# *Baton Transport Holding A/S*

Karolinevej 16, DK-4200 Slagelse

# Annual Report for 2024

CVR No. 44 17 09 65

The Annual Report was presented and adopted at the Annual General Meeting of the company on 10/4 2025

Claus Hansen
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 Baton Transport Holding A/S for the financial year 1 January - 31 December 2024.

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 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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.

Slagelse, 10 April 2025

**Executive Board**

| | |
|---|---|
| Lars Boye Rasmussen<br>Manager | Bo Brangstrup Keldke<br>Manager |

**Board of Directors**

| | | |
|---|---|---|
| Thomas Krøyer<br>Chairman | Jeppe Holger Hjølund Larsen | Claus Normann Hansen |
| Lars Syberg | | |

# Independent Auditor's report

To the shareholder of Baton Transport Holding A/S

**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 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Baton Transport Holding A/S for the financial year 1 January - 31 December 2024, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

# Independent Auditor's report

Ringsted, 10 April 2025

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Martin Sloth Langhoff Hansen
State Authorised Public Accountant
mne36027

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

# Company information

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|---|---|
| **The Company** | Baton Transport Holding A/S<br>Karolinevej 16<br>DK-4200 Slagelse<br><br>CVR No: 44 17 09 65<br>Financial period: 1 January - 31 December<br>Incorporated: 25 June 2023<br>Municipality of reg. office: Slagelse |
| **Board of Directors** | Thomas Krøyer, chairman<br>Jeppe Holger Hjølund Larsen<br>Claus Normann Hansen<br>Lars Syberg |
| **Executive Board** | Lars Boye Rasmussen<br>Bo Brangstrup Keldke |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Eventyrvej 16<br>DK-4100 Ringsted |
| **Lawyers** | Lind Advokataktieselskab<br>Vesterport 6, 2.<br>1612 København V. |
| **Bankers** | Sydbank A/S<br>Kgs. Nytorv 30<br>1050 København K. |

# Group Chart

| Company | Residence | Ownership |
|---|---|---|
| **Baton Transport Holding A/S** | **Hjemsted** | |
| BATON TRANSPORT A/S | Denmark | 100% |
| Baton Transport SP. Z.O.O | Poland | 100% |
| Baton Transport GmbH | Germany | 100% |
| Baton Transport AB | Sweden | 100% |
| Baton Transport Switzerland AG | Switzerland | 100% |
| Baton Transport Bulgaria EOOD | Bulgaria | 100% |
| Baton Transport Hungary (Branch) | Hungary | 100% |
| Baton Transport Hungary KFT | Hungary | 100% |
| Baton Transport Latvia SIA | Latvia | 100% |

# Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

| | Group | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Revenue | 612,282 | 584,704 | 582,639 | 447,128 | 0 |
| Profit/loss of primary operations | 790 | 9,586 | 17,502 | 13,584 | 21,523 |
| Profit/loss of financial income and expenses | -5,763 | -4,760 | -384 | -1,688 | -490 |
| Net profit/loss for the year | -3,570 | 2,973 | 14,746 | 10,094 | 17,588 |
| **Balance sheet** | | | | | |
| Balance sheet total | 208,297 | 202,321 | 180,977 | 133,343 | 119,594 |
| Investment in property, plant and equipment | 31,155 | 43,654 | 36,745 | 34,028 | 7,873 |
| Equity | 40,886 | 53,469 | 65,096 | 50,408 | 73,758 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 25,806 | 32,689 | -12,838 | 17,855 | 28,045 |
| - investing activities | -5,967 | -1,261 | -76,136 | -2,269 | -1,123 |
| - financing activities | -28,983 | -33,407 | 111,446 | -37,336 | -7,847 |
| Change in cash and cash equivalents for the year | -9,144 | -1,979 | 22,472 | -21,750 | 19,075 |
| Number of employees | 502 | 520 | 413 | 369 | 239 |
| **Ratios** | | | | | |
| Profit margin | 0.1% | 1.6% | 3.0% | 3.0% | 0.0% |
| Return on assets | 0.4% | 4.7% | 9.7% | 10.2% | 18.0% |
| Solvency ratio | 19.6% | 26.4% | 36.0% | 37.8% | 61.7% |
| Return on equity | -7.6% | 5.0% | 25.5% | 16.3% | 27.0% |

Revenue for the year 2020 are not disclosed, as the Group was not required to disclose revenue in that year.

# Management's review

**Key activities**

The Groups principal activity is to deliver Line Haul services with trailers or containers to global or local freight forwarders.

**Development in activities and financial matters**

The consolidated income statement for 2024 reports a net loss after tax of 3.2 million kr., compared to a net profit of 2.95 million kr. in the previous year. The total tax expense for the group amounts to 1.6 million kr., resulting in an overall tax rate of %. As of December 31, the consolidated balance sheet reflects an equity position of 38.3 million kr., down from 53.1 million kr. the prior year. This development should be assessed in relation to the group's projected pre-tax income from ordinary activities for 2023, which was expected to be between 12-15 million kr., as stated in the 2023 annual report.

