

LEMAN A/S

Ventrupvej 6
2670 Greve
CVR No. 41955619

Annual report 2023

The Annual General Meeting adopted the annual report on 24.06.2024

Bo Lindberg Andersen

Chairman of the General Meeting

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Entity details

Entity

LEMAN A/S

Ventrupvej 6

2670 Greve

Business Registration No.: 41955619

Date of foundation: 12.12.1972

Registered office: Greve

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Bo Lindberg Andersen, Chairman

Rikke Helstrup Thomsen

Michael Schrøder

Executive Board

Jesper Renner Autzen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of LEMAN A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Greve, 24.06.2024

Executive Board

Jesper Renner Autzen

Chief Executive Officer

Board of Directors

Bo Lindberg Andersen

Chairman

Rikke Helstrup Thomsen

Michael Schrøder

Independent auditor's report

To the shareholder of LEMAN A/S

Opinion

We have audited the financial statements of LEMAN A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 24.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Kreiner

State Authorised Public Accountant
Identification No (MNE) mne26765

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	1,510,524	1,896,491	1,605,454	1,127,130	1,138,126
Gross profit/loss	260,480	318,179	260,824	187,085	214,128
Operating profit/loss	22,877	81,657	38,635	(12,134)	17,498
Net financials	6,658	(3,730)	(1,057)	8,781	11,386
Profit/loss for the year	(50,176)	48,956	27,414	(13,725)	12,955
Total assets	662,378	748,531	674,506	650,751	623,650
Investment in intangible assets	2,393	7,198	13,505	11,422	14,245
Investments in property, plant and equipment	11,752	4,877	1,543	4,029	2,212
Equity	323,543	378,599	320,647	421,893	445,827
Average number of full-time employees	383	390	367	373	382
Ratios					
Gross margin (%)	17.24	16.78	16.25	16.60	18.81
Return on equity (%)	(14.29)	14.00	7.38	(3.16)	2.95
Equity ratio (%)	48.85	50.58	47.54	64.83	71.49

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets

Primary activities

The Parent and all its subsidiaries primarily operate within transportation, freight forwarding and logistics.

Development in activities and finances

The consolidated revenue for the year amounted to DKK 1,511 million against DKK 1,896 million last year and thereby decreased by 20%. The markets were challenging throughout the year with lower demand for international transport and logistics services than anticipated, which resulted in lower activity levels and lower rates than last year. This especially applied to ocean freight, but also road freight and airfreight markets were impacted. The gross profit reached DKK 260 million vs DKK 318 million last year, a decrease of 18%. The margin however improved to 17.0% from 16.7% last year, to a large extent caused by the lower freight rates but also impacted negatively by lower asset utilization caused by trade volumes not meeting expectations. The profit before tax amounted to a loss of DKK 44 million against profit of DKK 68 million last year.

The markets for international cargo transportation in which LEMAN operate were very weak in 2023 – a very sudden and dramatic shift from the strong markets we enjoyed in particular during the first half of 2022. Bottlenecks and capacity shortages were replaced by a situation with oversupply and steep rate declines within a very short time span, the suddenness and severity of the downturn coming as somewhat of a surprise. LEMAN was geared for handling higher volumes in 2023 than we realized, and this led to the organizational and operational capacity not being fully utilized during the year. In particular this applied to our organizations in the US, the UK and China. The LEMAN organizations in the Nordics were also impacted but were better positioned to mitigate the impact.

In this volatile environment, the LEMAN organization demonstrated also in 2023 the agility and responsiveness necessary to find the best possible transport solutions for our customers and international business partners. Sustainability is increasingly on the agenda in our dialogue with customers, and at LEMAN we take our responsibility within this area very seriously. Our Scope 1+2 emissions were significantly reduced during 2023, and we invested in one of the largest rooftop installations of solar panels in the Greater Copenhagen area with 4,000m installed on top of our warehouse in Greve.

As of 1 January 2023, LEMAN opened in Reykjavik, Iceland whereby LEMAN is present with own organization in all 5 Nordic countries. New offices were opened in Mexico and in Vietnam later in 2023, further expanding the geographical footprint of the LEMAN in growth markets of high interest to many of our customers.

During 2023, construction commenced on a 6,000m² expansion of our terminal facility in Taulov, Denmark. The first phase of the expansion is scheduled to open in May 2024.

Profit/loss for the year in relation to expected developments

The financial result for the year was unsatisfactory, reflecting both the weak market conditions and the underutilized organizational and operational capacity in a couple of key markets as well as an additional amortization of goodwill in the UK due to a prudent approach. During 2023 we have invested a high two-digit million amount in expanding to new markets, new buildings, IT and our people. Our cash position is very sound, and the Company is well positioned for growth in 2024 and has progressed very satisfactorily on its strategic initiatives during the year.

Outlook

The Company will continue to execute a series of growth initiatives and investments to strengthen- and expand the capacity and reach of the LEMAN Group despite the poor performance in 2023.

The global freight markets are weak and the general outlook uncertain. We have less visibility into the coming year than we normally have. There is however, nothing to suggest that the markets will turn for the better anytime soon. Ocean freight rates will in all likelihood remain fairly low, and we project only a slight increase in the volume of goods transported internationally in line with modest global GDP growth forecasts. For LEMAN these market developments, means that we expect to return to profitability in 2024. We therefore expect the Turnover to increase from DKK 1,511 million in 2023 to somewhere in the range of DKK 1,500 – 2,000 million in 2024 and EBIT between DKK 0-10 million for the full year 2024.

Use of financial instruments

Financial risks

The Company is only exposed to changes in interest rates to a limited extent, as the Company's equity ratio and financial resources are considered very satisfactory. The Company does not currently use financial instruments to hedge interest rate risk.

Currency risks

Purchase and sales transactions are carried out in DKK, SEK, NOK, EUR, GBP, CNY, TWD, ISK, MXN, VND, USD and USD-related currencies. Further, the Company has made investments in SEK, NOK, EUR, GBP, CNY, TWD, ISK, MXN, VND and USD. Since 2020, Management has followed a hedging policy whereby the Company's exposure to mainly USD is being partially hedged. The gains or losses on the hedging instruments are booked as financial items on the Profit and Loss account, whereas value adjustments to the assets being hedged are booked directly to reserves.

The Company's foreign currency exposures relating to sales transactions have as far as possible been hedged by offsetting purchase transactions.

Group relations

LEMAN operates within transportation, freight forwarding and logistics. With own presence in eleven countries combined with a vast network of trusted agents, the services cover the entire world. Besides the transportation of goods, LEMAN offers several value-adding services such as customs clearance, cargo insurance, warehousing, customized distribution solutions, etc.

Statutory report on corporate social responsibility

The Company's statutory report on corporate social responsibility addressing reporting requirements under Section 99(a) of the Danish Financial Statements Act is included in the Annual Report of LEMAN Holding A/S (CVR: 36700513) for 2023.

Statutory report on the underrepresented gender

	2023	2022
Supreme management body		
Total number of members	3	3
Underrepresented gender (%)	33.00	33.00
Year of expected achievement of target figures	Achieved	Achieved
	2023	2022
Other management levels		
Total number of members	7	6
Underrepresented gender (%)	43.00	33.00
Year of expected achievement of target figures	Achieved	Achieved

Our goal is to create an open, modern and inspiring workplace in which staff members can develop their full potential, and in which, through a transparent structure, we work to ensure that there are relatively equal numbers of women and men in the various levels of management.

LEMAN wants to foster diversity, encourage and develop more female leaders in what is a traditionally male-dominated industry. 33% of the members of our Board of Directors (1 out of 3) and 43% of the members of the Senior Management Team (3 out of 7) were female by end of 2023.

Our equal opportunities policy is put into practice in the Company's employee manual.

Statutory report on data ethics policy

The Company's statutory report on Data Ethics addressing reporting requirements under Section 99(a) of the Danish Financial Statements Act is included in the Annual Report of LEMAN Holding A/S (CVR: 36700513) for 2023.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Revenue	1	1,510,524	1,896,491
Own work capitalised		0	1,354
Other operating income		76,502	72,431
Cost of sales		(1,220,997)	(1,553,431)
Other external expenses		(105,549)	(98,666)
Gross profit/loss		260,480	318,179
Staff costs	2	(222,515)	(221,122)
Depreciation, amortisation and impairment losses	3	(15,088)	(15,400)
Operating profit/loss		22,877	81,657
Income from investments in group enterprises		(73,636)	(10,385)
Other financial income	4	14,910	16,563
Other financial expenses	5	(8,252)	(20,293)
Profit/loss before tax		(44,101)	67,542
Tax on profit/loss for the year	6	(6,075)	(18,586)
Profit/loss for the year	7	(50,176)	48,956

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	40,134	47,091
Goodwill		1,119	2,240
Intangible assets	8	41,253	49,331
Plant and machinery		5,749	4,010
Other fixtures and fittings, tools and equipment		12,519	3,873
Property, plant and equipment in progress		0	3,582
Property, plant and equipment	10	18,268	11,465
Investments in group enterprises		100,039	125,804
Receivables from group enterprises		94,255	147,768
Deposits		698	439
Financial assets	11	194,992	274,011
Fixed assets		254,513	334,807
Trade receivables		213,159	238,476
Receivables from group enterprises	12	15,158	61,426
Other receivables		2,189	3,977
Prepayments	13	11,413	6,330
Receivables		241,919	310,209
Other investments		76	76
Other investments		76	76
Cash		165,870	103,439
Current assets		407,865	413,724
Assets		662,378	748,531

Equity and liabilities

		2023	2022
	Notes	DKK'000	DKK'000
Contributed capital	14	10,000	10,000
Translation reserve		7,053	9,022
Reserve for development expenditure		31,304	36,731
Retained earnings		275,186	322,846
Equity		323,543	378,599
Deferred tax	15	9,430	10,168
Provisions		9,430	10,168
Other payables	16	15,806	15,677
Non-current liabilities other than provisions	17	15,806	15,677
Current portion of non-current liabilities other than provisions	17	161	10,160
Bank loans		0	4,050
Trade payables		216,951	187,109
Payables to group enterprises		52,015	83,387
Joint taxation contribution payable		8,067	21,884
Other payables		36,025	37,149
Deferred income	18	380	348
Current liabilities other than provisions		313,599	344,087
Liabilities other than provisions		329,405	359,764
Equity and liabilities		662,378	748,531
Financial instruments	19		
Fair value information	20		
Unrecognised rental and lease commitments	21		
Contingent liabilities	22		
Related parties with controlling interest	23		
Non-arm's length related party transactions	24		
Group relations	25		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	10,000	9,022	0	36,731	322,846
Exchange rate adjustments	0	(2,525)	(2,911)	0	0
Tax of entries on equity	0	556	0	0	0
Transfer to reserves	0	0	2,911	(5,427)	2,516
Profit/loss for the year	0	0	0	0	(50,176)
Equity end of year	10,000	7,053	0	31,304	275,186

	Total DKK'000
Equity beginning of year	378,599
Exchange rate adjustments	(5,436)
Tax of entries on equity	556
Transfer to reserves	0
Profit/loss for the year	(50,176)
Equity end of year	323,543

Notes

1 Revenue

	2023	2022
	DKK'000	DKK'000
Denmark	1,510,524	1,896,491
Total revenue by geographical market	1,510,524	1,896,491
Road & Logistics	1,156,080	1,215,073
Air & sea	354,444	681,418
Total revenue by activity	1,510,524	1,896,491

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	200,706	201,974
Pension costs	17,624	15,114
Other social security costs	3,094	3,012
Other staff costs	1,091	1,022
	222,515	221,122
Average number of full-time employees	383	390

The disclosure of group management remuneration fell within section 98b(3)(2) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	10,471	11,428
Depreciation of property, plant and equipment	4,617	3,972
	15,088	15,400

4 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	4,927	7,160
Other interest income	4,614	1,201
Exchange rate adjustments	5,369	8,202
	14,910	16,563

In 2023, part of the exchange rate adjustments consisted of unrealised fair value adjustments of 1,614 thousand

(2022: 3,593 thousand) relating to financial instruments.

5 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	2,094	2,065
Other interest expenses	339	949
Exchange rate adjustments	5,819	17,279
	8,252	20,293

In 2023, part of exchange rate adjustments consisted of realised fair value adjustments of DKK 2,646 thousand (2022: DKK 15,900 thousand) relating to financial instruments.

6 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	6,980	18,370
Change in deferred tax	(738)	(587)
Adjustment concerning previous years	(167)	803
	6,075	18,586

7 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	(50,176)	48,956
	(50,176)	48,956

8 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	90,435	31,676
Additions	2,393	0
Cost end of year	92,828	31,676
Amortisation and impairment losses beginning of year	(43,344)	(29,436)
Amortisation for the year	(9,350)	(1,121)
Amortisation and impairment losses end of year	(52,694)	(30,557)
Carrying amount end of year	40,134	1,119

9 Development projects

Completed development projects and development projects in progress include the development of the Transport Management System for road activities and the new Transport Management System CargoWise for the AIR/SEA activities, and other supportive IT systems. The development projects are all completed during 2023 and comprise both external consultancy fees and internal labour costs.

10 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	16,871	46,888	3,582
Transfers	3,582	0	(3,582)
Additions	0	11,752	0
Disposals	(3,412)	0	0
Cost end of year	17,041	58,640	0
Depreciation and impairment losses beginning of year	(12,861)	(43,018)	0
Depreciation for the year	(1,514)	(3,103)	0
Reversal regarding disposals	3,083	0	0
Depreciation and impairment losses end of year	(11,292)	(46,121)	0
Carrying amount end of year	5,749	12,519	0

11 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	129,164	147,768	439
Exchange rate adjustments	0	(723)	0
Additions	56,807	0	259
Disposals	0	(52,790)	0
Cost end of year	185,971	94,255	698
Impairment losses beginning of year	(3,358)	0	0
Exchange rate adjustments	(2,911)	0	0
Share of profit/loss for the year	(73,636)	0	0
Dividend	(5,941)	0	0
Other adjustments	(86)	0	0
Impairment losses end of year	(85,932)	0	0
Carrying amount end of year	100,039	94,255	698

The Company's investments in group enterprises amount to DKK 100.0 million. DKK 10,7 million hereof has been capitalised as goodwill in the group enterprises. DKK 11.0 million of the total goodwill is connected with some uncertainty due to the subsidiary's generation of losses in recent years.

Management has carried out impairment tests based on budgets for the next few years. Upon carrying the impairment test, Management decided to write down part of the recognised goodwill that Management deems to have some uncertainty attached to it. The impairment loss totals DKK 5.7 million. Consequently, the remaining part of the goodwill connected with uncertainty comes to DKK 5.3 million.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
LEMAN U.S.A Inc.	USA	Inc.	100.00
LEMAN International Transport Limited	Kingdom	Ltd.	100.00
Maru International Limited	United Kingdom	Ltd.	100.00
Maru Logistics Limited	United Kingdom	Ltd.	100.00
LEMAN AB	Sweden	AB	100.00
LEMAN OY	Finland	OY	100.00
LEMAN AS	Norway	AS	100.00
LEMAN ehf.	Iceland	ehf.	100.00
LEMAN S.A. de C.V.	Mexico	S.A. de C.V.	100.00

12 Receivables from group enterprises

No due date has been determined for receivables from group enterprises presented as current assets. However,

they are expected to fall due within one year.

13 Prepayments

Prepayments comprise costs incurred such as rent, insurance premiums, subscription fees, and freight forwarding costs relating to the next financial year.

14 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Class A shares	10,000	1	10,000
	10,000		10,000

15 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	8,830	10,360
Property, plant and equipment	670	(100)
Receivables	(70)	(92)
Deferred tax	9,430	10,168

	2023 DKK'000	2022 DKK'000
Changes during the year		
Beginning of year	10,168	10,755
Recognised in the income statement	(738)	(587)
End of year	9,430	10,168

16 Other payables

	2023 DKK'000	2022 DKK'000
Holiday pay obligation	15,806	15,677
	15,806	15,677

17 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Other payables	161	10,160	15,806	15,806
	161	10,160	15,806	15,806

Other payables include the Company's frozen holiday allowance and other costs payable. The holiday pay obligation falls due as employees leave the labour market. Consequently, the outstanding debt after five years

has been estimated based on when the Company's employees are expected to leave the labour market considering their retirement age.

18 Deferred income

Deferred income relates to revenue cut-off.

19 Financial instruments

In the financial year, the Company decided to hedge part of the currency risk by entering into a forward exchange contract of DKK 112,308 thousand (2022: DKK 117,807 thousand), distributed in USD. The fair value of the contract amounts to positive DKK 1,614 thousand, which has been recognised as other receivables, and the fair value adjustment has been recognised in the income statement (2022: Fair value adjustment amounts to a positive DKK 3,593 thousand). All forward exchange contracts expire in the financial year 2024.

20 Fair value information

	Financial instruments DKK'000	Other investments DKK'000
Fair value end of year	112,308	76
Unrealised fair value adjustments recognised in the income statement	1,614	0

21 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Liabilities under rental or lease agreements until maturity in total	95,400	75,100

The share of rental and lease commitments falling due within a year amounts to DKK 29,400 (2022: DKK 21,800).

22 Contingent liabilities

	2023 DKK'000	2022 DKK'000
Recourse and non-recourse guarantee commitments	11,000	11,000
Contingent liabilities	11,000	11,000
Recourse and non-recourse guarantee commitments	20,000	21,200
Contingent liabilities to group enterprises	20,000	21,200

The Entity participates in a Danish joint taxation arrangement in which LEMAN HOLDING A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

23 Related parties with controlling interest

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve owns all shares in LEMAN A/S, thus exercising control.
- La Capite S.A., 10, Rue Nicolas Adames, L-1114 Luxembourg owns all shares in LEMAN HOLDING A/S, thus exercising control.
- Philippe Ziegler, Geneva, Switzerland owns 48% of the shares in La Capite S.A. and is the controlling shareholder of the Company.

24 Non-arm's length related party transactions

Only non-arm's-length related party transactions are disclosed in the annual report. No such transactions were conducted in the financial year.

25 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

The annual report has changed classification (presentation) in comparative figures concerning own work capitalised of DKK 1,354 thousand, other operating income of DKK 4,197 thousand, staff costs of DKK (4,491) thousand, and depreciation of DKK (1,060) thousand, which relates to a redistribution of capitalized staff costs, received salary reimbursement and profit from sale of property, plant and equipment. The redistribution has been adjusted in the income statement and the comparative figures have been adjusted accordingly.

The changes made have no effect on the company's profit/loss for the year, assets, liabilities or equity.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been

purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised as other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognised in the income statement when the agreed freight forwarding services are considered delivered, and control of the goods has been passed either to the customer or another logistics supplier.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Segment information

Business segments

The primary activities of LEMAN comprise transportation and logistics to and from foreign destinations on behalf of Danish and foreign customers. Business segments are defined by the operational and management structure of LEMAN. The services rendered by the Company comprise road, air&sea and logistics services.

Geographical segments

The LEMAN business is based on transactions in our global network rather than in individual countries or regions. The transportations are arranged through an extended network of cooperation among agents. Revenue is allocated to the geographical areas according to the country in which the customer is invoiced.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises freight charges and other costs relating to the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the

income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent and all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is ten years based on acquired market positions and a long-term earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under reserve for development costs, which is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs, amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at ten years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are three to ten years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-8 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of the investments and fair value of the assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period used is ten years.

Receivables

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of

assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement.