AX VI INV5 Holding ApS

C/O DANX A/S, Vejleåvej 9, DK-2635 Ishøj

Annual Report for 2023

CVR No. 42 52 04 38

The Annual Report was presented and adopted at the Annual General Meeting of the company on 26/6 2024

Klaus Rud Sejling
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of AX VI INV5 Holding ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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

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

Ishøj, 26 June 2024

Executive Board

Klaus Rud Sejling
Executive Officer

Board of Directors

Jonathan Andrew Simpson-Dent Chairman	Lars Cordt Vice chairman	Søren Byder Gønge
Ting Qu Hirt		

Independent Auditor's report

To the shareholder of AX VI INV5 Holding 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 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of AX VI INV5 Holding ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the 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.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent Company´s internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent 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 Parent 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, 26 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Oliver Svane
State Authorised Public Accountant
mne49837

Company information

The Company	AX VI INV5 Holding ApS C/O DANX A/S Vejleåvej 9 2635 Ishøj CVR No: 42 52 04 38 Financial period: 1 January - 31 December Incorporated: 1 July 2021 Financial year: 2nd financial year Municipality of reg. office: Ishøj
Board of Directors	Jonathan Andrew Simpson-Dent, chairman Lars Cordt, vice chairman Søren Byder Gønge Ting Qu Hirt
Executive Board	Klaus Rud Sejling
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

Company	Residence	Ownership
AX VI INV5 Holding ApS	**Denmark**	
DANX Group A/S	Denmark	100%
DANX A/S	Denmark	100%
Danxils Sp. z o.o	Poland	50%*
DANX AB	Sweden	100%
UT Transport i Norr AB	Sweden	100%
Forslund & Malmström AB	Sweden	100%
DANX AS	Norway	100%
Tromsø Budbil Sentral AS	Norway	100%
DANX OY	Finland	100%
Danx Baltics OÜ	Estonia	100%
Carousel Logistics Holdings Limited	England	100%
Carousel Logistics GMBH	Germany	100%
Carousel Logistics SL	Spain	100%
Carousel Logistics Limited	England	100%
Carousel Logistics Ireland Limited	Ireland	100%
BDA Nightexpress Limited	England	100%
Carousel Logistics B.V.	Netherlands	100%
Nightexpress Luftverkehrsgesellsc-haft M.G.H	Germany	

*Danxils Sp. z o.o is considered a joint venture and is consolidated pro rata in the Annual report.

Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	Group	
	2023	2022
	TDKK 12 months	TDKK 10 months
Key figures		
Profit/loss		
Revenue	1,863,189	1,464,432
Gross profit	501,161	337,310
Profit/loss of primary operations	26,560	8,585
Profit/loss of financial income and expenses	-55,511	-38,968
Net profit/loss for the year	-43,956	-37,884
Balance sheet		
Balance sheet total	1,999,745	2,069,871
Investment in property, plant and equipment	37,426	9,253
Equity	841,964	894,565
Cash flows		
Cash flows from:		
- operating activities	76,235	22,462
- investing activities	-55,943	-1,364,984
- financing activities	-84,808	1,424,724
Change in cash and cash equivalents for the year	-64,516	82,202
Number of employees	814	654
Ratios		
Gross margin	26.9%	23.0%
Profit margin	1.4%	0.6%
Return on assets	1.3%	0.4%
Solvency ratio	42.1%	43.2%
Return on equity	-5.1%	-8.5%

AX VI INV5 Holding ApS was established at 1 July 2021, the consolidated figures for the financial year 2021/2022 includes only the period 28 February 2022 - 31 December 2022. Group establishment occurs as a consequence of the Company's purchase of 100% of the shares in DANX Holding I ApS and Carousel Logistics Holdings Limited respectively.

For definitions of ratios, see under accounting policies.

Management's review

Key activities

AX VI INV5 Holding ApS is the parent company of the DANX and Carousel Groups, collectively referred to as DANX Carousel or the Group. DANX Carousel provides pan-European logistics solutions, focusing on time critical service logistics in high-performance industries.

DANX Carousel is the partner for all types of warehousing, time-critical, final mile and spare parts distribution solutions and with our established, warehouses and distribution networks, our mission is to create solutions for our customers through innovative and efficient logistics solutions. Built upon tailored distribution flows and great commitment and dedication, the Group delivers exceptional aftermarket, in-night logistics solutions to a wide range of international and local organizations with a best in class on-time final mile delivery throughout our regions, often less than 12 hours from collection from the European distribution hubs to the delivery point.

Further information on the activities of the group can be found on the group's website www.danxcarousel.com

Development in the year

The year ended 31 December 2023 represents the first full year of trading for the DANX Carousel Group which was formed in February 2022. The focus in 2023 continued to be the successful integration of the businesses whilst continuing to offer excellent service to existing clients; and at the same time continuing to attract and onboard new business.