Management acknowledges that the net profit for the year is disappointing but remains confident in the underlying performance of the existing business. The decline in profit is primarily attributed to transformation initiatives undertaken in 2023 and 2024, with benefits expected to materialize over the next 1-2 years. Key factors include the establishment of the third-country driver platform in Hungary, the partial transition from subcontracted operations to in-house production in response to customer preferences, the re-registration of the truck portfolio, and higher vehicle repair costs. Additionally, significant investments were made in 2024 to scale up Baton, supporting future growth

**Financial risks and the use of financial instruments**

Foreign currency risks

The transactions in Group are primarily in foreign currency and relate to the sale of transport services in EUR and DKK as well as the purchase of fuel, transport services from sub-suppliers, driver salaries and other types of costs. Since both the Group's sales and purchase transactions are primarily in EUR, currency risks are limited, however currency exchange loss and gains can occur from accounting transactions. Currently financial instruments are not used for price hedging of the Group's transactions.

Interest rate risks

It is the group's policy that interest rate risks are hedged when entering into a mix of variable and fixed interest leasing credit facilities,

Credit risks

The group does not have significant risks regarding individual customers, though some risks exist for cancellation fees for all customers, which though have been limited in 2024 . There are risks regarding the group's financing of individual partners. The group's policy for assuming credit risks regarding business partners means that business partners are continually assessed for credit and that the total risk can amount to a maximum of 50% of the group outstanding with the sub-supplier.

Delivery risks

The Group buys from global partners regarding trucks and trailers and the Group is in close dialogue with current and potential suppliers to reduce the effects of the continuing imbalances in the global supply chains. A significant part of the Line haul services are delivered by business partners and with the arrival of the EU mobility package and the current economic climate the delivery risk has increased. In order to reduce the risk, the Group has further invested in internal back up readiness from trucks and drivers. The shortage of drivers in Europe constitutes a significant risk for the group, however the risk has somehow been reduced through the employment of 3rd country drivers, primarily India. During 2025 the delivery risk will be further reduced through increased employment of Indian drivers through our operations in Bulgaria and Hungary. Other locations in Europe are currently being investigated.

# Management's review

**Expected developments**

For the coming year, the group anticipates a sales increase of 10-15% compared to 2024 and an operating profit before tax in the range of 5-8 million kr. Management expects strong growth in Germany and Southern Europe, alongside moderate growth in Scandinavia and the Benelux region. As part of the Staying Ahead 2027 strategy, the group will continue investing in third-country driver recruitment while balancing digitalization efforts across all functions with cost-saving initiatives within transport service costs. However, given the current geopolitical landscape, there is an inherent level of uncertainty regarding future economic developments, which may also impact the group's financial performance.

**Events occurring after the end of the financial year**

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

**Statement of corporate social responsibility**

Business model

The business model of Baton Transport A/S consists of delivering line hauls to global or regional forwarders. The group intends to deliver products, concepts, and services at a quality that can measure up to the market's best. Furthermore, the group wishes to have a solid and credible reputation in all countries where the group is operating. This goes for both customers, employees, suppliers, and other stakeholders. Here, social awareness and responsibility play an important role in the group's culture and business operations.

Purpose

Our purpose is to drive change by supporting diversity and enabling equality of opportunity for all.

Vision

Our Vision is to be the preferred partner for our customers by leveraging our logistic expertise and our extensive line haul capabilities.

Mission

Our mission is to support our colleagues and customers by being proactive, straightforward, responsible, and creative in all our activities.

It is expected that all of the group's activities are carried out with commitment, trust, openness, and integrity and that all employees are treated with dignity and respect. The group expects the same from all business partners. All companies in the group must comply with existing legislation and regulations in the countries in which the group operates.

*Large-scale formalization of our ESG efforts*

Baton Transport has always been guided by a strong people-centric culture with numerous sustainable initiatives embedded in the organization. Guided by the Baton Transport Key Behaviors, our business dealings have always been characterized by deeply ingrained social and environmental practices, ensuring fair treatment of employees, responsible business conduct, and a focus on efficiency that naturally reduced environmental impact. These values have shaped the way Baton interacts with employees, customers, and partners, fostering an organization that prioritizes responsible decision-making and long-term value creation. However, as the company has expanded and regulatory as well as customer expectations for ESG transparency have intensified, it became evident that a more structured and formalized approach was necessary to ensure continued alignment with global sustainability standards and to prepare for upcoming disclosure requirements.

# Management's review

In 2024, Baton took a significant step in this direction by establishing an ESG Steering Committee. The committee is composed of key representatives from upper management, relevant internal stakeholders, and external ESG experts. The ESG Steering Committee is headed by the CEO of Baton Transport, ensuring that sustainability is anchored at the highest level of leadership in the organization. The group has been tasked with building a robust ESG governance framework that ensures a structured and proactive approach to sustainability. Through collaboration with colleagues, customers, partners, and other stakeholders, the committee has worked to map, prioritize, and incorporate all material sustainability topics related to Baton's value chain.

Looking ahead to 2025, the ESG Steering Committee will focus on the implementation of CSRD-related data collection processes, ensuring that Baton is fully prepared to meet upcoming EU sustainability reporting requirements. This will involve managing the process for tracking and reporting ESG data, further strengthening governance structures, and preparing the Management Report in line with new regulatory requirements, thus improving Baton's ability to respond to customer and regulatory demands with high-quality, verifiable ESG disclosures.

Through this large-scale formalization of ESG efforts, Baton is strengthening its position as a responsible and forward-thinking company that is well-equipped to integrate sustainability into its long-term business strategy.

*Baton Transport's Double Materiality Assessment*

One of the first initiatives undertaken by the ESG Steering Committee was conducting a Double Materiality Assessment (DMA) — a critical exercise that now serves as the foundation for all of Baton's ESG efforts. The DMA is essential in identifying the sustainability topics that are most significant to Baton, both in terms of how the company impacts people and the environment (impact materiality) and how sustainability topics create financial risks or opportunities for Baton (financial materiality).

To ensure a structured and comprehensive assessment, Baton followed a multi-phased methodology:

•External stakeholder mapping and engagement: Baton identified and consulted key external stakeholders, including customers, suppliers, and ESG experts, to gain insights into sustainability expectations.

•Value chain mapping: A structured workshop was conducted to define the full extent of Baton's value chain, ensuring all sustainability impacts — both direct and indirect — were considered.

•Workshops with key decision-makers: A company-wide DMA workshop was conducted with key representatives from all business areas to systematically assess and prioritize ESG impacts, risks, and opportunities.

•Verification and validation: The results of the assessment were reviewed and approved by senior management to ensure alignment with strategic priorities and regulatory expectations.

*Key Takeaways from the DMA Outcome*

The DMA Matrix, developed as the final output of this process, has provided Baton with a clear and prioritized overview of the most material sustainability topics. Some of the key themes that emerged include:

•Social Responsibility in Transport Operations: Given the nature of Baton’s business, driver safety, well-being, and human rights in the value chain were identified as highly material topics, reinforcing the company’s need for structured initiatives in these areas. Ensuring that drivers, included those recruited internationally, receive adequate support, fair treatment, and a safe working environment remains a core priority.

•Diversity and Inclusion: The DMA confirmed that diversity and equal opportunities are critical areas of focus. Baton’s workforce consists of employees from various cultural backgrounds, and ensuring an inclusive work environment, equal career opportunities, and a non-discriminatory culture was identified as a key material priority. This is particularly relevant to Baton’s recruitment of female drivers in India, which presents both challenges and opportunities for enhancing industry diversity.

•Environmental Considerations: The environmental impact of transport operations was a key focus area in the assessment, with topics such as carbon emissions, air pollution, and fuel consumption emerging as highly material. The DMA results indicated that the transport sector’s dependency on fossil fuels and its role in emissions generation remain central sustainability challenges for Baton.

•Business Ethics and Compliance: Ensuring ethical conduct and regulatory compliance was also prioritized as a material topic. The assessment identified risks associated with supplier conduct, anti-corruption, and compliance, reinforcing the importance of strong business ethics across the value chain.

*Utilizing the DMA Insights in 2025*

With the Double Materiality Assessment complete, Baton now has a data-driven foundation for targeted sustainability efforts. Throughout 2025, the company will use the DMA results to:

•Direct ESG initiatives toward the most material topics, ensuring that resources are allocated efficiently to areas with the greatest impact.

•Ensure accurate and relevant CSRD reporting, using the DMA findings to structure data collection and disclosures in line with regulatory requirements.

•Regularly monitor and update sustainability priorities, ensuring that any emerging risks or opportunities are incorporated into Baton’s ESG strategy.

The DMA marks a major milestone in Baton's sustainability journey, providing clarity, focus, and strategic direction for the company's ESG initiatives. As CSRD compliance becomes an increasing priority, the DMA ensures that Baton is well-prepared to meet both regulatory expectations and stakeholder demands for transparency.

*Baton's Policy Development*

With key material ESG areas having emerged from the Double Materiality Assessment, the ESG Steering Committee determined a package of policies that would best address the uncovered impacts, risks, and opportunities. The Committee decided on formalizing Baton's ESG commitments through 12 policies, thereby creating a structured policy framework. This framework translates Baton's existing practices and values into clear, governed policies that provide guidance, accountability, and consistency across all areas of ESG.

The development of Baton's ESG policies was a collaborative effort involving key internal stakeholders from various parts of the business. The resulting policy framework provides a comprehensive structure for Baton's ESG efforts, covering:

•Code of Conduct & Business Conduct Policy – Defining expectations for ethical behavior, compliance, and integrity across all levels of the company.

•Social policies – Highlighting Baton's commitment to diversity, anti-harassment, and an ethical approach to working with external recruitment partners in international recruitments.

•Supplier Code of Conduct & Responsible Procurement Policy – Ensuring that Baton's sustainability standards extend across its supply chain, with expectations on labor rights, environmental responsibility, and business ethics.

•Human Rights Policies (Own Workforce & Value Chain) – Safeguarding human rights and fair labor conditions across both Baton's operations and its external partnerships.

•Environmental & Climate Policy – Establishing Baton's commitment to emissions reductions, sustainable resource use, and environmental stewardship.

•Health & Safety Policy – Reinforcing safety standards and well-being initiatives, particularly for truck drivers and other operational roles.

The policies all follow a set structure to ensure consistency and that stakeholders can easily approach the policies and find the information relevant to their position. This includes a governance section, in which a designated policy owner is mentioned, ensuring that implementation and compliance are actively managed. Furthermore, all policies are equipped with clear governance and review mechanisms, specifying how frequently the policy will be evaluated and updated.

*Utilizing the policies in 2025*

Beyond compliance, Baton sees its ESG policies as active governance tools that shape decision-making and business practices. In 2025, these policies will:

•Serve as key input for Baton's upcoming CSRD reporting, ensuring structured disclosures.

•Be integrated into onboarding and supplier agreements, embedding ESG expectations at every level.

•Be continuously reviewed and updated through the ESG Steering Committee and designated policy owners, ensuring relevance and adaptability.

•Serve as the foundation for employee training, specifically in terms of safety and ethics.

Through this work with the ESG policy framework, Baton Transport ensures that its sustainability commitments are clearly defined, actively managed, and continuously reviewed to align with evolving expectations and regulatory requirements.

*Climate and environmental impact*

# Management's review

Baton Transport recognizes its responsibility to minimize environmental impact across its operations and throughout its value chain. As a company operating in the transport sector, fuel consumption and emissions are inherent challenges. However, Baton is committed to reducing its footprint through targeted initiatives, innovation, and strategic partnerships.

Recognizing that operational efficiency directly impacts environmental performance, Baton intensified its efforts to reduce unnecessary emissions. This involved increased attention on empty miles reductions, with focused strategies to decrease empty hauls, optimizing logistics routes and reducing fuel waste. Furthermore, Baton continued its focus on fleet optimization, carrying out various vehicle upgrades and ensuring that trucks in the route network are of the highest Euro emission standards.

*Climate & Environment Policy*

As part of its formalized ESG framework, Baton introduced a dedicated Climate & Environment Policy, which serves as the foundation for the company's environmental strategy. The policy outlines Baton's commitment to reducing its ecological footprint and establishing governance structures to oversee progress.

Key elements of the policy include:

•Operational Scope: Applies to all employees, subcontractors, and key stakeholders to ensure environmental efforts extend beyond Baton's direct operations.

•Principles & Commitments: Covers emissions reduction, pollution prevention, resource efficiency, and sustainable fleet management.

•Stakeholder Engagement: Emphasizes collaboration with customers, suppliers, and industry partners to drive environmental progress.

•Governance & Accountability: Assigns executive oversight of environmental efforts to the Chief Operating Officer (COO) and includes mechanisms for annual policy reviews to ensure continuous improvement.

The policy will assist Baton in maintaining a structured approach to environmental sustainability, which will play a key role in decarbonizing Baton's operations and ensuring resource efficiency in the future.

*Collaborative approach*

A key focus of Baton's Climate & Environment Policy was ensuring that sustainability was not just an internal ambition but a shared effort across the entire value chain, engaging customers and suppliers in working towards common environmental goals. During 2024, Baton deployed this collaborative approach to sustainability by working closely with customers to implement greener transport solutions. This included:

•Biofuel Integration: Several customer routes were transitioned to biofuel, significantly lowering $CO_2$ emissions per haul.

•Shared Linehaul Services: By promoting load-sharing across to customers through various outlets, Baton optimized truck space, reducing fuel consumption and emissions.

The value-chain perspective of sustainability was also used, as Baton expanded its environmental focus beyond its own operations. Two major policies were introduced to ensure that suppliers and subcontractors align with Baton's sustainability standards:

•Supplier Code of Conduct: Establishes clear expectations for environmental responsibility among Baton's suppliers and subcontractors, requiring them to adopt sustainable practices in line with industry standards.

•Responsible Procurement & Sourcing Policy: Guides Baton's purchasing decisions, ensuring that all procurement activities prioritize sustainability, resource efficiency, and environmental protection.

