

DSV Road Services A/S

Hovedgaden 630, 2640 Hedehusene

CVR No. 39 40 24 16

Annual Report

for the year ended 31 December 2019

2nd financial year

Approved at the Company's Annual General Meeting on May 2020

Chairman:

Patrick Figiel-Kibsgaard

[Patrick Figiel-Kibsgaard \(May 25, 2020 14:58 GMT+2\)](#)

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Statement by Management on the Annual Report

Today, the Executive Board have discussed and approved the annual report of DSV Road Services A/S for the financial year 1 January 2019 - 31 December 2019.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board considers the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the result of the Company's operations and financial position.

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

Hedehusene, May 2020.

Executive Board:



Peter Wiinholt (May 25, 2020 12:42 GMT+2)

Peter Glargaard Wiinholt

Board of Directors:



Jens Lund (May 25, 2020 22:13 GMT+2)

Jens H. Lund

Chairman



Søren Schmidt (May 25, 2020 14:48 GMT+2)

Søren Schmidt



Simon H. Galsgaard (May 26, 2020 08:41 GMT+2)

Simon Holm Galsgaard

INFORMATION ABOUT THE COMPANY

DSV Road Services A/S
Hovedgaden 630
2640 Hedehusene
Tel: +45 43 20 30 40
Fax: +45 43 20 30 41

Executive Board:

Peter Glargaard Wiinholt

Board of Directors

Jens H. Lund, (Chairman)
Søren Schmidt
Simon Holm Galsgaard

Shareholders holding 5% or more of the share capital or the voting rights:

DSV Road Holding A/S, Hedehusene (100%)

Parent company:

DSV Road Holding A/S, Hedehusene (100%)

Management's review

Main activity

The Company's objects are to buy and sell products and services for use by other DSV companies.

Financial review

The income statement of the Company for 2019 shows a loss of TDKK 884 and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 1,007. The management considers the Company's result as minor satisfactory.

Targets and expectations for the year ahead

For the year 2020, the Management expects a decreased activity level and a minor profit.

Events after the reporting date

The Covid 19 virus has spread around the world in the beginning of 2020. This has affected the world economy negatively. The management has initiated actions to secure the Company's assets and business by a number of initiatives such as, savings on costs, secure access to cash, use of government subsidies and help programs. For further description, please refer to note 10.

A part from above no material events have occurred after 31 December 2019.

Financial statements 1 January – 31 December

INCOME STATEMENT

Note	2019 DKK '000	2018 DKK '000
Revenue	2,756	4,355
2 Staff costs	-1,115	-1,005
Other external expenses	<u>-2,105</u>	<u>-1,469</u>
Gross margin	-464	1,881
3 Financial income	11	409
4 Financial expenses	<u>-672</u>	<u>-400</u>
Profit before tax	-1,125	1,890
5 Tax for the year	<u>241</u>	<u>-387</u>
Profit for the year	<u>-884</u>	<u>1,503</u>
 Recommended appropriation of profit		
Transferred to reserves under equity	<u>-884</u>	<u>1,503</u>
	<u>-884</u>	<u>1,503</u>

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BALANCE SHEET

Note	2019 DKK '000	2018 DKK '000
ASSETS		
Trade receivables	4,730	500
Receivables from Group companies	0	1,962
Deferred tax assets	24	15
Tax receivable	232	0
Other receivables	<u>2,492</u>	<u>2,055</u>
Total current assets	<u>7,478</u>	<u>4,532</u>
TOTAL ASSETS	<u><u>7,478</u></u>	<u><u>4,532</u></u>
EQUITY AND LIABILITIES		
Equity		
6 Share capital	500	500
Retained earnings	<u>507</u>	<u>1,375</u>
Total equity	<u>1,007</u>	<u>1,875</u>
Current liabilities		
Suppliers of goods and services	0	19
Payables to Group Companies	4,699	1,503
Tax payable	0	402
Other debt	<u>1,772</u>	<u>733</u>
Total current liabilities	<u>6,471</u>	<u>2,657</u>
TOTAL EQUITY AND LIABILITIES	<u><u>7,478</u></u>	<u><u>4,532</u></u>

1 Accounting policies

7 Contingent liabilities and other commitments

8 Related parties

9 Consolidated financial statements

10 Events after the reporting date

Financial statements 1 January – 31 December

STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Retained earnings	Total
Shareholders' Equity at 1 January 2019	<u>500</u>	<u>1,375</u>	<u>1,875</u>
Other adjustments	0	16	16
Transfer, see "Appropriation of profit"	<u>0</u>	<u>-884</u>	<u>-884</u>
Shareholders' Equity at 31 December 2019	<u>500</u>	<u>507</u>	<u>1,007</u>

Financial statements 1 January – 31 December

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1 Accounting policies

The 2019 annual report of DSV Road Services A/S has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities. Furthermore, the Company has chosen to comply with some of the rules applying for class C enterprises.

The amounts in the Annual Report are stated in Danish kroner (DKK) and rounded to the nearest thousands.

Foreign currency translation

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

Income statement

Net turnover

Revenue comprises services invoiced. All kinds of discounts, including cash discounts, are recognised under revenue. Revenue is measured exclusive of VAT and other taxes collected on behalf of third parties.

Staff costs

Staff costs include wages and salaries, pensions, social security costs and other staff costs.

Other external expenses

Other external expenses comprise expenses incurred during the year related to management and administration of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

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1 Accounting policies (continued)

Balance sheet

Receivables

Receivables are measured at amortised cost.

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Incentive programmes

The Company's incentive schemes include equity-settled share-based share option and warrants programmes which are settled in DSV Panalpina A/S shares.

The value of the services, which the staff delivers in return for granting of options and warrants are measured at the fair value of the options and warrants.

The equity-settled share-based payment arrangements are measured at fair value at the time of granting and are recognised in the profit and loss account under staff costs during the period where the final right to the options or warrants is achieved. The counter item is directly recognised in equity.

In connection with the first recognition of share-based arrangements, the number of options and warrants which the staff are expected to gain right to is estimated subsequently, changes are adjusted for related to the number of the right of acquisition of options and warrants so that the total recognition is based on the actual number of rights of acquisition of options and warrants.

The fair value of the granted options and warrants is estimated by the use of the Black-Scholes valuation method. By the estimation terms and conditions related to the granted options and warrants are taken into account.

Corporation tax

Current tax liabilities and outstanding current tax are included in the balance sheet as tax calculated on the taxable income for the year adjusted for tax from previous years' taxable income and pre-paid taxes.

Current liabilities

Liabilities are valued at net realisable value.

Financial statements 1 January – 31 December

Notes

	2019 DKK'000	2018 DKK'000
2 Staff costs		
Specification of staff costs:		
Salaries, wages, share options and warrants	1,125	1,003
Pension costs	4	1
Other expenses for social security	1	0
Other staff costs	-15	1
	<u>1,115</u>	<u>1,005</u>
Average number of employees	<u>1</u>	<u>1</u>

Information regarding remuneration to the Executive Board is excluded with reference to the Danish Financial Statements Act, Section 98 b, subsection 3.

The Board of Directors does not receive remuneration for their roles as members of the board.

DSV Panalpina A/S has established a share option and warrant programme for the Group's employees. The Executive Board in DSV Road Services A/S has been granted share options from the programme. The Board of Directors have received options from the programme for their roles in DSV Panalpina A/S. DSV Road Services A/S's part of costs regarding the share options and warrants program are included as staff costs on a continuing basis.

	2019 DKK'000	2018 DKK'000
3 Financial income		
Interest income from Group Companies	11	3
Other financial income	0	400
Foreign currency translation adjustments	0	6
	<u>11</u>	<u>409</u>
4 Financial expenses		
Other financial expenses	577	400
Foreign currency translation adjustments	95	0
	<u>672</u>	<u>400</u>
5 Tax for the year		
Current tax for the year	-232	402
Deferred tax charge for the year	-9	-15
	<u>-241</u>	<u>387</u>
6 Share capital		

The share capital comprises:

Shares, 500,000 of DKK 1 nominal value each

There has been no changes to the share capital since the company was founded 12 March 2018.

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7 Contingent liabilities and other commitments

The Company is jointly registered for VAT with the Group's other Danish Companies. The Company is thus jointly and severally liable for VAT as regards the jointly registration.

The Company is assessed jointly for tax purposes together with the other domestic DSV Panalpina Group entities. The Company is a wholly-owned subsidiary of DSV Panalpina A/S and is under an unlimited and joint liability regime for Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. The total amount is disclosed in the annual financial statements of DSV Panalpina A/S, which is the administration company of the joint taxation arrangement. Any subsequent adjustments of the taxable consolidated profit or withholding taxes may result in an increase in the Company's tax liability.

8 Related parties

DSV Road Services A/S' related parties comprise the following:

Parties exercising control

DSV Road Holding A/S, Hovedgaden 630, 2640 Hedehusene, which exercises control.

Other

Transactions with other related parties comprise interest bearing accounts.

Transactions with related parties has been conducted on arms length principles.

There are not entered agreements or other transactions with companies where the Executive Board have had any financial interest except from transactions related to the conditions of employment.

9 Consolidated financial statements

The financial statements of DSV Road Services A/S is included in the consolidated financial statements of DSV Panalpina A/S, Hedehusene, Denmark. The consolidated financial statements of DSV Panalpina A/S can be requested at the following address:

DSV Panalpina A/S
Hovedgaden 630
DK-2640 Hedehusene
Denmark

or: www.investor.dsv.com

Financial statements 1 January – 31 December

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10 Events after the reporting date

The Covid 19 virus has spread around the world in the beginning of 2020. This has affected the world economy negatively. The management has initiated actions to secure the Company's assets and business by a number of initiatives such as, savings on costs, secure access to cash, use of government subsidies and help programs.

Due to the changed outlook for the global supply chains and transport and logistics markets, we expect a negative impact on our business and financial performance in the coming months.

Being part of critical infrastructure, we will do our utmost to support our customers and keep supply chains open. We also expect the ongoing integration of Panalpina to continue as planned.

DSV Group management expects Covid 19 will continue to affect the world economy during 2020, however from a financial perspective, the DSV Panalpina Group is in a strong position.

Further, management considers the implications of COVID-19 as a subsequent event occurred after the balance sheet date 31 December 2019, which is therefore a non-adjusting event to the Group. In consequence, the assessments of impairment indications are and the impairment test made by management at 31 December 2019 is based on the future cash flows expected by management at 31 December 2019, which may differ from the cash flows expected by management at the time of adoption of the Annual Report.

Given the rapid day-to-day developments in many markets, we are currently unable to accurately assess the magnitude of this short-term impact, but if necessary further actions will be initiated.

A part from above no material events have occurred after 31 December 2019.