
Nagel Liller A/S

Nimvej 2, DK-7120 Vejle Øst

Annual Report for 2023

CVR No. 38 33 88 62

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

Jan Gantenbrink
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nagel Liller 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 at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 29 April 2024

Executive Board

Jens Henrik Olesen
CEO

Andreas Tønder Jørgensen

Jesper Ohm Petersen

Board of Directors

Jan Gantenbrink
Chairman

Thomas Pütter

Sina Wiedau

Independent Auditor's report

To the shareholder of Nagel Liller 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 Nagel Liller 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 ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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.

Trekantområdet, 29 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

State Authorised Public Accountant

mne30224

Henrik Forthoft Lind

State Authorised Public Accountant

mne34169

Company information

The Company	<p>Nagel Liller A/S Nimvej 2 DK-7120 Vejle Øst</p> <p>Telephone: +45 74 30 74 30 Email: dk.info@nagel-group.dk Website: www.nagel-group.dk</p> <p>CVR No: 38 33 88 62 Financial period: 1 January - 31 December Incorporated: 16 January 2017 Financial year: 7th financial year Municipality of reg. office: Vejle</p>
Board of Directors	<p>Jan Gantenbrink, chairman Thomas Pütter Sina Wiedau</p>
Executive Board	<p>Jens Henrik Olesen Andreas Tønder Jørgensen Jesper Ohm Petersen</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle</p>

Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	614,371	625,457	545,613	525,291	557,561
Gross profit	210,299	211,458	191,027	191,298	174,144
Profit/loss of primary operations	-22,694	5,666	-2,718	7,417	-8,809
Profit/loss of financial income and expenses	-2,483	-1,011	-713	-1,193	-1,460
Net profit/loss for the year	-32,757	8,235	-606	11,553	-1,792
Balance sheet					
Balance sheet total	164,505	148,155	128,350	125,899	125,877
Investment in property, plant and equipment	34,466	888	2,327	2	157
Equity	-77,824	-45,067	-53,302	-52,696	-64,249
Number of employees	375	337	332	329	325
Ratios					
Gross margin	34.2%	33.8%	35.0%	36.4%	31.2%
Profit margin	-3.7%	0.9%	-0.5%	1.4%	-1.6%
Return on assets	-13.8%	3.8%	-2.1%	5.9%	-7.0%
Solvency ratio	-47.3%	-30.4%	-41.5%	-41.9%	-51.0%

For definitions, see under accounting policies.

Management's review

Key activities

The company's main activities comprise domestic logistics services with focus on especially temperature-controlled transportation for the food processing industry and trade in Denmark.

The company moreover offers chilled and frozen storage, dry goods storage, re-usable packaging systems, analyses and consultancy services.

Development in the year

Revenue for the year reached DKK 614 million compared to the last year's DKK 625 million. The net result for the year amounted to DKK -32.8 million compared to DKK 8.2 million last year.

Nagel Liller has in 2023 been modernizing the whole facility infrastructure and have moved into new, modern, energy-efficient terminal and warehouse facilities in Vejle and Ringsted, while closing older and less energy-efficient facilities. Cost increases, especially on staff costs, continued in 2023. This, as well as the change in production infrastructure that have been more costly than expected and a not foreseen decrease in transport volumes have affected the result negatively.

The profit before tax of DKK -25.2 million is below expectations expressed in the Annual Report 2022.

The profit before tax and the net result is considered unsatisfactory.

Development expectations

Also 2024 is expected to be challenging for both the transport industry and Nagel Liller due to competition and continued high general cost increases.

Nagel Liller has started a program of optimizing use of IT-infrastructure to reach the full potential of the new, modern production setup. Further has a program of Lean management been started whereby training all personnel, the internal processes will be optimized.

Nagel Liller expects a profit before tax in 2024 in the range of DKK 0 – 5 million.

Statement of corporate social responsibility ref. Danish Financial Statements Act section 99a

Regarding the statement of corporate social responsibility, the management refers to the group annual report for Nagel Danmark A/S (CVR: 81745528).

Statement on gender composition ref. Danish Financial Statements Act section 99b

Target for female representation on the Board of Directors

When appointing candidates for the Board of Directors it is important that the candidates show a specific professional background and qualifications. It is moreover important that appointments are made with no regard to ethnicity, religious belief, political conviction, age or gender.

In respect of gender representation, the company is attentive to comply with new legislation from 2023 re. female representation on Board of Directors as well as on management level 1 and 2.

Target until 2028: One female member, equal to 33%, on the Board of Directors.

Management's review

Currently Nagel Liller has one female member on the Board of Directors, equal to 33%. Thus, the firm has obtained gender equality on the Board of directors cf. The Danish Business Authorities.

Target for female representation on other management levels

The company considers a diverse workforce an asset. We employ our staff based on qualifications and personality and we offer all our employees equal opportunities with no regard to their background, ethnicity, religious belief, political conviction, age or gender. The company encourages every employee to pursue and realize his or her personal goals.

In respect of gender representation, the company is attentive to comply with new legislation from 2023 re. female representation on Board of Directors as well as on management level 1 and 2.

The company has for more years been working on promoting its female talents. This work has produced a result that is satisfactory for the industry but still inadequate to achieve the target of 40% on management level 1 and 2 in the new legislation.

Currently Nagel Liller has 22% female representatives at management level 1 and 2.

Target until 2028: Gradually develop in order to be in compliance with 40% representation in 2028.

Achieving 40% female representation on management level 1 and 2 is difficult given the majority of male employees in the industry and will not be possible to achieve in a few years. In 2023 the management has been expanded from 6 members in 2022 to 9 in 2023. Further a long-term plan has been established with various activities planned with focus on recruiting and education as well as further developing a culture supporting gender equality.

	2023	2024	2025	2026	2027
The highest management level					
Total members	3				
Underrepresented gender	33%				
Target figure in percentage					
Year for meeting targets					
The company's other management levels					
Total members	9				
Underrepresented gender	22%				
Target figure in percentage	40%				
Year for meeting targets	2028				

Statement on data ethics ref. Danish Financial Statements Act section 99d

Nagel Liller complies with the Danish legislation on GDPR with regards to employee and personal data.

Given our business model and activities we acquire data from external sources in support of our market strategy and the services we provide to clients. However, all data are considered business critical and will as such never be shared with or in any way be made available to third parties. Consequently, the management of Nagel Liller see no immediate need for approving a policy on data ethics but will follow the topic closely with the aim of setting such a policy in due time.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	614,371	625,457
Other operating income		11,250	13,414
Direct expenses		-361,446	-382,755
Other external expenses		-53,876	-44,658
Gross profit		210,299	211,458
Staff expenses	2	-229,417	-204,282
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-3,576	-1,510
Profit/loss before financial income and expenses		-22,694	5,666
Financial income	3	711	736
Financial expenses	4	-3,194	-1,747
Profit/loss before tax		-25,177	4,655
Tax on profit/loss for the year	5	-7,580	3,580
Net profit/loss for the year	6	-32,757	8,235

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Acquired other similar rights		1,209	1,860
Development projects in progress		442	4,620
Intangible assets	7	1,651	6,480
Other fixtures and fittings, tools and equipment		16,311	1,267
Leasehold improvements		16,454	0
Property, plant and equipment	8	32,765	1,267
Other investments	9	1,374	1,032
Deposits	9	0	1,692
Fixed asset investments		1,374	2,724
Fixed assets		35,790	10,471
Raw materials and consumables		7,546	0
Inventories		7,546	0
Trade receivables		113,225	123,347
Receivables from group enterprises		3,143	418
Other receivables		1,039	0
Deferred tax asset	10	2,676	10,256
Corporation tax		80	0
Prepayments	11	1,006	3,663
Receivables		121,169	137,684
Current assets		128,715	137,684
Assets		164,505	148,155

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		500	500
Reserve for development costs		1,287	5,054
Retained earnings		-79,611	-50,621
Equity		-77,824	-45,067
Other provisions	12	13,450	2,294
Provisions		13,450	2,294
Payables to group enterprises		128,012	0
Long-term debt	13	128,012	0
Prepayments received from customers		45	45
Trade payables		72,011	84,118
Payables to group enterprises	13	3,779	83,550
Payables to group enterprises relating to corporation tax		0	115
Other payables		25,032	23,100
Short-term debt		100,867	190,928
Debt		228,879	190,928
Liabilities and equity		164,505	148,155
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Fee to auditors appointed at the general meeting	16		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	5,054	-50,621	-45,067
Development costs for the year	0	393	-393	0
Depreciation, amortisation and impairment for the year	0	-4,160	4,160	0
Net profit/loss for the year	0	0	-32,757	-32,757
Equity at 31 December	500	1,287	-79,611	-77,824

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
1. Revenue		
Geographical segments		
Denmark	614,371	625,457
	614,371	625,457
Business segments		
Freight by road	568,218	595,981
Various	46,153	29,476
	614,371	625,457
	2023	2022
	TDKK	TDKK
2. Staff Expenses		
Wages and salaries	207,240	186,288
Pensions	17,999	14,217
Other social security expenses	4,178	3,777
	229,417	204,282
Including remuneration to the Executive Board	2,853	1,157
Average number of employees	375	337
	2023	2022
	TDKK	TDKK
3. Financial income		
Interest received from group enterprises	0	1
Other financial income	704	716
Exchange gains	7	19
	711	736

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
4. Financial expenses		
Interest paid to group enterprises	2,688	1,236
Other financial expenses	464	380
Exchange loss	42	131
	<u>3,194</u>	<u>1,747</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
5. Income tax expense		
Current tax for the year	0	195
Deferred tax for the year	7,580	-3,775
	<u>7,580</u>	<u>-3,580</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
6. Profit allocation		
Retained earnings	<u>-32,757</u>	<u>8,235</u>
	<u>-32,757</u>	<u>8,235</u>

Notes to the Financial Statements

7. Intangible fixed assets

	Acquired other similar rights	Develop- ment projects in progress
	TDKK	TDKK
Cost at 1 January	3,488	4,620
Additions for the year	62	442
Disposals for the year	0	-4,620
Cost at 31 December	<u>3,550</u>	<u>442</u>
Impairment losses and depreciation at 1 January	1,628	0
Depreciation for the year	713	0
Impairment losses and depreciation at 31 December	<u>2,341</u>	<u>0</u>
Carrying amount at 31 December	<u>1,209</u>	<u>442</u>
Amortised over	<u>5 years</u>	

Development projects in progress relate to software development.

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK
Cost at 1 January	2,598	0
Additions for the year	16,708	17,758
Disposals for the year	-450	0
Cost at 31 December	<u>18,856</u>	<u>17,758</u>
Impairment losses and depreciation at 1 January	1,330	0
Depreciation for the year	1,559	1,304
Reversal of impairment and depreciation of sold assets	-344	0
Impairment losses and depreciation at 31 December	<u>2,545</u>	<u>1,304</u>
Carrying amount at 31 December	<u>16,311</u>	<u>16,454</u>
Amortised over	<u>3-5 years</u>	<u>10-15 years</u>

Notes to the Financial Statements

9. Other fixed asset investments

	Other investments	Deposits
	TDKK	TDKK
Cost at 1 January	1,032	1,692
Additions for the year	342	0
Disposals for the year	0	-1,692
Cost at 31 December	<u>1,374</u>	<u>0</u>
Carrying amount at 31 December	<u>1,374</u>	<u>0</u>
	2023	2022
	TDKK	TDKK

10. Deferred tax asset

Deferred tax asset at 1 January	10,256	6,481
Amounts recognised in the income statement for the year	-7,580	3,775
Deferred tax asset at 31 December	<u>2,676</u>	<u>10,256</u>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to increase the Company's income.

11. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12. Other provisions

Other provisions include obligations in respect of reestablishment, and pallets/packing materials which are recognised net in the balance sheet.

	2023	2022
	TDKK	TDKK
Other provisions	13,450	2,294
	<u>13,450</u>	<u>2,294</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
13. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Payables to group enterprises		
After 5 years	128,012	0
Long-term part	128,012	0
Other short-term debt to group enterprises	3,779	83,550
	<u>131,791</u>	<u>83,550</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
14. Contingent assets, liabilities and other financial obligations		
Contingent assets		
Deferred tax asset, due to historic tax losses carry forward, of the value of approximately DKK 17 mio. (2022: DKK 3-5. mio.), is not recognized in the income statement and balance sheet.		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	24,237	19,711
Between 1 and 5 years	43,000	29,181
After 5 years	4,801	7,954
	<u>72,038</u>	<u>56,846</u>
Rental obligations, period of interminability up to 15 years	174,253	173,579

Notes to the Financial Statements

2023	2022
TDKK	TDKK

14. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Nagel Danmark A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The company has registered a pledge ban regarding the company's accounts receivables.

Notes to the Financial Statements

15. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Nagel Danmark A/S, Thorsvej 19, 6330 Padborg	Immediate Parent Company
Other related parties	
Nagel-Group SE & Co. KG, D-33775 Versmold	Ultimate Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The company is included in the Consolidated Financial Statements of its parent company Nagel Danmark A/S, CVR No 81 74 55 28.

Moreover, the company is included in the Consolidated Financial Statements of its ultimate parent company, Nagel-Group SE & Co. KG.

<u>Name</u>	<u>Place of registered office</u>
Nagel-Group SE & Co. KG	D-33775 Versmold, Germany
Nagel Danmark A/S	6330 Padborg, Denmark

The Group Annual Report of Nagel-Group SE & Co. KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6
D-33775 Versmold
Germany

The Group Annual Report of Nagel Danmark A/S may be obtained at the following address:

Thorsvej 19
Frøslev
6330 Padborg
Denmark

16. Fee to auditors appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the general meeting has been disclosed in the Consolidated Financial Statements of Nagel Danmark A/S, Padborg, Denmark.

17. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Nagel Liller A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Nagel Danmark A/S CVR. Nr.: 81 74 55 28, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Direct expenses

Direct expenses comprise the transport costs etc. incurred to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company Nagel Danmark A/S and its subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10-15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of other investments which are measured in the balance sheet at the lower of amortised cost and net realisable value.

Inventories

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

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

The cost of raw materials and consumables equals landed cost.

The inventory comprises the cost of pallets and fuel.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions also includes relocation costs in respect of repair and maintenance at the end of rental of properties (estimated to a period of up to 15 years). Provisions are measured and recognised based on experience and management discretion.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$