*Expectations for 2025*

In the coming year, Baton will continue strengthening its environmental initiatives by:

•Scaling Biofuel Deployment: Expanding the use of alternative fuels where feasible.

•Further Reducing Empty Hauls: Leveraging digital tools and customer collaboration to optimize route planning and load utilization.

•Supplier Engagement & Monitoring: Enhancing environmental performance tracking among subcontractors. Baton has developed a Supplier Audit Questionnaire, which will be tested throughout 2025. Together with the Supplier Code of Conduct, the audits aim to ensure compliance with Baton’s environmental ambitions throughout all services, subcontracted or not.

•Integrating Environmental Data into CSRD Reporting: Ensuring accurate and transparent environmental disclosures in line with regulatory requirements.

With a structured policy framework in place and a growing commitment to sustainable transport solutions, Baton is prepared to make even greater strides in its environmental performance in 2025.

*Commitment to social responsibility*

Baton Transport is committed to ensuring fair working conditions, ethical business conduct, and a strong safety culture for all employees, subcontractors, and partners throughout its value chain. As a growing transport company, Baton recognizes the inherent social challenges within the industry, particularly in areas such as driver working conditions, diversity, and responsible employment practices. To address these challenges, Baton has taken significant steps in 2024 to formalize its governance structure, enhance its policy framework around these topics, strengthen its human rights due diligence, and enhance collaboration with key stakeholders.

The group has also initiated "Trucking for Equality" where the purpose is in cooperation with local NGO’s from India to employ women  with a purpose to train the women as truck drivers and engage them in specific Line haul lines. The program has commenced in 2023, and the Group now employs that 20 female drivers, of which 10 are currently working on pure female lines and the remaining are progressing through the training program.

Baton continues its active engagement with Responsible Trucking, a collaboration platform coordinated by CSR Europe, which brings together industry peers to uphold and advance responsible labor practices. The Responsible Trucking framework consists of 15 key social and ethical business guidelines, categorized as follows:

*Working Conditions: Requirements & Aspirations*

1.Forced Labor
2.Child Labor
3.Harassment
4.Working and Resting Times
5.Remuneration
6.Benefits
7.Non-Discrimination
8.Freedom of Association and Collective Bargaining
9.Health & Safety
10.Disciplinary Practices
11.Facilities

*Business Ethics*

12.Fair Competition/Anti-Trust
13.Anti-Corruption
14.Privacy
15.Disclosure of Information

Baton strives to comply with all guidelines. Some aspects are addressed through the individual Line Haul's setup, while others are governed through Baton's ESG policies and safety procedures. The ESG policy framework launched in 2024 expands upon these topics, ensuring transparency in Baton's commitments and providing a clear governance structure to uphold social responsibility across all operations.

*Social progress in 2024*

In 2024, Baton took significant steps in strengthening its social sustainability commitments by:

•Conducting a Double Materiality Assessment (DMA) to identify the most critical social issues.

•Developing and implementing a Human Rights Due Diligence framework to ensure ethical employment practices across all operations and partnerships.

•Launching dedicated policies on diversity, health & safety, responsible recruitment, and fair employment.

•Strengthening worker protections and ethical business conduct through the Supplier Code of Conduct, Employer Code of Conduct, and Business Conduct Policy.

•Expanding efforts to increase diversity, including strategic partnerships to recruit and support female truck drivers through dedicated recruitment partners.

*Safety across operations*

As a transport company, safety is at the core of Baton Transport's operations. Whether on the road or in offices, ensuring that all employees operate in a safe environment is a top priority. Baton's approach to safety is embedded in the company culture and continuously reinforced through training, governance, and proactive risk management.

In 2024, Baton continued working with its safety commitments through the introduction of a dedicated Health & Safety Policy. Supporting our more practical Safety Handbook, the policy outlines clear principles, responsibilities, and governance structures to ensure a structured approach to managing safety risks. The policy reaffirms Baton's commitments to various road safety initiatives including:

•Enhanced Vehicle Safety Standards: All trucks in Baton's fleet meet or exceed Euro emission and safety regulations, ensuring both environmental and operational safety.

•Monitoring and Incident Prevention: Baton actively tracks driver behavior and vehicle diagnostics to prevent accidents before they occur.

•Collaboration with Subcontractors: The company extends its safety expectations to all third-party hauliers, ensuring uniform safety standards across the value chain.

•Comprehensive Driver Safety Training: All new drivers undergo rigorous safety training, with regular refreshers to reinforce best practices.

•Empowerment to Act on Unsafe Conditions: Employees are encouraged to report hazards immediately and have the right to stop unsafe work without fear of retaliation.

# Management's review

Given the nature of Baton's business, traffic safety remains a key focus area. However, through the new policy and its governance structure, Baton has decided to also bring the topic of mental health and well-being to the executive level. Recognizing the psychological strain of long-haul driving and the potential stressors of working in an office, Baton actively promotes mental well-being as part of its overall safety commitment.

The policy is reviewed annually and is overseen by both the Chief Executive Officer (CEO) and Chief Operating Officer (COO) to ensure continuous improvement. The CEO is ultimately responsible for the mental health and well-being of our colleagues, while the COO is assigned owner of the area of physical safety.

*Safety in 2025*

Building on the progress made in 2024, Baton will continue to enhance its safety culture by:

•Continue driver training programs, with a particular focus on training of our newly recruited Indian drivers.

•Strengthening incident reporting mechanisms and speak-up culture to ensure that safety concerns are addressed proactively.

•Defining how Baton can best support the mental health of our colleagues.

•Rolling out supplier safety audits as part of our supplier audit program.

With these continued efforts, Baton aims to ensure that all employees, subcontractors, and stakeholders operate in a physically and psychologically safe environment.

*Diversity & Inclusion*

Baton Transport recognizes that a diverse and inclusive workforce is fundamental to our success. It is at the core of our business and embedded in our purpose: to drive change by supporting diversity and enabling equality of opportunity for all. Baton Transport is committed to fostering a workplace where all employees, regardless of gender, nationality, or background, feel valued and have equal opportunities to thrive. In the traditionally male-dominated transport sector, Baton has taken proactive steps to increase diversity, particularly by promoting gender diversity in trucking and expanding employment opportunities for international drivers.

A key part of this commitment has been Baton's Indian driver recruitment initiative, which actively trains and hires drivers from India, including female drivers, supporting greater gender diversity in the trucking industry. Baton recognizes the unique challenges that drivers from different backgrounds may face when transitioning to new work environments, and the company has worked to integrate structured training and onboarding programs to facilitate a smooth transition.

# Management's review

*Our work with diversity in 2024*

In 2024, Baton intensified its efforts to promote diversity and inclusion, focusing on tangible actions that support underrepresented groups in trucking. The company’s key initiatives included:

•Strengthened partnerships with Sakha Consulting Wings, a specialized organization in India that trains and employs female drivers, helping them transition into trucking careers.

•Implemented tailored onboarding and training programs to ensure female drivers entering the European market receive structured support and suitable living conditions when on the road.

•Continued our engagement and support for the Trucking For Equality initiative.

•Provided re-training and language lessons for drivers transitioning from India to Europe, ensuring they are fully equipped to succeed in their new roles.

•Addressed integration challenges, such as cultural adaptation and language barriers, through additional support measures.

•Promoted a workplace culture that embraces multiculturalism and equal treatment.

*Introducing the Diversity & Inclusion Policy*

In 2024, Baton adopted a Diversity & Inclusion Policy to provide clear principles and commitments on fostering a fair and respectful workplace. The policy sets out Baton's expectations in key areas, including:

•Equal Opportunities: Ensuring hiring, promotions, and compensation decisions are based on merit and free from bias.

•Zero Tolerance for Discrimination and Harassment: Providing a safe and inclusive work environment, where any instances of harassment or discrimination are addressed promptly.

•Accessibility and Support: Creating a workplace that accommodates diverse needs and offers necessary support for employees to succeed.

The Chief Human Resources Officer (CHRO) is responsible for overseeing the implementation of the policy, ensuring its commitments are upheld and reviewed annually.

*Looking Ahead*

Baton will continue to embed diversity and inclusion into its operations in 2025, with a focus on:

•Expanding gender diversity in driver recruitment: Strengthening outreach and training programs to increase female participation in the industry.

•Enhancing awareness and training: Rolling out initiatives to educate employees on unconscious bias, inclusive leadership, and fostering an open, respectful workplace.

•Tracking and reporting on diversity metrics: Improving data collection and transparency to measure progress and ensure accountability.

By taking a structured and proactive approach to diversity and inclusion, Baton is reinforcing its position as a fair and forward-thinking employer, committed to fostering an equitable and supportive work environment for all.

# Management's review

*Working conditions and human rights*

Baton Transport is committed to ensuring fair and dignified working conditions for all employees and subcontractors, both within its own operations and throughout its value chain. As a transport company, Baton acknowledges the challenges of long working hours, time away from home, and the physical demands placed on drivers. In 2024, the company further strengthened its commitment to human rights and labor protections by implementing new policies and initiatives to safeguard employees and subcontracted workers.

Baton Transport has long prioritized fair and transparent labor practices, ensuring that all employees and partners operate under conditions that promote safety, well-being, and equal opportunities. In 2024, the company formalized these commitments by introducing three key policies:

•Human Rights Policy – Own Workforce: Outlines Baton's responsibilities in ensuring ethical employment conditions, including fair wages, non-discrimination, and the right to freedom of association.

•Human Rights in the Value Chain Policy: Extends Baton's commitment to human rights to suppliers, subcontractors, and business partners, ensuring ethical sourcing and responsible labor practices across all operations.

•Employer Code of Conduct: Establishes clear expectations for working conditions, outlining fair treatment, ethical recruitment, and anti-harassment guidelines for all employees under Baton's management. This policy reinforces Baton's commitment to upholding the highest labor standards across its workforce.

The policies not only ensure full compliance with European and national laws, but they also assist Baton in maintaining a position as a preferred employer, aiding us in attracting skilled labor in increasingly competitive market conditions. The policies deal with key areas such as:

•Working & Rest Time Regulations: Baton ensures that all drivers adhere to regulated rest periods in compliance with the EU Mobility Package and local labor laws. Training is provided to ensure that both directly employed and subcontracted drivers understand and follow these requirements.

•Support for International Drivers: Baton has implemented structured onboarding and support measures to help international drivers adjust to their new work environment. This includes training programs, integration support, and ensuring access to proper rest facilities while on the road. Female drivers receive additional safety measures, including designated accommodations in secure locations.

•Ethical Recruitment Practices: Baton works exclusively with vetted recruitment agencies that adhere to ethical hiring standards. The company has established clear expectations with partners to ensure that recruitment processes are free from coercion, excessive fees, or other exploitative practices. Baton's partnerships include structured onboarding support to ensure a smooth transition for international hires.

•Fair Employment Conditions: Baton guarantees that all direct employees and subcontracted drivers work under fair employment conditions, including clear contracts outlining wages, benefits, and working conditions. The company ensures compliance with applicable labor laws, collective agreements, and its own internal human rights policies.

*Looking Ahead*

Baton will continue to embed the policies and regulations into its operations in 2025

*Business ethics*

Baton Transport maintains a strong commitment to ethical business practices, ensuring integrity, transparency, and accountability across all operations. Our efforts to formalize structures across the entire ESG-scope included significant steps to strengthening our ethical standards to foster further trust among our stakeholders. In 2024, two key policies related to ethics were created:

•Code of Conduct: Defines the ethical expectations for all employees, reinforcing a culture of integrity, respect, and responsible business practices. The Code covers critical areas such as anti-corruption, anti-bribery, fair competition, and responsible communication. Employees are encouraged to speak up through the company's Whistleblower System if they observe misconduct.

•Business Conduct Policy: Serves as the overarching framework for ethical business operations, outlining governance structures, reporting obligations, and due diligence requirements to ensure compliance with ESG principles. This policy establishes clear expectations for leadership, management, and employees regarding ethical behavior and responsible decision-making.

*Anti-Corruption and bribery prevention*

Baton maintains a zero-tolerance policy toward bribery and corruption. Employees are strictly prohibited from offering, soliciting, or accepting any form of improper payment or advantage that could influence business decisions. As outlined in the Code of Conduct, all employees receive clear guidance on handling gifts, hospitality, and business interactions to prevent any perception of unethical behavior. The primary risks related to anti-corruption and bribery prevention are associated with fuel fraud, a known issue in the industry involving the theft or unauthorized sale of fuel, which could also pose a risk to Baton.

During the current financial year, Baton has strengthened fuel management controls and implemented a driver misconduct reporting system, which can lead to dismissal in cases of detected fraud. In 2024, only a few such cases were identified.

Besides Fuel fraud, we have not found any indications of bribery or corruption in the current financial year. Thus, no reason has been found to exclude suppliers or business partners from the cooperation with Baton Transport. The assessment is that the risk of bribery and corruption is at a low level. We expect to achieve the same results in 2025.

*Looking Ahead to 2025*

In the coming year, Baton will continue the strengthen the fuel control and will continue strengthening its ethical governance by enhancing training programs on anti-corruption and business integrity to ensure compliance with global best practices. Internal campaigns will also be carried out to generate awareness of the new ethics-related policies.

**Statement on data ethics**

Since the introduction of the EU’s General Data Protection Regulation (GDPR), responsible handling of personal data has been an integral part of Baton Transport’s daily operations. Ensuring compliance with data protection regulations while maintaining transparency and security in data management remains a key priority.

As part of the Staying Ahead 2027 strategy, Baton engaged an external data protection consultancy in 2024 to further strengthen internal procedures, policies, and governance structures surrounding data ethics. This collaboration has helped Baton improve its data protection framework, ensuring that all employees handle sensitive information responsibly and that personal data is processed securely and in full compliance with GDPR requirements.

In addition to personal data security, cybersecurity has become a growing focus area for Baton. Recognizing the increasing risks posed by cyber threats, a dedicated Cybersecurity Policy was introduced within the company's Code of Conduct, outlining best practices for data protection, responsible use of digital tools, and protocols for preventing unauthorized access to company systems. Employees are required to adhere to these guidelines, which include:

•Secure handling of company and customer data to prevent unauthorized sharing or leaks.

