
DANX Holding I ApS

Vejleåvej 9, DK-2635 Ishøj

Annual Report for 1 July 2019 - 30 June 2020

CVR No 39 55 66 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/10 2020

Sadik El Mahdaoui
Chairman of the General
Meeting



pwc

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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 1 July 2019 - 30 June 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

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, 28 October 2020

Executive Board

Klaus Rud Sejling
CEO

Board of Directors

Christian Riis-Hansen
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 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2019 - 30 June 2020 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 1 July 2019 - 30 June 2020, 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, 28 October 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Company Information

The Company

DANX Holding I ApS
Vejeleåvej 9
DK-2635 Ishøj

CVR No: 39 55 66 77
Financial period: 1 July - 30 June
Incorporated: 8 May 2018
Financial year: 2nd financial year
Municipality of reg. office: Ishøj

Board of Directors

Christian Riis-Hansen, Chairman
Peter Korsholm
Bob Thorhauge
Klaus Rud Sejling
Søren Byder Gønge

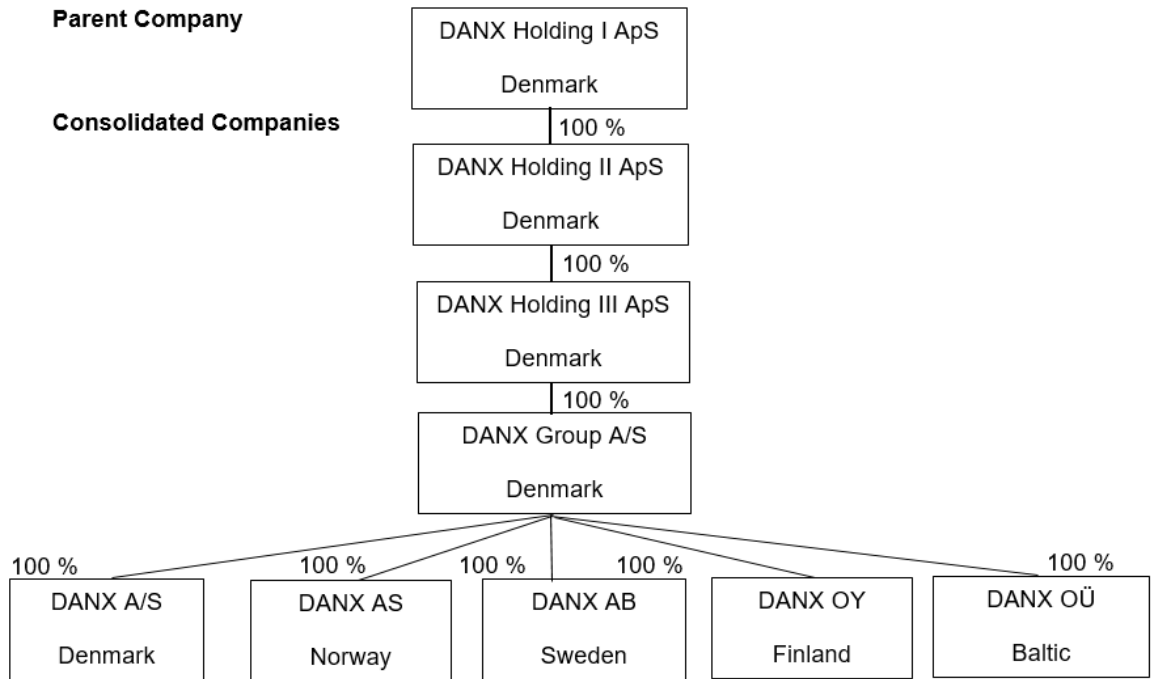
Executive Board

Klaus Rud Sejling

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Group Chart



Financial Highlights

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

	Group	
	2019/20	2018/19
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	603,091	564,610
EBITDA	23,659	39,470
Profit/loss before financial income and expenses	5,333	21,446
Net financials	-4,933	-10,494
Net profit/loss for the year	-2,941	6,205
Balance sheet		
Balance sheet total	399,035	418,041
Investments in Property, plant and equipment	4,560	4,260
Equity	119,557	125,675
Number of employees	220	209
Ratios		
Solvency ratio	30.0%	30.1%
EBITDA margin	3.9%	7.0%

For definitions of Financial Highlights, see under accounting policies.

Management's Review

Key activities

In the Nordic and Baltic region, DANX is a leading and highly respected provider of customized 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.

Development in the year

In January 2020, board member and investor in DANX, Klaus Rud Sejling was appointed new CEO of DANX. Klaus has 14 years of executive roles in Maersk across strategy, commercial, operations and has also been Global CEO of Damco, one of the world's largest freight forwarders and special logistics companies with revenues of DKK 18,000 million.

The income statement of the Group for 2019/20 shows a loss of TDKK 2,941, and at 30 June 2020 the balance sheet of the Group shows equity of TDKK 119,557. Our operational cashflow was TDKK 23,671 and investment cashflow of TDKK -3.929.

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

We had expected growth in revenue and EBITDA of 5-10%, but in reality, we realised an increase in revenue of 6.8% and a decline in EBITDA of 40%.

Despite significant cost mitigations in Q1 and Q2 2020 the result was not satisfactory due to higher than expected transportation cost in Q3 2019, and the negative corona impact on revenue in Q2 2020.

We have made progress on our strategic priorities during the financial year – with focus on making the business more scalable and improving the customer experience. Especially implementation of new scanners and a significantly increased scanning discipline will benefit on time performance and productivity. We have won significant new business – especially in the automotive segment – but also our warehousing/FSL business have seen new wins.

Management's Review

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

Due to a continued high intake of new customers and improved cost controls and scalability we expect increases in revenue of 5-10% and an EBITDA result for the year 2020/21 of approx. DKK 40 million.

Our focus will remain on accelerating growth in our core innight business, improving scalability especially through focus on IT development and further optimizing our customer experience. We will also focus on expanding our innight business with new customer segments and develop and add new products to our portfolio.

Research and development

Our primary investment focus is on effective development of our core inhouse IT systems.

Statement of corporate social responsibility

Business model

DANX is a leading and highly respected provider of service logistics operating in the Nordic and Baltic region. We are a 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. Quality on time delivery is at the heart of DANX.

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

Management's Review

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 CO₂ emission and waste creation. Consequently, the biggest risks derived from our activities are emission of CO₂ 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 CO₂ emissions and waste creation.

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 carbonfoot print.

DANX takes action to constantly optimize the kilometers 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 CO₂ emission with 5% per parcel.

Management's Review

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.

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 familiarise 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 TopManagement 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 2019/20, a total of 18 managers have participated in management training programs offered through our DANX Academy, and additionally a large number of 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 TaskForce 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

Management's Review

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 2019/20, four 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 2020/21.

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 uphold the tightened 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.

Management's Review

Again in 2019/20, we have not been involved in any case relating to corruption or bribery.

Statement on gender composition

At DANX, our goal is to keep up and even improve our position in the upper percentile of the industry when it comes to representation of women on executive management and management level. As we are in an industry where women are generally underrepresented at all levels, DANX sees a competitive advantage in having a diversified workforce which is why we have in particular during the last 4 years furthered the hiring and growth of female employees in DANX. Today managers and executive managers of female gender account for 29% of the total management group in DANX, which exceeds the percentage of female employees on all levels in DANX. The Executive Board of DANX is currently represented by 5 male board members. DANX is working on adding at least one female board member before the financial year 2024/25. There have been no women candidates for a board position within the current financial year.

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 policy for equal gender representation in management has therefore been developed.

Uncertainty relating to recognition and measurement

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

Unusual events

The first reports of the new coronavirus (COVID-19) reached the World Health Organization (WHO) from China in December 2019 and the virus is now spreading around the world, causing problems for businesses and affecting general economic activity. On March 11, the WHO declared the coronavirus outbreak a pandemic, and, as a result, many countries have declared a state of emergency. Crossing internal and external Schengen borders have temporarily been restricted and border controls have been restored in Europe to prevent the spread of the coronavirus. At the same time, states and governments assure that trade and transport will continue unrestricted. The short-term financial effect of COVID-19 on the company has been declining in Q2 2020 that have largely been mitigated by network and overhead cost reductions.

Subsequent events

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

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Revenue	1	603,091	564,610	0	0
Other operating income		177	0	0	0
Cost of sales		-435,366	-392,201	0	0
Other external expenses		-56,214	-51,864	-151	-70
Gross profit/loss		111,688	120,545	-151	-70
Staff expenses	2	-88,029	-81,075	0	0
Depreciation, amortisation, intangible assets and property, plant and equipment	3	-18,326	-18,024	0	0
Profit/loss before financial income and expenses		5,333	21,446	-151	-70
Income from investments in associates	4	-42	-222	0	0
Financial income	5	9,538	1,547	0	0
Financial expenses	6	-14,429	-11,819	-4	0
Profit/loss before tax		400	10,952	-155	-70
Tax on profit/loss for the year	7	-3,341	-4,747	34	16
Net profit/loss for the year		-2,941	6,205	-121	-54

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Goodwill		264,110	278,772	0	0
Intangible assets	8	264,110	278,772	0	0
Other fixtures and fittings, tools and equipment		8,771	8,447	0	0
Property, plant and equipment	9	8,771	8,447	0	0
Investments in subsidiaries	10	0	0	120,000	120,000
Investments in associates	11	680	653	0	0
Deposits	12	866	868	0	0
Fixed asset investments		1,546	1,521	120,000	120,000
Fixed assets		274,427	288,740	120,000	120,000
Trade receivables		85,859	90,331	0	0
Receivables from group enterprises		0	0	17,150	0
Receivables from associates		107	617	0	0
Other receivables		3,205	4,607	55	100
Deferred tax asset	15	439	263	34	0
Corporation tax		2,525	3,788	0	16
Corporation tax receivable from group enterprises		0	0	2,694	0
Prepayments	13	1,934	2,953	0	0
Receivables		94,069	102,559	19,933	116
Cash at bank and in hand		30,539	26,742	0	24
Currents assets		124,608	129,301	19,933	140
Assets		399,035	418,041	139,933	120,140

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Share capital		100	100	100	100
Retained earnings		119,457	125,575	119,725	119,846
Equity		119,557	125,675	119,825	119,946
Provision for deferred tax	15	2,872	3,173	0	0
Provisions		2,872	3,173	0	0
Credit institutions		163,859	191,430	0	0
Payables to owners and Management		17,150	0	17,150	0
Corporation tax		1,535	1,997	1,535	0
Payables to group enterprises relating to corporation tax		0	0	1,159	0
Long-term debt	16	182,544	193,427	19,844	0
Credit institutions	16	8,827	17,482	0	0
Trade payables		71,429	64,039	40	24
Payables to group enterprises		0	0	224	170
Corporation tax	16	737	3,263	0	0
Other payables		13,069	10,982	0	0
Short-term debt		94,062	95,766	264	194
Debt		276,606	289,193	20,108	194
Liabilities and equity		399,035	418,041	139,933	120,140
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 TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 July	100	125,575	125,675
Exchange adjustments relating to foreign entities	0	-3,177	-3,177
Net profit/loss for the year	0	-2,941	-2,941
Equity at 30 June	100	119,457	119,557

Parent

Equity at 1 July	100	119,846	119,946
Net profit/loss for the year	0	-121	-121
Equity at 30 June	100	119,725	119,825

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2019/20 TDKK	2018/19 TDKK
Net profit/loss for the year		-2,941	6,205
Adjustments	17	23,628	32,824
Change in working capital	18	16,549	6,462
Cash flows from operating activities before financial income and expenses		37,236	45,491
Financial income		1,121	1,543
Financial expenses		-9,143	-7,987
Cash flows from ordinary activities		29,214	39,047
Corporation tax paid		-5,543	-7,819
Cash flows from operating activities		23,671	31,228
Purchase of property, plant and equipment		-4,560	-4,260
Sale of property, plant and equipment		629	403
Business acquisition		0	-330,337
Loan to associated company		0	-506
Adjustment of deposits		2	353
Cash flows from investing activities		-3,929	-334,347
Repayment of loans from credit institutions		-33,095	-10,000
Repayment of payables to group enterprises		17,150	0
Repayment of other long-term debt		0	215,008
Cash capital increase		0	120,000
Cash flows from financing activities		-15,945	325,008
Change in cash and cash equivalents		3,797	21,889
Cash and cash equivalents at 1 July		26,742	0
Cash from acquisition		0	4,853
Cash and cash equivalents at 30 June		30,539	26,742
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		30,539	26,742
Cash and cash equivalents at 30 June		30,539	26,742

Notes to the Financial Statements

	Group		Parent	
	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
1 Revenue				
Geographical segments				
Revenue, Nordic Area	581,981	537,465	0	0
Revenue, Rest of Europe	<u>21,110</u>	<u>27,145</u>	<u>0</u>	<u>0</u>
	<u>603,091</u>	<u>564,610</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

	Group		Parent	
	<u>2019/20</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2018/19</u>
	TDKK	TDKK	TDKK	TDKK
2 Staff expenses				
Wages and salaries	73,876	67,965	0	0
Pensions	3,605	3,321	0	0
Other staff expenses	10,548	9,789	0	0
	<u>88,029</u>	<u>81,075</u>	<u>0</u>	<u>0</u>
Including remuneration to the Executive Board and Board of Directors				
	<u>4,726</u>	<u>5,575</u>	<u>0</u>	<u>0</u>
Average number of employees				
	<u>220</u>	<u>209</u>	<u>0</u>	<u>0</u>

Warrants

The Group has in the financial year 2019/20 applied for the Government's economic stimulus packages regarding wage compensation. In total, DKK 2,113k has been set off against staff expenses in the Financial Statement line "Wages and salaries". The comparative figures have not been affected by this.

The Group has provided warrant programmes for selected employees and executive management in group enterprises. The number of warrants issued are 1,833,450 warrants (nominal share capital DKK 18,335). The exercise price has been determined at DKK 12 to 18 per warrant.

The maturity period is five years from the time of granting and programmes have been granted in the period from 22 March 2019 to 15 January 2020. The programmes expires from March 2026 to January 2027 and depends on the continued employment of the employees. In the event that the Group's shares are sold, the programme will expire one week after the employees have been notified.

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
3 Depreciation, amortisation, intangible assets and property, plant and equipment				
Amortisation of intangible assets	14,673	14,684	0	0
Depreciation of property, plant and equipment	3,598	3,340	0	0
Gain and loss on disposal	55	0	0	0
	18,326	18,024	0	0
4 Income from investments in associates				
Share of losses of associates	-42	-222	0	0
	-42	-222	0	0
5 Financial income				
Other financial income	39	133	0	0
Exchange adjustments	9,499	1,414	0	0
	9,538	1,547	0	0
6 Financial expenses				
Interest paid to group enterprises	0	0	4	0
Other financial expenses	12,853	10,760	0	0
Exchange adjustments	1,576	1,059	0	0
	14,429	11,819	4	0

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
7 Tax on profit/loss for the year				
Current tax for the year	3,818	4,216	-34	-16
Deferred tax for the year	-477	531	0	0
	3,341	4,747	-34	-16

8 Intangible assets

Group	Goodwill TDKK
Cost at 1 July	293,456
Cost at 30 June	293,456
Impairment losses and amortisation at 1 July	14,684
Amortisation for the year	14,673
Other adjustments	-11
Impairment losses and amortisation at 30 June	29,346
Carrying amount at 30 June	264,110
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 1 July	11,529
Exchange adjustment	516
Additions for the year	4,560
Disposals for the year	-629
Cost at 30 June	<u>15,976</u>
Impairment losses and depreciation at 1 July	3,082
Exchange adjustment	679
Depreciation for the year	3,598
Impairment and depreciation of sold assets for the year	-154
Impairment losses and depreciation at 30 June	<u>7,205</u>
Carrying amount at 30 June	<u>8,771</u>
Depreciated over	<u>2-8 years</u>

Parent

10 Investments in subsidiaries

	2019/20 TDKK	2018/19 TDKK
Cost at 1 July	120,000	0
Additions for the year	0	120,000
Carrying amount at 30 June	<u>120,000</u>	<u>120,000</u>

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%	111,686	-4,362

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
11 Investments in associates				
Cost at 1 July	875	0	0	0
Net effect from merger and acquisition	0	875	0	0
Adjustments for the year	69	0	0	0
Cost at 30 June	944	875	0	0
Value adjustments at 1 July	-222	0	0	0
Net profit/loss for the year	-42	-222	0	0
Value adjustments at 30 June	-264	-222	0	0
Carrying amount at 30 June	680	653	0	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	5.919	18%	3.779	-603

12 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 July	868
Exchange adjustment	-2
Cost at 30 June	866
Carrying amount at 30 June	866

13 Prepayments

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

Notes to the Financial Statements

	Group		Parent	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
14 Distribution of profit				
Retained earnings	-2,941	6,205	-121	-54
	-2,941	6,205	-121	-54
15 Provision for deferred tax				
Provision for deferred tax at 1 July	2,910	2,379	0	0
Amounts recognised in the income statement for the year	-409	531	-34	0
Provision for deferred tax at 30 June	2,433	2,910	-34	0
Deferred tax in Danx AB (Sweden)	2,872	3,173	0	0
Credit institutions - loan costs	-371	-263	0	0
Tax loss carry-forward	-68	0	-34	0
Transferred to deferred tax asset	439	263	34	0
	2,872	3,173	0	0
Deferred tax asset				
Calculated tax asset	439	263	34	0
Carrying amount	439	263	34	0

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

The recognised deferred tax liability is primary related to the Swedish "Periodiseringsfond", where taxation of income can be postponed to subsequent years.

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	
	2019/20 TDKK	2018/19 TDKK	2019/20 TDKK	2018/19 TDKK
Credit institutions				
After 5 years	54,123	48,628	0	0
Between 1 and 5 years	109,736	142,802	0	0
Long-term part	163,859	191,430	0	0
Other short-term debt to credit institutions	8,827	17,482	0	0
	172,686	208,912	0	0
Payables to owners and Management				
Between 1 and 5 years	17,150	0	17,150	0
Long-term part	17,150	0	17,150	0
Within 1 year	0	0	0	0
	17,150	0	17,150	0
Corporation tax				
Between 1 and 5 years	1,535	1,997	1,535	0
Long-term part	1,535	1,997	1,535	0
Within 1 year	737	3,263	0	0
	2,272	5,260	1,535	0
Payables to group enterprises relating to corporation tax				
Between 1 and 5 years	0	0	1,159	0
Long-term part	0	0	1,159	0
Within 1 year	0	0	0	0
	0	0	1,159	0

Notes to the Financial Statements

	Group	
	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
17 Cash flow statement - adjustments		
Financial income	-9,538	-1,547
Financial expenses	14,429	11,819
Depreciation, amortisation and impairment losses, including losses and gains on sales	18,326	18,024
Exchange adjustments	-3,777	0
Income from investments in associates	42	222
Tax on profit/loss for the year	3,341	4,747
Other adjustments	805	-441
	<u>23,628</u>	<u>32,824</u>
18 Cash flow statement - change in working capital		
Change in receivables	6,897	1,479
Change in trade payables, etc	9,652	4,983
	<u>16,549</u>	<u>6,462</u>

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK

Charges and security

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.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	21,712	19,235	0	0
Between 1 and 5 years	45,716	43,065	0	0
After 5 years	19,327	26,329	0	0
	86,755	88,629	0	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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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.

	Group		Parent	
	<u>2019/20</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2018/19</u>
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
21 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	395	390	20	20
Other assurance engagements	210	210	30	30
	<u>605</u>	<u>600</u>	<u>50</u>	<u>50</u>

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of DANX Holding I ApS for 2019/20 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 2019/20 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 out-flow 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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale 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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

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.

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

EBITDA margin

$$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$$

EBITDA is composed of Gross profit less Staff expenses.