	2,601	3,600	302,843	99	309,143
Impairment losses and depreciation at 1 January 2023	2,173	1,497	51,446	0	55,116
Depreciation	272	464	56,437	0	57,173
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-10,707	0	-10,707
Impairment losses and depreciation at 31 December 2023	2,445	1,961	97,176	0	101,582
Carrying amount at 31 December 2023	156	1,639	205,667	99	207,561
Depreciated over	1-3 years	3-4 years	3-10 years		

Note 16 provides more details on security for loans, etc. as regards property, plant and equipment.

Financial statements 1 January - 31 December

Notes to the financial statements

10 Investments

DKK'000	<u>Other securities and investments</u>
Cost at 1 January 2023	158
Cost at 31 December 2023	158
Carrying amount at 31 December 2023	<u>158</u>

11 Prepayments

DKK'000	<u>2023</u>	<u>2022</u>
Other prepaid costs	3,590	5,543
	<u>3,590</u>	<u>5,543</u>

12 Share capital

Analysis of the share capital:

1,500 shares of DKK 1,000.00 nominal value each	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

No shares carries special rights.

13 Deferred tax

Deferred tax at 1 January	-1,326	1,194
Change in accounting policies	1,606	0
Deferred tax of the year, income statement, current year	-3,499	-336
Deferred tax of the year, income statement, prior year adjustment	0	-470
Other deferred tax	0	-1,714
Deferred tax at 31 December	<u>-3,219</u>	<u>-1,326</u>

Financial statements 1 January - 31 December

Notes to the financial statements

14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Lease liabilities	212,387	57,992	154,395	13,530
	212,387	57,992	154,395	13,530

15 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent, Lauritzen Fonden Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2023 onwards as well as withholding taxes on interest, royalties and dividends.

16 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

17 Related parties

DFDS Køletransport A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
DFDS A/S	Denmark	Ultimate parent company
DFDS Logistics A/S	Denmark	Parent company

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
DFDS A/S	Denmark	Homepage
HSF Expeditie Holding B.V.	Netherlands	Homepage

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

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Anders Mikael Christensen

Dirigent

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