

## **Flex Logistics A/S**

Lindevej 15

7100 Vejle

Central Business Registration No

34893349

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 19.06.2017

### **Chairman of the General Meeting**

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Name: Søren Merrild Bie

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## Entity details

### Entity

Flex Logistics A/S  
Lindevej 15  
7100 Vejle

Central Business Registration No: 34893349

Registered in: Hedensted

Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Søren Merrild Bie, Chairman  
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 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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, 19.06.2017

### Executive Board

Anders Andersen

### Board of Directors

Søren Merrild Bie  
Chairman

Anders Andersen

Jesper Balleby Larsen

# Independent auditor's report

## To the shareholders of Flex Logistics A/S

### Opinion

We have audited the financial statements of Flex Logistics A/S for the financial year 01.01.2016 - 31.12.2016, 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, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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 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 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:

## Independent auditor's report

- 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.

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.

## Independent auditor's report

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, 19.06.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Lars Andersen  
State Authorised Public Accountant

## 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

Profit for the year was a profit after tax of DKK 447,790. The year's result is considered unsatisfactory.

The result has been affected by falling freight rates in the latter half of the year as well as a number of non-recurring expenses.

Management continuously seeks to adjust the current cost level to the given circumstances, so management expects a positive result for 2017, which is better than this year's result.

### 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.

In order to meet the future, management has decided to outsource the Administration to Bulgaria.



## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
<b>Gross profit</b>		<b>6.548.470</b>	<b>3.240.438</b>
Staff costs	1	(4.381.140)	(4.293.136)
Depreciation, amortisation and impairment losses	2	<u>(1.115.643)</u>	<u>(592.669)</u>
<b>Operating profit/loss</b>		<b>1.051.687</b>	<b>(1.645.367)</b>
Income from investments in group enterprises		198.812	334.969
Other financial income	3	166.883	93.664
Other financial expenses	4	<u>(866.592)</u>	<u>(664.261)</u>
<b>Profit/loss before tax</b>		<b>550.790</b>	<b>(1.880.995)</b>
Tax on profit/loss for the year	5	<u>(103.000)</u>	<u>537.420</u>
<b>Profit/loss for the year</b>		<b><u>447.790</u></b>	<b><u>(1.343.575)</u></b>
<b>Proposed distribution of profit/loss</b>			
Extraordinary dividend distributed in the financial year		0	1.000.000
Transferred to reserve for net revaluation according to the equity method		409.875	334.969
Retained earnings		<u>37.915</u>	<u>(2.678.544)</u>
		<b><u>447.790</u></b>	<b><u>(1.343.575)</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Goodwill		20.000	40.000
<b>Intangible assets</b>	6	<b>20.000</b>	<b>40.000</b>
Other fixtures and fittings, tools and equipment		2.199.206	3.003.852
<b>Property, plant and equipment</b>	7	<b>2.199.206</b>	<b>3.003.852</b>
Investments in group enterprises		2.025.560	1.429.711
Deposits		402.527	466.039
Other receivables		1.610.460	2.133.620
<b>Fixed asset investments</b>	8	<b>4.038.547</b>	<b>4.029.370</b>
<b>Fixed assets</b>		<b>6.257.753</b>	<b>7.073.222</b>
Trade receivables		17.426.880	20.792.519
Receivables from group enterprises		2.460.541	2.024.122
Deferred tax		423.000	526.000
Other receivables		517.138	224.646
Prepayments		195.196	160.868
<b>Receivables</b>		<b>21.022.755</b>	<b>23.728.155</b>
<b>Cash</b>		<b>100</b>	<b>26.191</b>
<b>Current assets</b>		<b>21.022.855</b>	<b>23.754.346</b>
<b>Assets</b>		<b>27.280.608</b>	<b>30.827.568</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		2.400.000	900.000
Reserve for net revaluation according to the equity method		1.463.536	1.017.687
Retained earnings		<u>(1.239.079)</u>	<u>(1.276.994)</u>
<b>Equity</b>		<b><u>2.624.457</u></b>	<b><u>640.693</u></b>
Finance lease liabilities		<u>403.327</u>	<u>1.741.335</u>
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b><u>403.327</u></b>	<b><u>1.741.335</u></b>
Current portion of long-term liabilities other than provisions	9	1.500.103	1.104.662
Bank loans		4.443.155	2.666.742
Trade payables		15.887.865	19.377.527
Payables to group enterprises		1.031.359	2.020.352
Other payables		<u>1.390.342</u>	<u>3.276.257</u>
<b>Current liabilities other than provisions</b>		<b><u>24.252.824</u></b>	<b><u>28.445.540</u></b>
<b>Liabilities other than provisions</b>		<b><u>24.656.151</u></b>	<b><u>30.186.875</u></b>
<b>Equity and liabilities</b>		<b><u>27.280.608</u></b>	<b><u>30.827.568</u></b>
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Mortgages and securities	12		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Reserve for net revaluation according to the equity method DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	900.000	1.017.687	(1.276.994)	640.693
Increase of capital	1.500.000	0	0	1.500.000
Exchange rate adjustments	0	35.974	0	35.974
Profit/loss for the year	0	409.875	37.915	447.790
<b>Equity end of year</b>	<b>2.400.000</b>	<b>1.463.536</b>	<b>(1.239.079)</b>	<b>2.624.457</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	3.835.209	3.816.806
Pension costs	441.050	380.062
Other social security costs	62.785	63.368
Other staff costs	42.096	32.900
	<b>4.381.140</b>	<b>4.293.136</b>
Average number of employees	<b>7</b>	
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	20.000	20.000
Depreciation of property, plant and equipment	1.095.643	572.669
	<b>1.115.643</b>	<b>592.669</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	152.785	76.854
Interest income	14.098	16.810
	<b>166.883</b>	<b>93.664</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	113.129	78.750
Interest expenses	339.724	206.161
Exchange rate adjustments	76.265	216.238
Other financial expenses	337.474	163.112
	<b>866.592</b>	<b>664.261</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	103.000	(537.420)
	<b>103.000</b>	<b>(537.420)</b>
		<b>Goodwill</b>
		<b>DKK</b>
<b>6. Intangible assets</b>		
Cost beginning of year		100.000
<b>Cost end of year</b>		<b>100.000</b>
Amortisation and impairment losses beginning of year		(60.000)
Amortisation for the year		(20.000)
<b>Amortisation and impairment losses end of year</b>		<b>(80.000)</b>
<b>Carrying amount end of year</b>		<b>20.000</b>
		<b>Other</b>
		<b>fixtures and</b>
		<b>fittings,</b>
		<b>tools and</b>
		<b>equipment</b>
		<b>DKK</b>
<b>7. Property, plant and equipment</b>		
Cost beginning of year		3.684.466
Additions		290.997
<b>Cost end of year</b>		<b>3.975.463</b>
Depreciation and impairment losses beginning of the year		(680.614)
Depreciation for the year		(1.095.643)
<b>Depreciation and impairment losses end of the year</b>		<b>(1.776.257)</b>
<b>Carrying amount end of year</b>		<b>2.199.206</b>

## Notes

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>	<b>Other receivables DKK</b>
<b>8. Fixed asset investments</b>			
Cost beginning of year	412.024	466.039	2.133.620
Additions	150.000	0	0
Disposals	0	(63.512)	(523.160)
<b>Cost end of year</b>	<b>562.024</b>	<b>402.527</b>	<b>1.610.460</b>
Revaluations beginning of year	1.017.687	0	0
Exchange rate adjustments	35.974	0	0
Share of profit/loss for the year	198.812	0	0
Investments with negative equity depreciated over receivables	211.063	0	0
<b>Revaluations end of year</b>	<b>1.463.536</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2.025.560</b>	<b>402.527</b>	<b>1.610.460</b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:			
A2B Trans Sp. Z.o.o.	Konin, PL	Sp. Z.o.o.	100,0
Flex Logistics Spain S.L.	Barcelona, ESP	S.L.	100,0

	<b>Instalments within 12 months 2016 DKK</b>	<b>Instalments within 12 months 2015 DKK</b>	<b>Instalments beyond 12 months 2016 DKK</b>
<b>9. Liabilities other than provisions</b>			
Finance lease liabilities	1.500.103	1.104.662	403.327
	<b>1.500.103</b>	<b>1.104.662</b>	<b>403.327</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK</b>
<b>10. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>7.297.822</b>	<b>11.160.807</b>

### 11. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which AA Holding Århus A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

### 12. Mortgages and securities

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

The carrying amount of mortgaged intangible assets is DKK 20k.

The carrying amount of mortgaged property, plant and equipment is DKK 2,199k.

The carrying amount of mortgaged trade receivables is DKK 17,427k.

On behalf of the Company, the Company's bank has provided payments guarantees of a total of DKK 4,089k.



## 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, but with a reclassification of other payable costs.

### Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### 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.

## Accounting policies

### 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.

### 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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 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.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital 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 value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on

## Accounting policies

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 profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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
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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 enterprises 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.

## Accounting policies

### Receivables

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

### Deferred tax

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