# *DANX Holding I ApS*

Vejleåvej 9, DK-2635 Ishøj

# Annual Report for 8 May 2018 - 30 June 2019

CVR No 39 55 66 77

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/10 2019

Sadik El Mahdaoui
Chairman of the General Meeting

# Contents

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DANX Holding I ApS for the financial year 8 May 2018 - 30 June 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

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.

Ishøj, 30 October 2019

**Executive Board**

Søren Byder Gønge

**Board of Directors**

| | | |
|---|---|---|
| Christian Riis-Hansen<br>Chairman | Peter Korsholm | Bob Thorhauge |
| Klaus Rud Sejling | Søren Byder Gønge | |

# Independent Auditor's Report

To the Shareholders of DANX Holding I ApS

**Opinion**
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 8 May 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DANX Holding I ApS for the financial year 8 May 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for 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.

**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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

# Independent Auditor’s Report

**Management’s responsibilities for the Financial Statements**
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group’s and 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 Group or the Company 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:

- 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 and the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

# Independent Auditor's Report

- 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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

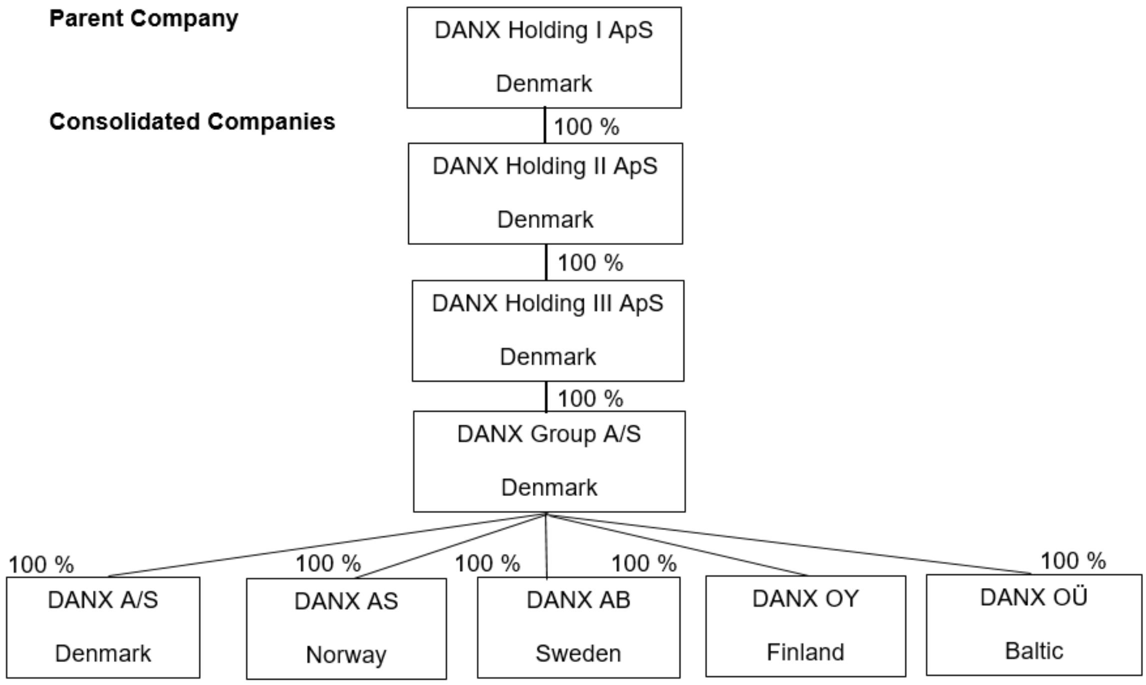
Hellerup, 30 October 2019
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

| | |
|---|---|
| Flemming Eghoff | Thomas Baunkjær Andersen |
| State Authorised Public Accountant | State Authorised Public Accountant |
| mne30221 | mne35483 |

# Company Information

| | |
|---|---|
| **The Company** | DANX Holding I ApS<br>Vejleåvej 9<br>DK-2635 Ishøj<br><br>CVR No: 39 55 66 77<br>Financial period: 8 May - 30 June<br>Incorporated: 8 May 2018<br>Financial year: 1st financial year<br>Municipality of reg. office: Ishøj |
| **Board of Directors** | Christian Riis-Hansen, Chairman<br>Peter Korsholm<br>Bob Thorhauge<br>Klaus Rud Sejling<br>Søren Byder Gønge |
| **Executive Board** | Søren Byder Gønge |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup |

# Group Chart


Parent Company
Consolidated Companies
DANX Holding I ApS
Denmark
100 %
DANX Holding II ApS
Denmark
100 %
DANX Holding III ApS
Denmark
100 %
DANX Group A/S
Denmark
100 %
DANX A/S
Denmark
100 %
DANX AS
Norway
100 %
DANX AB
Sweden
100 %
DANX OY
Finland
100 %
DANX OÜ
Baltic

# Financial Highlights

The development of the Group is described by the following financial highlights:

| | Group |
|---|---|
| | 2018/19 |
| | TDKK |
| **Key figures** | |
| **Profit/loss** | |
| Revenue | 564.610 |
| EBITDA | 39.470 |
| Profit/loss before financial income and expenses | 21.446 |
| Net financials | -10.494 |
| Net profit/loss for the year | 6.205 |
| **Balance sheet** | |
| Balance sheet total | 418.042 |
| Investments in Property, plant and equipment | 4.260 |
| Equity | 125.675 |
| Number of employees | 209 |
| **Ratios** | |
| Solvency ratio | 30,1% |
| EBITDA margin | 7,0% |

For definitions of Financial Highligths, see under accounting policies.

# Management's Review

### Key activities

In the Nordic and Baltic region DANX is a leading and highly respected provider of customised transportation and logistics solutions within the niche of Service Logistics.

DANX prime activity is efficient and highly reliable in-night distribution of spare parts to technician vans and workshops in the Nordics and the Baltics from both local and European warehouses.

It is the intention to perform any activity, which the Board of Directors find suitable to achieve the above target.

### Development in the year

The income statement of the Group for 2018/19 shows a profit of TDKK 6,205, and at 30 June 2019 the balance sheet of the Group shows equity of TDKK 125,675.

The result is satisfactory.

### The past year and follow-up on development expectations from last year

The company was established on the 8 May 2018, group establishment was made on 28 June 2018 as a consequence of the acquisition of DANX Group. The financial year 2018/19 is the company and the groups first, in connection hereof no follow-up on development expectations from last year are described.

### Special risks - operating risks and financial risks

The Group sales and purchases are mainly effected in DKK, EUR, SEK and NOK. Financial risks are therefore limited to the listed currencies. These foreign exchange risks are not hedged; however, Management assesses the exposure on a current basis and considers whether any exposure should be hedged by means of forward exchange contracts.

DANX is not significantly affected by other financial or operational risks, which not are common for industries in which DANX operates.

### Targets and expectations for the year ahead

The positive development is expected to continue in the financial year 2019/20. Due to a continued high intake of new customers, there are very positive expectations in terms of increase in revenue and EBITDA as well as the result for the year 2019/20.

The growth in the above parameters is expected to be between 5-10%, compared with the in 2018/2019 financial year realised.

# Management's Review

## Research and development

The Group has no significant research and development activities.

## Statement of corporate social responsibility, in accordance with section 99a of the Danish Financial Statements Act

### *Business model*

DANX is a leading and highly respected provider of service logistics operating in the Nordic and Baltic region. We are a small corporation consisting of several companies with similar activities within service logistics. We utilize our own exclusive network in the region for our core business, which is in-night delivery – directly into the boot of service vans, workshops and other pre-defined delivery points. We cover all aspects of service logistics, including in-night distribution, warehousing and a PUDO (Pick Up Drop Off) network. Flexibility is key to our business model – we prioritize the adaptability of our system, and we integrate our customers' systems into ours and not vice versa.