Norwegian transportation group Tromso Budbil Sentral (TBS), which covers hard to reach areas of Northern Norway, was acquired in May 2023 and Forslund & Malmström's final mile distribution business (FOMAB) located in Northern Norrland, Sweden was added to DANX Carousel group in December 2023 to strengthen the geographical coverage of services in the more remote areas of both countries. Furthermore, a joint venture collaboration with Polish logistics specialist ILS was established during March 2023 to build a strong distribution network in a new country for DANX Carousel.

The income statement of the Group for 2023 shows revenue of TDKK 1,863,189 (2022: TDKK 1,464,432) and an EBITDA of TDKK 169,423 (2022: TDKK 140,936) before special items (see note 2). The balance sheet of the Group shows equity of TDKK 841,964 (2022: 894,565).

Employee numbers across the group grew by 17% in 2023, through both addition of acquired employees and to support organic growth in the business.

Employee Numbers	**31 Dec 2022**	**31 Dec 2023**
Denmark	92	116
Rest of World	680	789
Total	**772**	**905**

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

The target for FY23, as stated in the previous year accounts, was an increase in revenue of 19%, a gross profit increase of 22% and an EBITDA margin of 21%. The actual revenue reported increase was 27%, gross profit increase of 31% and EBITDA margin of 41%. This reflects the short accounting period in FY22 (10 months) and is further increased by the in-year acquisition of TBS which contributed 2% to revenue, 9% to gross profit and 11% to EBITDA.

The 2022 acquisition in Ireland of DPF Consultants Limited t/a Alltrans was integrated into the group during the year and the business was hived up into Carousel Logistics Ireland Limited for the purposes of making the group's activities as operationally and administratively efficient as possible.

Special risks - operating risks and financial risks

The Group continually reviews strategic and operational risks within its compliance framework.

Operational risks are those expected within a logistics operation such as fuel price exposure. For such risks there are mechanisms in place to mitigate the business impact.

Financial risks are limited to currency and interest rate fluctuations. Sales and purchases across the group are mainly affected in the following currencies: DKK, EUR, SEK, NOK, PLN & GBP. Within these currencies there is a high degree of natural hedging which means no further hedging instruments have previously been required. During 2023, SEK and NOK weakened vs other currencies, in particular EUR and DKK by approximately 8.0% and 7% respectively. Operations in Sweden and Norway contributed approximately 31% of EBITDA to the group during 2023. Management continually assess the position as to currency requirements and therefore the need for forward exchange contracts.

The capital structure of the group is such that the majority owner is the Axcel VI Private Equity fund, managed by Nordic private equity group Axcel. Minor shareholdings are also owned by a subset of board members, senior management and employees of the group’s companies as well as previous owners of acquired businesses. The ownership structure drives the balance of debt / equity funding for the group and as a result of the debt funding, the group is exposed to interest rate volatility. Forward contracts have been entered into to protect against future interest rate increases on the bank lending in place. Management is of the opinion that the group is adequately hedged.

Targets and expectations for the year ahead

The business expects to continue its successful organic growth of both revenues and profits in 2024. Our focus remains on growing our core business and further optimizing our customer experience.

We will also focus on expanding our service offering and geographical coverage through M&A activity where the correct opportunities occur.

The target for 2024, resulting from the above strategy is to increase Revenue by 8-10% and EBITDA by 8-10%, by retaining close control on Administrative Expenses, underlining resilience in generally tough market conditions in the logistics industry. In growing the business both through acquisition and organically, management anticipate using efficiencies arising as a result. To support the growth noted above, the additional employee numbers required to support the business within the support functions such as finance, HR, IT and marketing are expected to be minimal. A new Joint Venture in Poland was established during the year to expand into new geographic markets.

Research and development

Our investment focus is on two key areas; firstly, the effective development of our IT systems landscape to improve customer experience and optimization of our network. Secondly to look at environmental solutions to develop ways to reduce CO2 or enhance efficiency of client solutions to reduce the overall carbon footprint.

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

Busniess Model

The Group is a leading and highly respected provider of time-critical service logistics operating across Europe. We are a corporation consisting of multiple companies with similar activities within service logistics. We utilize our own exclusive network in the region for our core critical service logistics business, including distribution, warehousing and customs services. 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 Carousel.

Our vision is:
To become the market reference in end-to-end time critical logistics in our chosen markets, and be recognized as leaders in sustainability and social impact. By definition this will mean meeting our customers' needs for innovative and time-critical distribution services.

Risk analysis

We have assessed the impact that the Group'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.

Our work within sustainability is divided into 3 areas under 1 program of work:

1. Environmental Impact

The group is committed to minimizing the impact of its business activities on the environment through an aggressive decarbonisation schedule. The targets can be viewed on the website. These goals are to be achieved through several different opportunities; network optimization, fuel substitutions and product replacement that reduce and/or eliminate (GreenHouse Gas) GHG emissions.

The Group is measuring and reporting its GHG emissions for the purpose of reducing them in line with the 2015 UNFCCC Paris Accords and Europe's Corporate Sustainability Reporting Directive (CSRD). In 2023, the Groups has started to prepare for undertaking a CSRD Double Materiality Assessment, by starting the work on identifying the material ESG topics related to the Group's Scope 1, 2 and 3 emissions. The Double Materiality Assessment will be executed in 2024 for preparation for compliance with this European Directive, as the Group will report on CSRD in FY25.

Third-party suppliers providing outsourced transportation and logistics services are held to environmental protection measures in the Supplier Code of Conduct, as well as appropriate governance principles.

The Group recognises its air freight logistics as the biggest challenge faced when reducing its GHG emissions and aim to combat this with the use of Sustainable Aviation Fuel (SAF) and other methods of transport. It is acknowledged that there are many interdependencies here on supply and demand of SAF which will affect the speed at which we can phase out traditional aviation fuels and the group is supporting the development of electric aeroplanes as an alternative.

2. Social

At the centre of all we do is our people. We are committed to caring for our employees, partners and local communities through strategic initiatives whilst adhering to the UN Universal Declaration of Human Rights and the internationally recognized labour rights. We focus our work on 4 strategic pillars:

Pillar 1 - Health, Wellbeing and Safety

The health, wellbeing and safety of our employees and partners always takes priority and we continuously work on improving all three parameters with a variety of initiatives.

We conduct yearly engagement surveys which allow us to see how we are doing, follow the impact of our initiatives and to know where we need to take action to improve further. The next two years, we will focus on initiatives that lead to reducing stress-related absence through prevention and enhancing our capabilities within stress management. We will also continue working locally on action plans to prevent accidents.

We believe that the variety of initiatives are pivotal for our work with Health, Wellbeing and Safety.

Pillar 2 - Learning and Quality Education

Learning and quality education is key to staying ahead of the curve – both as an individual and as a company. Learning is a core company value, and it is our goal to ensure equal access to learning and development opportunities for all our employees regardless of function or role. We invest in both internal and external training as well as supporting learning in the local community through our DANX Carousel Foundation (see pillar 3).

Pillar 3 - Community Engagement

We want to make a positive difference in our local communities through engagement and inclusion. To make an actual impact, we have established the DANX Carousel foundation. The purpose of the DANX Carousel Foundation is to promote the positive social impact of DANX Carousel both in our business and the near communities. DANX Carousel Foundation supports various forms of learning and education for our own employees as well as talents connected through near family, partners, or the broader industry of logistics. We also support and care for local charities through the Foundation and enable our employees to engage directly with charitable causes through donating two workdays per year.

Pillar 4 - Diversity and inclusion

Diversity and inclusion are more than just an ethical responsibility. It is part of being a caring company, and simply delivers better business results. Our focus on diversity and inclusion is based on our strong belief that a diverse workforce and equal opportunities are fundamental to being an attractive workplace.

Diversity is about much more than gender equality – that is where the focus was during 2023. The group has reached its goal to improve gender equality with 5% on leadership level and with 2 % for all our employees. We have signed up for the UN's target gender equality accelerator program and will now be setting goals during 2024 for the period to 2027.

3. Safeguarding responsible business conduct and governance

The Group has zero-tolerance against any form of corrupt, fraudulent behaviour or human rights violations.

Based on Governance requirements and sustainability commitments The Group, continually checks and audits the controls and quality of its Governance, Health & Safety, procedures and standards throughout the businesses stakeholders, functions and systems. Ensuring that the commitments, spirit and requirements of its mandatory, regulatory and legal obligations are upheld.

The Board of Directors is further committed to the regular and continual review and assessment of The Group's governance and material risks to ensure that they have visibility across all areas of the business; and where and when required; apply strategic treatment of these risks to ensure the Group remains compliant and conducts itself with integrity throughout its businesses.

To this end, The Group has enacted a Group-wide Code of Conduct for its Employees and Suppliers, outlining its standing on conduct and ethical expectations, this is supported with open communication, training and continual review. Throughout this program of work The Group is committed to lead the service logistics industry in Europe in the (E) decarbonization of transportation & logistics activities through (S) engagement with and inclusion of our personnel and communities to enhance our local environments, both ecologically and socially, while setting a high standard of (G) accountability, integrity and transparency of sustainable business activities, to the benefit of our global stakeholders.

Combined with the above sections The Group is also committed to the below points:

•We seek to align our processes with the minimum requirements in the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD).

•In practice, we conduct annual due diligence to identify how our organization may cause, contribute to, or be linked to potential and actual adverse impacts on the UN Global Compact ten principles and the UN Sustainable Development Goals including the human rights stated in the International Bill of Human Rights and the core labour rights from the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

•We take action to prevent or mitigate actual or potential adverse impacts identified and track implementation. In instances where an adverse impact has occurred, we seek to provide for access to remedy (for example apologies, restitution, rehabilitation, financial or non-financial compensation, etc.).

•As we develop and mature our efforts, we will set ambitious targets and communicate transparently about progress and challenges in our annual sustainability reporting.

•The responsibility for oversight over sustainability matters rests with the Board of Directors while the management of sustainability matters ultimately rests with the Group CEO. The CEO is responsible for allocating adequate resources to comply with the Sustainability Policy.

Human rights

The main risks associated with Human Rights guidelines are litigation and loss of reputation resulting from non-compliance. The Group is committed to meeting our responsibility to respect human rights as defined by the UN Guiding Principles on Business and Human Rights including the freedom of expression and we recognise our responsibility to respect all internationally recognised human rights across our own activities and business relationships.

The purpose of this policy is two-fold: to communicate – internally and externally – the Group's commitment to respect human rights, in line with the expectation of UN Guiding Principles on Business and Human Rights, and to provide guidance to our employees on appropriate behaviour when it comes to labour and human rights issues. The Group is committed to open and unbiased dialogue with all our stakeholders on human rights issues.

This policy applies globally to the management, employees and contract workers of all entities in the Group. Our expectations towards our suppliers and contractors regarding the respect of human rights are addressed in our Supplier Code of Conduct which can be found on our websites.

The policy for the Group is split into the following respective areas:

•Non Discrimination - with respect to distinguishing characteristics such as race, colour, gender, religion, political or other opinion, national or social origin, sexual orientation, age or disability.

•Forced Labour – there is no toleration of any form of forced labour, including bonded labour, indentured labour and slave labour, or human trafficking. Workers must be allowed to move around freely and leave their place of work when their working hours end.

•Child Protection - there is no toleration of the hiring of child labour under any circumstances. All legal restrictions regarding the employment of persons below the age of 18 must be observed.

•Freedom of association and collective bargaining - the Group respects employees' rights to form or join a labour union or other organisation of their choice, and to bargain collectively in support of their mutual interests, allowing freedom of expression without fear of punitive actions such as intimidation, harassment or termination of employment.

•Harassment – All employees should be treated with dignity, respect, and given equal opportunities.

•Working hours, Benefits and Wages - the Group will adhere to the applicable local laws or industry standards relating to working hours, benefits and wages; as well as the promotion and consideration of a healthy work/life balance and personal advancement.

•Health & Safety - The policy relates to the Group has responsibilities for the health and safety and the rights of its workforce whilst at work and others who could be affected by its work activities. This means complying with its legal obligations, applicable occupational health & safety regulations and legislation, to provide a work environment that is safe and conducive to good health, in order to preserve the health of employees, safeguard third parties and prevent accidents, injuries and work-related illnesses. This includes regular workplace risk assessments, implementation of adequate hazard controls and precautionary measures, along with adequate and appropriate employee education and training in health and safety issues.

•Data ethics and Protection, Security and Disclosure of Information - the Group shall adhere to relevant data protection and security laws as well as to respective regulations, in particular regarding personal data of customers, consumers, employees and shareholders. The Group shall comply with all said requirements when personal data is collected, processed, transmitted, or used in accordance with their Data Protection, Securing and Disclosure of Information Policies.

Anti Bribery

Incorporated within the Group Anti Corruption policy is the Anti Bribery policy. It states that it is prohibited, directly or indirectly, for any employee or person working on our behalf to offer, give, request or accept any bribe i.e. gift, loan, payment, reward or advantage, either in cash or any other form of inducement, to or from any person or Company in order to gain commercial, contractual or regulatory advantage for the Company, or in order to gain any personal advantage for an individual or anyone connected with the individual in a way that is unethical.

Bribery is a criminal offence. The Group prohibits any form of bribery. We require compliance, from everyone connected with our business, with the highest ethical standards and anti-bribery laws applicable. Integrity and transparency are of utmost importance to us and we have a zero tolerance attitude towards corrupt activities of any kind, whether committed by employees or by third parties acting for or on behalf of the Group.
The Groups implements its policies on anti-corruption and anti-bribery via training, shared access to documentation and line-manager implementation.

Management's review

The Group considers its policies and procedures in relation to environment and climate, social and personnel conditions, respect for human rights, and the fight against corruption and bribery, to be thorough and rigorous. In 2023 there were no cases in respect of human rights, corruption or bribery. In 2024 the Group plans to continue its work in the areas of Human Rights and anti-corruption and anti-bribery, ensuring that both new and existing staff are familiar with the policies and processes in place. Regarding environment and climate the Group intends to look at environmental solutions to develop ways to reduce CO2 or enhance efficiency of client solutions to reduce the overall carbon footprint, led by the group Sustainability Director.

The primary activities related to the delivery of social responsibly targets are performed with the DANX and Carousel Groups, the details of these activities are explained in greater detail in the local statutory accounts.

Statement on gender composition, cf. section 99b of the Financial Statements Act

At DANX Carousel, 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 Carousel sees a competitive advantage in having a diversified workforce which is why we have in particular during the last 5 years furthered the hiring and growth of female employees in the Group. Today managers and executive managers of female gender account for 23% (2022: 29 %) of the total management group in DANX Carousel which exceeds the percentage of female employees on all levels in the Group. The variance in gender diversity in 2023 was impacted by changes arising from acquisitions.

The Board of Directors consists of 3 members plus a chairman. One member of the board is female. The board members are appointed by the shareholders at the general meeting. With reference to the Danish Business Authority's guidance, equal gender representation has been obtained with the current gender distribution.

Other management positions held by board members are shown in the table below:

Jonathan Andrew Simpson-Dent (Chairman)	Chair, andwis Chair, Easby Group Holdings Chair, Edinburgh Worldwide Investment Trust
Lars Cordt (Vice Chairman)	Partner, Axcel Vice Chairman, NTI Vice Chairman, Nissens A/S Board Member, XPARTNERS Board Member, Phase One Board Member, GUBI
Søren Byder Gønge	CEO and Board Member, Gønge Holding II ApS CEO and Board member, GØNGE INVEST A/S CEO and Board member, PTG Properties Holding ApS CEO and Board member, Gønge Properties ApS CEO and Board member, Gønge og Falkenberg ApS CEO, DANX PARTNERS ApS Board member, Sydhavsøernes Invest A/S CEO and Board member, Rønnede Erhvervsinvest ApS Board member, GØNGE HOLDING ApS
Ting Qu Hirt	Chief Supply Chain Officer, Iveco Group Board Member, Saic Fiat Powertrain Hongyan

Management's review

AX VI INV5 Holding ApS is a private limited company without any direct activities or employees. As there are no employees directly employed in the company, it is irrelevant to discuss equal gender representation of other management levels. With reference to the Danish Business Authority's guidance, no policy for equal gender representation in the management has therefore been developed.

	2023
Top management	
Total number of members	4
Underrepresented gender %	25%
Year for meeting target	2023
Other management levels	
Total number of members	1
Underrepresented gender %	0%

Management Shareholding

The aggregate direct shareholdings by directors and management in the shares of AX VI INV5 Holding ApS is 14%.

Statement on data ethics, cf. section 99d of the Financial Statements Act

The Group handles data in relation to staff, suppliers, and customers. This includes operational, financial, and personal information. In this connection, the Group works continuously with the treatment of data ethics issues. The Group has heavily invested in IT infrastructure and security to ensure that data is secure and handled in an appropriate manner.

We believe that maintaining the highest standard of data integrity and transparency is essential for securing the trust of our staff, suppliers and customer, and the public, and in turn it brings security for and adds value to the Group. We respect the data subject's rights and are obliged to process personal information responsibly and in accordance with applicable law.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

On 14 June 2024, the Group entered into a Share Transfer Agreement to purchase the shares of a Danish company operating in Denmark and Sweden in the logistics industry with turnover of approximately DKK 100 million per year. At the date of signing the annual report, the transaction has not yet completed.

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

Income statement 1 January - 31 December

		Group		Parent company	
	Note	2023	2022	2023	2021/22
		TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
Revenue	1	1,863,189	1,464,432	0	0
Other operating income		268	119	24,553	13,870
Cost of goods sold		-1,261,169	-1,042,368	0	0
Other external expenses	2	-101,127	-84,873	-24,096	-43,753
Gross profit		**501,161**	**337,310**	**457**	**-29,883**
Staff expenses	3	-331,738	-228,680	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-142,863	-100,045	0	0
Profit/loss before financial income and expenses		**26,560**	**8,585**	**457**	**-29,883**
Income from investments in subsidiaries		0	0	15,000	22,768
Financial income	5	816	919	31,343	16,075
Financial expenses	6	-56,327	-39,887	-47,138	-27,836
Profit/loss before tax		**-28,951**	**-30,383**	**-338**	**-18,876**
Tax on profit/loss for the year	7	-15,005	-7,501	3,106	963
Net profit/loss for the year	8	**-43,956**	**-37,884**	**2,768**	**-17,913**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2021/22
		TDKK	TDKK	TDKK	TDKK
Software		19,689	22,696	0	0
Customer rights acquired		709,055	764,219	0	0
Goodwill		841,397	871,267	0	0
Intangible assets	9	**1,570,141**	**1,658,182**	**0**	**0**
Other fixtures and fittings, tools and equipment		71,999	27,964	0	0
Property, plant and equipment	10	**71,999**	**27,964**	**0**	**0**
Investments in subsidiaries	11	0	0	1,223,148	1,219,948
Deposits	12	2,620	2,652	0	0
Fixed asset investments		**2,620**	**2,652**	**1,223,148**	**1,219,948**
Fixed assets		**1,644,760**	**1,688,798**	**1,223,148**	**1,219,948**
Finished goods and goods for resale		0	9,072	0	0
Inventories		**0**	**9,072**	**0**	**0**
Trade receivables		284,564	264,074	0	0
Receivables from group enterprises		0	0	377,558	423,509
Other receivables	13	34,768	12,588	15,038	3,386
Deferred tax asset	15	403	1,028	709	0
Corporation tax		5,708	0	0	963
Prepayments	14	11,856	12,109	37	36
Receivables		**337,299**	**289,799**	**393,342**	**427,894**
Cash at bank and in hand		**17,686**	**82,202**	**104**	**1,545**
Current assets		**354,985**	**381,073**	**393,446**	**429,439**
Assets		**1,999,745**	**2,069,871**	**1,616,594**	**1,649,387**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital		40	40	40	40
Reserve for hedging transactions		15,944	0	15,944	0
Reserve for exchange rate conversion		-27,522	267	0	0
Retained earnings		853,502	894,258	920,197	914,229
Equity		**841,964**	**894,565**	**936,181**	**914,269**
Provision for deferred tax	15	157,116	171,605	0	0
Other provisions	16	11,934	0	0	0
Provisions		**169,050**	**171,605**	**0**	**0**
Credit institutions		608,375	644,690	608,375	644,690
Lease obligations		30,188	0	0	0
Long-term debt	17	**638,563**	**644,690**	**608,375**	**644,690**
Credit institutions	17	48,591	89,894	36,766	75,170
Lease obligations	17	10,082	0	0	0
Trade payables		153,282	169,986	371	291
Payables to group enterprises		0	0	31,721	14,445
Corporation tax		35,721	20,252	3,180	0
Other payables		102,492	78,879	0	522
Short-term debt		**350,168**	**359,011**	**72,038**	**90,428**
Debt		**988,731**	**1,003,701**	**680,413**	**735,118**
Liabilities and equity		**1,999,745**	**2,069,871**	**1,616,594**	**1,649,387**

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Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	40	0	267	894,258	894,565
Contribution from group	0	0	0	3,200	3,200
Exchange adjustments relating to foreign entities	0	0	-27,789	0	-27,789
Fair value adjustment of hedging instruments, end of year	0	20,441	0	0	20,441
Tax on adjustment of hedging instruments for the year	0	-4,497	0	0	-4,497
Net profit/loss for the year	0	0	0	-43,956	-43,956
Equity at 31 December	**40**	**15,944**	**-27,522**	**853,502**	**841,964**

Parent company

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	40	0	914,229	914,269
Contribution from group	0	0	3,200	3,200
Fair value adjustment of hedging instruments, end of year	0	20,441	0	20,441
Tax on adjustment of hedging instruments for the year	0	-4,497	0	-4,497
Net profit/loss for the year	0	0	2,768	2,768
Equity at 31 December	**40**	**15,944**	**920,197**	**936,181**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		TDKK 12 months	TDKK 10 months
Result of the year		-43,956	-37,884
Adjustments	18	212,965	149,174
Change in working capital	19	-9,488	-30,860
Cash flow from operations before financial items		**159,521**	**80,430**
Financial income		816	918
Financial expenses		-56,327	-39,925
Cash flows from ordinary activities		**104,010**	**41,423**
Corporation tax paid		-27,775	-18,961
Cash flows from operating activities		**76,235**	**22,462**
Purchase of intangible assets		-8,978	-5,090
Purchase of property, plant and equipment		-12,865	-9,253
Fixed asset investments made etc		-90	-193
Sale of property, plant and equipment		908	0
Sale of fixed asset investments made etc		125	0
Business acquisition		-35,043	-1,350,448
Cash flows from investing activities		**-55,943**	**-1,364,984**
Repayment of mortgage loans		0	38
Repayment of loans from credit institutions		-78,387	-242,080
Reduction of lease obligations		-6,421	0
Raising of loans from credit institutions		0	734,584
Cash capital increase		0	932,182
Cash flows from financing activities		**-84,808**	**1,424,724**
Change in cash and cash equivalents		**-64,516**	**82,202**
Cash and cash equivalents at 1 January		82,202	0
Cash and cash equivalents at 31 December		**17,686**	**82,202**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		17,686	82,202
Cash and cash equivalents at 31 December		**17,686**	**82,202**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
1. Revenue				
Geographical segments				
Nordic area	1,103,432	875,179	0	0
Rest of Europe	759,757	589,253	0	0
	1,863,189	**1,464,432**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK
2. Special items				
Transaction costs	0	-32,306	0	0
	0	**-32,306**	**0**	**0**

Transaction costs in 2021/22 are related to the acquisition of DANX Group and Carousel Group. The costs are included in other external expenses.

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
3. Staff Expenses				
Wages and salaries	300,108	200,456	0	0
Pensions	9,444	5,805	0	0
Other social security expenses	22,186	22,419	0	0
	331,738	**228,680**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**3,559**	**3,678**	**0**	**0**
Average number of employees	**814**	**654**	**0**	**0**

With reference to section 98 B(3) of the Danish Financial Statements Act, the remuneration to the Executive Board and the Board of Directors is disclosed as a whole, as a separate presentation will entail information on remuneration for a single member.

The Group has invited key employees and members of the board of directors of the group companies to acquire shares in AX VI INV5 Holding II ApS and AX VI INV5 ManCo ApS. The participants cannot freely dispose over the shares until the occurrence of an exit event. In a leaver scenario, the shares are redeemable at Axcel' option. Axcel is furthermore the settling entity and the transaction is thus accounted for as an equity-settled programme.

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
4. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	125,571	92,177	0	0
Depreciation of property, plant and equipment	17,292	7,868	0	0
	142,863	**100,045**	**0**	**0**

Notes to the Financial Statements

5. Financial income

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
Interest received from group enterprises	0	0	31,275	16,075
Other financial income	87	919	64	0
Exchange gains	729	0	4	0
	816	**919**	**31,343**	**16,075**

6. Financial expenses

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
Other financial expenses	54,349	35,377	47,138	27,610
Exchange loss	1,978	4,510	0	226
	56,327	**39,887**	**47,138**	**27,836**

7. Income tax expense

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK 12 months	TDKK 10 months	TDKK 12 months	TDKK 18 months
Current tax for the year	31,919	22,650	3,180	-963
Deferred tax for the year	-15,189	-14,796	-252	0
Adjustment of tax concerning previous years	3,229	-353	-1,080	0
Adjustment of deferred tax concerning previous years	-457	0	-457	0
	19,502	**7,501**	**1,391**	**-963**
thus distributed:				
Income tax expense	15,005	7,501	-3,106	-963
Tax on equity movements	4,497	0	4,497	0
	19,502	**7,501**	**1,391**	**-963**

Notes to the Financial Statements

	Parent company	
	2023	2021/22
	TDKK	TDKK

8. Profit allocation

	2023 TDKK	2021/22 TDKK
Retained earnings	2,768	-17,913
	2,768	**-17,913**

9. Intangible fixed assets
Group

	Software	Customer rights acquired	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	23,347	818,225	908,787
Exchange adjustment	512	-9,104	-11,126
Net effect from merger and acquisition	0	21,613	26,319
Additions for the year	8,978	0	0
Cost at 31 December	32,837	830,734	923,980
Impairment losses and amortisation at 1 January	651	54,006	37,520
Exchange adjustment	5	-198	-145
Amortisation for the year	12,492	67,871	45,208
Impairment losses and amortisation at 31 December	13,148	121,679	82,583
Carrying amount at 31 December	**19,689**	**709,055**	**841,397**
Amortised over	2-8 years	12 years	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.

Customer rights is amortised on a straight-line basis over its useful life, which is deemed at 12 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

10. Property, plant and equipment
Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	35,710
Exchange adjustment	395
Net effect from merger and acquisition	25,392
Additions for the year	37,426
Disposals for the year	-1,013
Cost at 31 December	97,910
Impairment losses and depreciation at 1 January	7,746
Exchange adjustment	1,245
Depreciation for the year	17,292
Reversal of impairment and depreciation of sold assets	-372
Impairment losses and depreciation at 31 December	25,911
Carrying amount at 31 December	**71,999**
Amortised over	2-8 years
Including assets under finance leases amounting to	40,269

Notes to the Financial Statements

11. Investments in subsidiaries

	Parent company 2023	Parent company 2021/22
	TDKK	TDKK
Cost at 1 January	1,219,948	0
Additions for the year	3,200	1,219,948
Cost at 31 December	1,223,148	1,219,948
Carrying amount at 31 December	**1,223,148**	**1,219,948**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
DANX Group A/S	Ishøj, Denmark	DKK 643	100%	213,277	36,091
Carousel Logistics Holdings Limited	Sittingbourne, UK	GBP 928	100%	-26,550	-12,653
				186,727	**23,438**

12. Other fixed asset investments
Group

	Deposits
	TDKK
Cost at 1 January	2,652
Exchange adjustment	3
Additions for the year	90
Disposals for the year	-125
Cost at 31 December	2,620
Carrying amount at 31 December	**2,620**

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK

13. Derivative financial instruments

Derivative financial instruments contracts in the form of interest rate caps on loans to credit institutions have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Assets	14,726	0	14,726	0

14. Prepayments

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

15. Provision for deferred tax

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 January	170,577	0	0	0
Net effect from merger and acquisition	4,706	185,373	0	0
Exchange rate adjustments	-3,381	0	0	0
Amounts recognised in the income statement for the year	-15,189	-14,796	-709	0
Deferred tax liabilities at 31 December	**156,713**	**170,577**	**-709**	**0**
Recognised in the balance sheet as follows:				
Assets	403	1,028	709	0
Provisions	-157,116	-171,605	0	0
	156,713	**170,577**	**-709**	**0**

The recognised tax asset is primary attributable to temporary difference between value for accounting purposes and tax base. The Company or the group of jointly taxed enterprises expect to realise the recognised deferred tax asset over a 3-5 year period. On that basis, the asset has been recognised at 31 December 2023.

The recognised deferred tax liability is primary related to the purchase of DANX Group A/S and Carousel Logistics Holdings Limited.

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK

16. Other provisions

Other provisions consist of an expected earn-out payment from business acquisitions.

	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2021/22 TDKK
Earn-out	11,934	0	0	0
	11,934	**0**	**0**	**0**
The provisions are expected to mature as follows:				
Between 1 and 5 years	11,934	0	0	0
After 5 years	0	0	0	0
	11,934	**0**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK

17. 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 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2021/22 TDKK
Credit institutions				
After 5 years	501,781	498,936	501,781	498,936
Between 1 and 5 years	106,594	145,754	106,594	145,754
Long-term part	608,375	644,690	608,375	644,690
Within 1 year	36,766	75,170	36,766	75,170
Other short-term debt to credit institutions	11,825	14,724	0	0
	656,966	**734,584**	**645,141**	**719,860**

Notes to the Financial Statements

17. Long-term debt

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	30,188	0	0	0
Long-term part	30,188	0	0	0
Within 1 year	10,082	0	0	0
	40,270	**0**	**0**	**0**

18. Cash flow statement - Adjustments

	Group	
	2023	2022
	TDKK 12 months	TDKK 10 months
Financial income	-816	-919
Financial expenses	56,327	39,887
Depreciation, amortisation and impairment losses, including losses and gains on sales	142,863	100,045
Tax on profit/loss for the year	15,005	7,501
Other adjustments	-414	2,660
	212,965	**149,174**

19. Cash flow statement - Change in working capital

	Group	
	2023	2022
	TDKK 12 months	TDKK 10 months
Change in inventories	9,072	569
Change in receivables	-15,482	-23,813
Change in other provisions	0	-14,192
Change in trade payables, etc	-3,078	6,576
	-9,488	**-30,860**

	Group		Parent company	
	2023	2022	2023	2021/22
	TDKK	TDKK	TDKK	TDKK
20. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	36,369	56,241	0	0
Between 1 and 5 years	77,894	128,530	0	0
After 5 years	14,191	29,159	0	0
	128,454	**213,930**	**0**	**0**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of AX VI INV5 Holding III ApS, 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.

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

The Company's shares have been provided as security for bank loans in other group entreprises. Group entreprises have provided surety in respect of bank loans of other group enterprises.

21. Related parties

	Basis
Controlling interest	
AX VI INV5 Holding I ApS	Parent Company
AX VI INV5 Holding III ApS	Ultimate Parent Company

Transactions

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

Notes to the Financial Statements

22. Fee to auditors appointed at the general meeting

In accordance with section 96(3) of the Danish Financial Statements Act, fees paid the auditors appointed at the annual general meeting has been omitted as it is included in the consolidated financial statements of AX VI INV5 Holding III ApS.

23. Subsequent events

On 14 June 2024, the Group entered into a Share Transfer Agreement to purchase the shares of a Danish company operating in Denmark and Sweden in the logistics industry with turnover of approximately DKK 100 million per year. At the date of signing the annual report, the transaction has not yet completed.

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

Notes to the Financial Statements

24. Accounting policies

The Annual Report of AX VI INV5 Holding ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

With reference to the fair and true picture, certain reclassifications have been made in the income statement and notes for the Group. Comparative figures have been adjusted accordingly.

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, AX VI INV5 Holding 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Leases

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

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

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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.

Notes to the Financial Statements

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on geographical segments is based on the Group´s risks and returns and its internal financial reporting system.

Incentive schemes

The value of share-based payment, offered to Executive management and employees, do not involve an outflow of cash and cash equivalents and is not recognised in the income statement. The most significant conditions of the share-based payment program 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.

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses

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

Notes to the Financial Statements

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

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.

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 deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Customer rights acquired

Customer rights acquired is measured at cost less accumulated amortisation. Customer rights are amortised on a straight-line basis over its useful life, which is assesed at 12 years.

The estimated useful life is based on the Group's unique market- and commercial position and the strength in the operation and thus the expected earnings profile.

Software

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assesed at 2-8 years.

Notes to the Financial Statements

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale equals landed cost.

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 rent, insurance premiums, subscriptions and interest etc.

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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 intangible assets, 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

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

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity