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Flex Logistics A/S
Lindevej 15
7100 Vejle
Business Registration No
34893349

Annual report 2017

The Annual General Meeting adopted the annual report on 14.06.2018

Chairman of the General Meeting

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Name: Søren Merrild Bie

Contents

Entity details

Entity
Flex Logistics A/S
Lindevej 15
7100 Vejle

Central Business Registration No (CVR): 34893349
Registered in: Hedensted
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Søren Merrild Bie, Chariman
Anders Andersen
Jesper Balleby Larsen

Executive Board
Anders Andersen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Flex Logistics A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lindved, 14.06.2018

Executive Board

Anders Andersen

Board of Directors

Søren Merrild Bie Chariman	Anders Andersen	Jesper Balleby Larsen

Independent auditor's report

To the shareholders of Flex Logistics A/S

Qualified opinion

We have audited the financial statements of Flex Logistics A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for possible effect of the matter described in the Basis for qualified opinion section, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

The Company has recognised other receivables under fixed asset investments at a written-down value of DKK 1,353k for which it has not been possible to obtain sufficient audit evidence for the valuation. Other receivables are therefore potentially overvalued by DKK 1,353k in the financial statements. The tax effect amounts to DKK 298k. Equity and profit for the year are thus potentially overvalued by DKK 1,055k.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor’s report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

Independent auditor's report

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 Entity’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 Entity’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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Aarhus, 14.06.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne34506

Management commentary

Primary activities

The Company's primary activity consists of shipping and haulage business with focus on the Southern Europe markets.

Development in activities and finances

Loss for the year was a loss after tax of DKK -2,084,188. The year's result is considered unsatisfactory.

The result has been greatly affected by the result from subsidiaries. The negative equity in A2B Trans Sp. Z.o.o. is deducted in trade receivables from group enterprises with DKK -3.432.590.

Furthermore the result has been effected by missing capacity and higher costs for subcontracting.

Managenmebt continuously seeks to adjust the current cost level to the given circumstances, so mangement expects a positive resulst of DKK 950k for 2018 – and through this a reinstatement of the contributed capital.

The administration has been outsourced in the middle of 2017 and the full advantages are expected in 2018.

Events after the balance sheet date

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

Income statement for 2017

	Notes	2017 DKK	2016 DKK
Gross profit		**3.299.956**	**6.548.470**
Staff costs	1	(2.333.716)	(4.381.140)
Depreciation, amortisation and impairment losses	2	(714.356)	(1.115.643)
Operating profit/loss		**251.884**	**1.051.687**
Income from investments in group enterprises		(1.828.722)	198.812
Other financial income	3	253.676	166.883
Impairment losses on financial assets		(150.000)	0
Other financial expenses	4	(659.026)	(866.592)
Profit/loss before tax		**(2.132.188)**	**550.790**
Tax on profit/loss for the year	5	48.000	(103.000)
Profit/loss for the year		**(2.084.188)**	**447.790**

		2017 DKK	2016 DKK
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		739.851	409.875
Retained earnings		(2.824.039)	37.915
		(2.084.188)	**447.790**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Goodwill		0	20.000
Intangible assets	6	**0**	**20.000**
Other fixtures and fittings, tools and equipment		767.855	2.199.206
Property, plant and equipment	7	**767.855**	**2.199.206**
Investments in group enterprises		2.724.575	2.025.560
Deposits		361.192	402.527
Other receivables		1.573.457	1.610.460
Fixed asset investments	8	**4.659.224**	**4.038.547**
Fixed assets		**5.427.079**	**6.257.753**
Trade receivables		16.530.519	17.426.880
Receivables from group enterprises		546.620	2.460.541
Deferred tax		471.000	423.000
Other receivables		374.838	517.138
Prepayments		43.217	195.196
Receivables		**17.966.194**	**21.022.755**
Cash		**45.821**	**100**
Current assets		**18.012.015**	**21.022.855**
Assets		**23.439.094**	**27.280.608**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		2.400.000	2.400.000
Reserve for net revaluation according to the equity method		2.162.551	1.463.536
Retained earnings		(3.868.118)	(1.239.079)
Equity		**694.433**	**2.624.457**
Finance lease liabilities		0	403.327
Non-current liabilities other than provisions		**0**	**403.327**
Current portion of long-term liabilities other than provisions		402.354	1.500.103
Bank loans		3.041.396	4.443.155
Trade payables		14.967.205	15.887.865
Payables to group enterprises		450.505	1.031.359
Other payables		3.883.201	1.390.342
Current liabilities other than provisions		**22.744.661**	**24.252.824**
Liabilities other than provisions		**22.744.661**	**24.656.151**
Equity and liabilities		**23.439.094**	**27.280.608**
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.400.000	1.463.536	(1.239.079)	2.624.457
Exchange rate adjustments	0	(40.836)	0	(40.836)
Group contributions etc	0	0	195.000	195.000
Profit/loss for the year	0	739.851	(2.824.039)	(2.084.188)
Equity end of year	**2.400.000**	**2.162.551**	**(3.868.118)**	**694.433**

Notes

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	2.053.248	3.835.209
Pension costs	215.795	441.050
Other social security costs	45.115	62.785
Other staff costs	19.558	42.096
	2.333.716	**4.381.140**
Average number of employees	**4**	**7**

	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	20.000	20.000
Depreciation of property, plant and equipment	777.782	1.095.643
Profit/loss from sale of intangible assets and property, plant and equipment	(83.426)	0
	714.356	**1.115.643**

	2017 DKK	2016 DKK
3. Other financial income		
Financial income arising from group enterprises	172.805	152.785
Other interest income	10.707	14.098
Exchange rate adjustments	70.164	0
	253.676	**166.883**

	2017 DKK	2016 DKK
4. Other financial expenses		
Financial expenses from group enterprises	37.183	113.129
Other interest expenses	283.506	339.724
Exchange rate adjustments	67.442	76.265
Other financial expenses	270.895	337.474
	659.026	**866.592**

Notes

	2017 DKK	2016 DKK
5. Tax on profit/loss for the year		
Change in deferred tax	(48.000)	103.000
	(48.000)	**103.000**

	Goodwill DKK
6. Intangible assets	
Cost beginning of year	100.000
Cost end of year	**100.000**
Amortisation and impairment losses beginning of year	(80.000)
Amortisation for the year	(20.000)
Amortisation and impairment losses end of year	**(100.000)**
Carrying amount end of year	**0**

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	3.975.463
Additions	246.431
Disposals	(1.665.000)
Cost end of year	**2.556.894**
Depreciation and impairment losses beginning of year	(1.776.257)
Depreciation for the year	(777.782)
Reversal regarding disposals	765.000
Depreciation and impairment losses end of year	**(1.789.039)**
Carrying amount end of year	**767.855**
Recognised assets not owned by entity	**386.108**

Notes

	Investments in group enterprises DKK	Deposits DKK	Other receivables DKK
8. Fixed asset investments			
Cost beginning of year	562.024	402.527	1.610.460
Additions	0	0	227.622
Disposals	0	(41.335)	(114.625)
Cost end of year	**562.024**	**361.192**	**1.723.457**
Revaluations beginning of year	1.463.536	0	0
Exchange rate adjustments	(40.836)	0	0
Share of profit/loss for the year	(1.828.722)	0	0
Investments with negative equity value depreciated over receivables	2.568.573	0	0
Revaluations end of year	**2.162.551**	**0**	**0**
Impairment losses for the year	0	0	(150.000)
Impairment losses end of year	**0**	**0**	**(150.000)**
Carrying amount end of year	**2.724.575**	**361.192**	**1.573.457**

	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Investments in group enterprises comprise:					
A2B Trans Sp. Z.o.o.	Konin, PL	Sp.	100,0	(3.290.381)	(2.524.876)
Flex Logistics Spain S.L.	Barcelona, ESP	S.L.	100,0	2.724.575	696.154

	2017 DKK	2016 DKK
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**6.395.757**	**7.297.822**

Notes

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where AA Holding ApS serves as the administration company.

According to the joint taxation provi-sions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial state-ments.

11. Assets charged and collateral

Bank debt is secured by way of letters of indemnity (floating charge) of DKK 6,000k nominal on intangible assets, property, plant and equipment.

The carrying amount of mortgaged intangible assets is DKK 0k.

The carrying amount of mortgaged property plant and equipment is DKK 768k.

The carrying amount of mortgaged trade receivables is DKK 16,531k.

On behalf of the Company, the Company’s bank has provided payments guarantees of a total of DKK 4,092k.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment of financial assets
Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Danish parent Company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings

Accounting policies

profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.