Our vision is to:

Strive to be the most reliable supplier in all our markets, meeting our customers' needs for innovative and time-critical distribution and logistics services.

Our exclusive network is based on long-term agreements with dedicated and well-trained hauliers, employing uniformed drivers who know and live by the DANX's values and quality demands.

We deliver to a broad variety of industries including home appliances, forklift, automotive, IT, agriculture, and various other important industries – all with a second-to-none quality that we document and continuously improve through our ISO 9001:2015 management system.

### *Risk analysis*

We have assessed the impact that DANX's activities might have on the environment, social and employee conditions, human rights and anti-corruption and the risks that might be derived therefrom. The risks identified are described throughout this statement, along with information on how we handle them.

### *Environmental policy*

As a service logistics provider, DANX acknowledges that we impact the environment in terms of $CO_2$ emission and waste creation. Consequently, the biggest risks derived from our activities are emission of $CO_2$ from the transport of goods and creation of waste, mainly due to large quantities of packaging materials. To mitigate these risks, we have implemented an environmental management system in accordance with ISO 14001:2015 and we, amongst other things, have undertaken to reduce our $CO_2$ emissions and waste creation.

# Management's Review

Actions and results:

All employees in DANX are committed to protecting the environment, including prevention of pollution and we are determined to continually improve our environmental performance in regards to our carbon footprint.

In 2018/2019 we have had focus on improvement of $CO_2$ emission reduction, electricity usage, waste management and recycling of materials.

DANX takes action to constantly optimize the kilometres we drive, and we ask all drivers to take ECO – Driving Education. Also, our internal company cars in Norway have been changed to 100 % electric cars. In relation to waste management, we have several sites in the Nordic countries, which this year have had focus on the sorting process and have good control of the different waste fractions, e.g. wood, plastic, packing materials. We have gotten a very high degree of re-usage of pallets, which further reduces our carbon footprint because we transport less waste to recycling plants and generally have reduced our need for producing new pallets. The recycling of printer cartridges from both large and small sites in the Nordic region is close to 100 %. Our large terminals have been, or are in the process of, changing the classical lighting to more efficient LED light.

Finally, we have reduced our $CO_2$ emission with 5% per parcel.

***Social and employee conditions***

At DANX we take pride in what we do. We have great respect for our people and know for a fact that keeping customers happy starts with outstanding staff.

DANX is a truly Nordic and Baltic company, as our distribution system is completely interconnected and interdependent. Our customers rely on our ability to make their distribution work seamlessly across borders and we are therefore always looking for people with an international mindset. We have people from a lot of different cultures – from Poland to Afghanistan – and we have colleagues in all countries, where DANX has offices and we expect our people to cooperate cross border, respect and to help each other. At DANX we believe that all our staff makes a significant contribution to the success of our company. We also believe that we give our employees the opportunity to grow and develop with our company.

***Work environment and staff conditions***

Our people are at the heart of our operations. We are aware that recruiting and retaining talent is the most important key to our success, and we strive to ensure that our employees have the best tools, training and conditions to perform their best. To this end, we have amongst other things established the DANX Academy, available to all office employees, which is a platform that gives access to e-learning programs and a broad variety of trainings from customer service to leadership training. Our internal HR Development department runs the necessary courses on both employee and management level.

# Management's Review

Actions and results:

The general obligations and benefits of our staff are described in our Personnel handbook. The handbook is applicable in all our countries and 90% of the content is the same in all countries, it only differs with regards to legal obligations (holidays etc.), which deviate slightly from country to country. Benefits, salary regulation and general work conditions are monitored closely through the Nordic HR department with local representatives in all countries. The handbook is handed out at employment and all employees are asked to familiarize themselves with it.

Moreover, we frequently conduct workplace evaluations and going forward we will also on a yearly basis conduct an employee satisfaction survey and monitor and discuss employee satisfaction KPIs at Top Management level. The employee survey was launched for the first time in Q3 2019/20 but the preparation in getting the most suitable framework, relevant for all countries, were undertaken in 2018/19.

In 2018/19, a total of 19 managers have participated in management training programs offered through our DANX Academy, and additionally 45 employees have taken part in various internal training courses.

The primary risks identified as part of the workplace evaluations relate to the high work-pace and risk of accidents for our warehouse personnel. To improve this, we have put together a Nordic Quality Task Force that has warehouse improvement/working safe as one of their objectives. Along with a newly started project that aims to identify, describe and regulate legal compliance issues in our warehouses, we believe that these risks will be reduced. With respect to office personnel, it is our assessment that there are no significant risks of negatively impacting their wellbeing, and there are security procedures in place in case they need to access the warehouse.

***Social conditions***

At DANX we also support our employees and their families and we encourage a healthy lifestyle. To this end, we have established our DANX foundation, which supports sports activities for selected employees, either through financial donations or through donating sportswear etc. Approximately, every six months we provide support to at least one employee and his or her family in each country. In 2018/19, eight employees have received support through the DANX foundation.

***Human rights***

Due to the fact that DANX solely operates in the Nordic and Baltic region, it is our assessment that a separate policy on human rights is not necessary, as respect for human rights is widely acknowledged and regulated in these locations. Moreover, DANX has always consistently followed local laws and international conventions with due care.

We have however assessed that the area where there might be a risk is with our subcontractors/hauliers, as we do not directly control their conduct towards their employees. It will therefore going forward be an area of increased attention – to begin with, we will introduce a Code of Conduct to our hauliers, which they must adhere to when they sign a contract with DANX.

In the Code of Conduct, we will stress that it is a precondition for working for DANX that human rights and fair pay are upheld. We anticipate that the roll out of the Code will happen during 2020.

***Anti-corruption***

We have a 4-eye approval system, meaning no invoices can be approved by one single individual – they must all be approved by both the employee who has made the request and his/her manager. The same goes for all contracts for employees as well as suppliers, which must be signed by two individuals. These procedures are part of our aim to ensure that all contracts, within procurement but also employment contracts, are thoroughly reviewed in order to eliminate the risk of corruption.

Actions and results:

We have in 2019 tightened the procedures for which employees can form and sign new contracts. We have for example developed new templates for office employees, hauliers and service level agreements, respectively. Moreover, the vast majority of our clients are large, international customers who already have thorough anti-corruption and human rights clauses incorporated in their contracts.

Besides this, we have a gift giving policy stating that DANX employees must comply with anti-corruption and bribery laws when considering giving gifts etc. to customers and suppliers. This is available on our intranet and all new employees are asked to familiarize themselves with it. The gift giving policy is part of the Personnel handbook, which is referenced in our employment contracts. By signing the contract, our employees thus confirm that they have familiarized themselves with the handbook, including the gift giving policy, and that they will refrain from committing or contributing to corruption and bribery.
Again in 2018/19, we have not been involved in any case relating to corruption or bribery.

**Statement on the underrepresented gender, in accordance with section 99b of the Danish Financial Statements Act**

DANX Holding I ApS is a private limited company without any direct activities or employees. As there are no employees directly employed in the company, and only one registered owner, it is irrelevant to discuss equal gender representation of management. With reference to the Danish Business Authority's guidance, no target for equal gender representation in the supreme management body has therefore been set.

Likewise, as DANX Holding I ApS' activities exclusively take place in its subsidiaries, and because none of these are obligated to report on gender representation of management due to their size, no policy for increasing the share of the underrepresented gender has been defined.

**Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

# Management's Review

## Unusual events

The financial position at 30 June 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2018/19 have not been affected by any unusual events.

## Subsequent events

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

# Income Statement 8 May - 30 June

| | Note | Group 2018/19 TDKK | Parent 2018/19 TDKK |
|---|---|---|---|
| **Revenue** | 1 | **564.610** | **0** |
| Cost of sales | | -392.201 | 0 |
| Other external expenses | | -51.864 | -70 |
| **Gross profit/loss** | | **120.545** | **-70** |
| Staff expenses | 2 | -81.075 | 0 |
| Depreciation, amortisation, intangible assets and property, plant and equipment | 3 | -18.024 | 0 |
| **Profit/loss before financial income and expenses** | | **21.446** | **-70** |
| Income from investments in associates | 4 | -222 | 0 |
| Financial income | 5 | 1.547 | 0 |
| Financial expenses | 6 | -11.819 | 0 |
| **Profit/loss before tax** | | **10.952** | **-70** |
| Tax on profit/loss for the year | 7 | -4.747 | 16 |
| **Net profit/loss for the year** | | **6.205** | **-54** |

# Balance Sheet 30 June

## Assets

| | Note | Group 2018/19 TDKK | Parent 2018/19 TDKK |
|---|---|---|---|
| Goodwill | | 278.772 | 0 |
| **Intangible assets** | 8 | **278.772** | **0** |
| Other fixtures and fittings, tools and equipment | | 8.447 | 0 |
| **Property, plant and equipment** | 9 | **8.447** | **0** |
| Investments in subsidiaries | 10 | 0 | 120.000 |
| Investments in associates | 11 | 653 | 0 |
| Deposits | 12 | 868 | 0 |
| **Fixed asset investments** | | **1.521** | **120.000** |
| **Fixed assets** | | **288.740** | **120.000** |
| Trade receivables | | 90.331 | 0 |
| Receivables from associates | | 617 | 0 |
| Other receivables | | 4.608 | 100 |
| Deferred tax asset | 15 | 263 | 0 |
| Corporation tax | | 3.788 | 16 |
| Prepayments | 13 | 2.953 | 0 |
| **Receivables** | | **102.560** | **116** |
| **Cash at bank and in hand** | | **26.742** | **24** |
| **Currents assets** | | **129.302** | **140** |
| **Assets** | | **418.042** | **120.140** |

# Balance Sheet 30 June

## Liabilities and equity

| | Note | Group 2018/19 TDKK | Parent 2018/19 TDKK |
|---|---|---|---|
| Share capital | | 100 | 100 |
| Retained earnings | | 125.575 | 119.846 |
| **Equity** | | **125.675** | **119.946** |
| Provision for deferred tax | 15 | 3.173 | 0 |
| **Provisions** | | **3.173** | **0** |
| Credit institutions | | 191.430 | 0 |
| Corporation tax | | 1.997 | 0 |
| **Long-term debt** | 16 | **193.427** | **0** |
| Credit institutions | 16 | 17.482 | 0 |
| Trade payables | | 64.040 | 24 |
| Payables to group enterprises | | 0 | 170 |
| Corporation tax | 16 | 3.263 | 0 |
| Other payables | | 10.982 | 0 |
| **Short-term debt** | | **95.767** | **194** |
| **Debt** | | **289.194** | **194** |
| **Liabilities and equity** | | **418.042** | **120.140** |

| | Note |
|---|---|
| Distribution of profit | 14 |
| Contingent assets, liabilities and other financial obligations | 19 |
| Related parties | 20 |
| Fee to auditors appointed at the general meeting | 21 |
| Accounting Policies | 22 |

# Statement of Changes in Equity

**Group**

| | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 8 May | 50 | 0 | 0 | 50 |
| Exchange adjustments | 0 | 0 | -530 | -530 |
| Capital Increase | 50 | 119.900 | 0 | 119.950 |
| Net profit/loss for the year | 0 | 0 | 6.205 | 6.205 |
| Transfer from share premium account | 0 | -119.900 | 119.900 | 0 |
| **Equity at 30 June** | **100** | **0** | **125.575** | **125.675** |

**Parent**

| | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|
| Equity at 8 May | 50 | 0 | 0 | 50 |
| Capital Increase | 50 | 119.900 | 0 | 119.950 |
| Net profit/loss for the year | 0 | 0 | -54 | -54 |
| Transfer from share premium account | 0 | -119.900 | 119.900 | 0 |
| **Equity at 30 June** | **100** | **0** | **119.846** | **119.946** |

# Cash Flow Statement 8 May - 30 June

| | Note | Group 2018/19 TDKK |
|---|---|---|
| Net profit/loss for the year | | 6.205 |
| Adjustments | 17 | 32.824 |
| Change in working capital | 18 | 6.462 |
| **Cash flows from operating activities before financial income and expenses** | | **45.491** |
| Financial income | | 1.543 |
| Financial expenses | | -7.987 |
| **Cash flows from ordinary activities** | | **39.047** |
| Corporation tax paid | | -7.819 |
| **Cash flows from operating activities** | | **31.228** |
| Purchase of property, plant and equipment | | -4.260 |
| Sale of property, plant and equipment | | 403 |
| Business acquisition | | -330.337 |
| Loan to associated company | | -506 |
| Adjustment of deposits | | 353 |
| **Cash flows from investing activities** | | **-334.347** |
| Repayment of loans from credit institutions | | -10.000 |
| Repayment of other long-term debt | | 215.008 |
| Cash capital increase | | 120.000 |
| **Cash flows from financing activities** | | **325.008** |
| **Change in cash and cash equivalents** | | **21.889** |
| Cash and cash equivalents at 8 May | | 0 |
| | | 4.853 |
| **Cash and cash equivalents at 30 June** | | **26.742** |
| Cash and cash equivalents are specified as follows: | | |
| Cash at bank and in hand | | 26.742 |
| **Cash and cash equivalents at 30 June** | | **26.742** |

# Notes to the Financial Statements

| | | Group | Parent |
|---|---|---|---|
| | | 2018/19 | 2018/19 |
| | | TDKK | TDKK |
| **1** | **Revenue** | | |
| | **Geographical segments** | | |
| | Revenue, Nordic Area | 537.465 | 0 |
| | Revenue, Rest of Europe | 27.145 | 0 |
| | | **564.610** | **0** |
| **2** | **Staff expenses** | | |
| | Wages and salaries | 67.965 | 0 |
| | Pensions | 3.321 | 0 |
| | Other staff expenses | 9.789 | 0 |
| | | **81.075** | **0** |
| | **Average number of employees** | **209** | **0** |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

### Warrants

The Company has provided a warrant programme for selected employees in group enterprises. The number of warrants issued are 101,010 warrants (nominal share capital DKK 1,010). The exercise price has been determined at DKK 12 per warrant.

The maturity period is five years from the time of granting on 22 March 2019. The programme expires in March 2026 and depends on the continued employment of the employee. In the event that the Company's shares are sold, the programme will expire one week after the employee has been notified

# Notes to the Financial Statements

| | | Group | Parent |
|---|---|---|---|
| | | 2018/19 | 2018/19 |
| | | TDKK | TDKK |
| 3 | **Depreciation, amortisation, intangible assets and property, plant and equipment** | | |
| | Amortisation of intangible assets | 14.684 | 0 |
| | Depreciation of property, plant and equipment | 3.340 | 0 |
| | | **18.024** | **0** |
| 4 | **Income from investments in associates** | | |
| | Share of losses of associates | -222 | 0 |
| | | **-222** | **0** |
| 5 | **Financial income** | | |
| | Other financial income | 133 | 0 |
| | Exchange adjustments | 1.414 | 0 |
| | | **1.547** | **0** |
| 6 | **Financial expenses** | | |
| | Other financial expenses | 10.760 | 0 |
| | Exchange adjustments | 1.059 | 0 |
| | | **11.819** | **0** |
| 7 | **Tax on profit/loss for the year** | | |
| | Current tax for the year | 4.216 | -16 |
| | Deferred tax for the year | 531 | 0 |
| | | **4.747** | **-16** |

# Notes to the Financial Statements

## 8 Intangible assets

**Group**

| | Goodwill |
|---|---|
| | TDKK |
| Cost at 8 May | 0 |
| Additions for the year | 293.456 |
| Cost at 30 June | 293.456 |
| Amortisation for the year | 14.684 |
| Impairment losses and amortisation at 30 June | 14.684 |
| **Carrying amount at 30 June** | **278.772** |
| Amortised over | 20 years |

Goodwill is amortised on a straight-line basis over its useful life, which is deemed at 20 years. The estimated useful life is based on the company's unique market- and commercial position and the strength in the operation and thus the expected earnings profile.

# Notes to the Financial Statements

## 9 Property, plant and equipment

**Group**

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Cost at 8 May | 0 |
| Net effect from merger and acquisition | 7.924 |
| Additions for the year | 4.260 |
| Disposals for the year | -655 |
| Cost at 30 June | 11.529 |
| Impairment losses and depreciation at 8 May | 0 |
| Depreciation for the year | 3.340 |
| Reversal of impairment and depreciation of sold assets | -258 |
| Impairment losses and depreciation at 30 June | 3.082 |
| **Carrying amount at 30 June** | **8.447** |
| Depreciated over | 2-8 years |

# Notes to the Financial Statements

| | Parent |
|---|---:|
| | 2018/19 |
| | TDKK |

## 10 Investments in subsidiaries

| | |
|---|---:|
| Cost at 8 May | 0 |
| Additions for the year | 120.000 |
| Cost at 30 June | 120.000 |
| Value adjustments at 8 May | 0 |
| Value adjustments at 30 June | 0 |
| **Carrying amount at 30 June** | **120.000** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership | Equity | Net profit/loss for the year |
|---|---|---|---:|---:|---:|
| Danx Holding II ApS | Ishøj | 50 | 100% | 116.048 | -3.952 |

# Notes to the Financial Statements

| | Group | Parent |
|---|---|---|
| | 2018/19 | 2018/19 |
| | TDKK | TDKK |
| **11 Investments in associates** | | |
| Cost at 8 May | 0 | 0 |
| Net effect from merger and acquisition | 875 | 0 |
| Cost at 30 June | 875 | 0 |
| Value adjustments at 8 May | 0 | 0 |
| Net profit/loss for the year | -222 | 0 |
| Value adjustments at 30 June | -222 | 0 |
| **Carrying amount at 30 June** | **653** | **0** |

Investments in associates are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership | Equity | Net profit/loss for the year |
|---|---|---|---|---|---|
| Algoplan Technologies ApS | Vallensbæk | 3.359 | 27% | 2.382 | -601 |

# Notes to the Financial Statements

## 12 Other fixed asset investments

| | Group |
|---|---|
| | Deposits |
| | TDKK |
| Cost at 8 May | 1.221 |
| Disposals for the year | -353 |
| Cost at 30 June | 868 |
| Revaluations at 8 May | 0 |
| **Carrying amount at 30 June** | **868** |

## 13 Prepayments

Prepayments consist of prepaid expenses concerning costs related to the subsequent year.

## 14 Distribution of profit

| | Parent |
|---|---|
| | 2018/19 |
| | TDKK |
| Retained earnings | -54 |
| | **-54** |

# Notes to the Financial Statements

| | | Group | Parent |
|---|---|---|---|
| | | 2018/19 | 2018/19 |
| | | TDKK | TDKK |
| 15 | **Provision for deferred tax** | | |
| | Provision for deferred tax at 8 May | 2.379 | 0 |
| | Amounts recognised in the income statement for the year | 531 | 0 |
| | **Provision for deferred tax at 30 June** | **2.910** | **0** |
| | Deferred tax in Danx AB (Sweden) | 3.173 | 0 |
| | Credit institutions - loan costs | -263 | 0 |
| | Transferred to deferred tax asset | 263 | 0 |
| | | **3.173** | **0** |
| | **Deferred tax asset** | | |
| | Calculated tax asset | 263 | 0 |
| | **Carrying amount** | **263** | **0** |

The recognised tax asset is primary attributable to temporary difference between value for accounting purposes and tax base.

# Notes to the Financial Statements

## 16 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:

| | Group | Parent |
|---|---|---|
| | 2018/19 | 2018/19 |
| | TDKK | TDKK |
| **Credit institutions** | | |
| After 5 years | 48.628 | 0 |
| Between 1 and 5 years | 142.802 | 0 |
| Long-term part | 191.430 | 0 |
| Other short-term debt to credit institutions | 17.482 | 0 |
| | **208.912** | **0** |
| **Corporation tax** | | |
| Between 1 and 5 years | 1.997 | 0 |
| Long-term part | 1.997 | 0 |
| Within 1 year | 3.263 | 0 |
| | **5.260** | **0** |

## 17 Cash flow statement - adjustments

| | Group |
|---|---|
| | 2018/19 |
| | TDKK |
| Financial income | -1.547 |
| Financial expenses | 11.819 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 18.024 |
| Income from investments in associates | 222 |
| Tax on profit/loss for the year | 4.747 |
| Other adjustments | -441 |
| | **32.824** |

# Notes to the Financial Statements

| | | Group |
|---|---|---|
| | | 2018/19 |
| | | TDKK |
| **18** | **Cash flow statement - change in working capital** | |
| | Change in receivables | 1.479 |
| | Change in trade payables, etc | 4.983 |
| | | **6.462** |

| | | Group | Parent |
|---|---|---|---|
| | | 2018/19 | 2018/19 |
| | | TDKK | TDKK |
| **19** | **Contingent assets, liabilities and other financial obligations** | | |
| | **Rental and lease obligations** | | |
| | Lease obligations under operating leases. Total future lease payments: | | |
| | Within 1 year | 19.235 | 0 |
| | Between 1 and 5 years | 43.065 | 0 |
| | After 5 years | 26.329 | 0 |
| | | **88.629** | **0** |

**Other contingent liabilities**

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

The Company's equity interests in subsidiaries have been provided as security for bank loans in group companies.

Group enterprises have provided surety in respect of bank loans of other group enterprises.

The Company's shares have been provided as security for bank loans in other group enterprises.

# Notes to the Financial Statements

## 20 Related parties

**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.

## 21 Fee to auditors appointed at the general meeting

| | Group | Parent |
|---|---|---|
| | 2018/19 | 2018/19 |
| | TDKK | TDKK |
| **PricewaterhouseCoopers** | | |
| Audit fee | 390 | 20 |
| Other assurance engagements | 210 | 30 |
| | **600** | **50** |

# Notes to the Financial Statements

## 22 Accounting Policies

The Annual Report of DANX Holding I ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in TDKK.

### 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.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DANX Holding I ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Leases

All 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.

# Notes to the Financial Statements

**22 Accounting Policies** (continued)

**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.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

**Revenue**

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

**Incentive schemes**

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

# 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 Group.

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

# Notes to the Financial Statements

**22 Accounting Policies** (continued)

**Cost of sales**

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

**Other external expenses**

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

**Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

**Amortisation, depreciation and impairment losses**

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

**Income from investments in subsidiaries and associates**

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

**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 wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

**22 Accounting Policies** (continued)

## Balance Sheet

**Intangible assets**

Goodwill is amortised on a straight-line basis over its useful life, which is deemed at 20 years. The estimated useful life is based on the company's unique market- and commercial position and the strength in the operation and thus the expected earnings profile.

**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 | 2-8 | years |

Depreciation period and residual value are reassessed annually.

**Impairment of fixed assets**

The carrying amounts of property, plant and equipment 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.

**Investments in associates**

Investments in associates are recognised and measured under the equity method.

The item“Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

# Notes to the Financial Statements

**22 Accounting Policies** (continued)

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**Other fixed asset investments**

Other fixed asset investments consist of deposits.

**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.

**Prepayments**

Prepayments comprise prepaid expenses concerning costs incurred in respect of subsequent financial year.

**Equity**

The net revaluation of equity investments in subsidiaries and associates is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

**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.

# Notes to the Financial Statements

**22 Accounting Policies** (continued)

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 debts**

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

# Notes to the Financial Statements

**22 Accounting Policies** (continued)

## Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

| | |
|---|---|
| Solvency ratio | $\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$ |
| EBITDA margin | $\frac{\text{EBITDA x 100}}{\text{Revenue}}$ |