•Prohibitions on downloading unauthorized software or accessing unapproved online platforms on company devices.

•Initiatives to increase awareness of phishing attacks and other cyber threats that could compromise business operations.

**Further development of social responsibility in 2025**

With strong policies and governance structures in place across numerous different aspects of social responsibility, Baton will focus on implementation, training, and monitoring in 2025. Key priorities include:

•Ensuring full compliance with the newly implemented ESG policies.

•Expanding third party haulier audits to enforce social responsibility across Baton's value chain, ensuring alignment with the Supplier Code of Conduct.

•Building awareness and strengthening the speak-up culture, ensuring that all employees, subcontractors, and stakeholders are aware of their rights and the channels available to report concerns. Baton will promote its Whistleblower Line and other internal reporting mechanisms to encourage transparency and accountability.

•Preparing for CSRD reporting, ensuring transparent and structured disclosures on social performance.

# Income statement 1 January - 31 December

| | Note | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| | | TDKK | TDKK | TDKK | TDKK |
| Revenue | 1 | 612,282 | 584,704 | 0 | 0 |
| Production expenses | 2 | -544,305 | -510,157 | 0 | 0 |
| **Gross profit** | | **67,977** | **74,547** | **0** | **0** |
| Distribution expenses | 2 | -6,330 | -7,459 | 0 | 0 |
| Administrative expenses | 2 | -59,852 | -54,519 | -673 | -19 |
| **Operating profit/loss** | | **1,795** | **12,569** | **-673** | **-19** |
| Other operating income | | 187 | 70 | 0 | 0 |
| Other operating expenses | | -1,192 | -3,053 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **790** | **9,586** | **-673** | **-19** |
| Income from investments in subsidiaries | | 0 | 0 | -3,049 | 2,992 |
| Financial income | | 1,887 | 925 | 0 | 0 |
| Financial expenses | | -7,650 | -5,685 | 0 | 0 |
| **Profit/loss before tax** | | **-4,973** | **4,826** | **-3,722** | **2,973** |
| Tax on profit/loss for the year | 3 | 1,403 | -1,853 | 152 | 0 |
| **Net profit/loss for the year** | 4 | **-3,570** | **2,973** | **-3,570** | **2,973** |

# Balance sheet 31 December

## Assets

| | Note | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| | | TDKK | TDKK | TDKK | TDKK |
| Completed development projects | | 3,719 | 0 | 0 | 0 |
| Goodwill | | 473 | 473 | 0 | 0 |
| Development projects in progress | | 703 | 0 | 0 | 0 |
| **Intangible assets** | 5 | **4,895** | **473** | **0** | **0** |
| Other fixtures and fittings, tools and equipment | | 74,220 | 87,752 | 0 | 0 |
| **Property, plant and equipment** | 6 | **74,220** | **87,752** | **0** | **0** |
| Investments in subsidiaries | 7 | 0 | 0 | 121,199 | 53,489 |
| **Fixed asset investments** | | **0** | **0** | **121,199** | **53,489** |
| **Fixed assets** | | **79,115** | **88,225** | **121,199** | **53,489** |
| Raw materials and consumables | | 44 | 0 | 0 | 0 |
| **Inventories** | | **44** | **0** | **0** | **0** |
| Trade receivables | | 80,268 | 80,808 | 0 | 0 |
| Other receivables | | 19,766 | 4,416 | 0 | 0 |
| Receivable from shareholders and Management | 8 | 90 | 0 | 90 | 0 |
| Deferred tax asset | 9 | 9,243 | 3,931 | 152 | 0 |
| Corporation tax | | 1,613 | 1,439 | 0 | 0 |
| Prepayments | 10 | 6,809 | 3,009 | 0 | 0 |
| **Receivables** | | **117,789** | **93,603** | **242** | **0** |
| **Cash at bank and in hand** | | **11,349** | **20,493** | **0** | **0** |
| **Current assets** | | **129,182** | **114,096** | **242** | **0** |
| **Assets** | | **208,297** | **202,321** | **121,441** | **53,489** |

# Balance sheet 31 December

## Liabilities and equity

| | Note | Group 2024 | Group 2023 | Parent company 2024 | Parent company 2023 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | 11 | 400 | 400 | 400 | 400 |
| Reserve for development costs | | 3,450 | 0 | 0 | 0 |
| Reserve for exchange rate conversion | | -57 | -43 | 0 | 0 |
| Retained earnings | | 37,093 | 53,112 | 40,486 | 53,070 |
| **Equity** | | **40,886** | **53,469** | **40,886** | **53,470** |
| | | | | | |
| Lease obligations | | 49,986 | 59,163 | 0 | 0 |
| **Long-term debt** | 12 | **49,986** | **59,163** | **0** | **0** |
| | | | | | |
| Credit institutions | | 2,834 | 3,840 | 0 | 0 |
| Lease obligations | 12 | 20,000 | 21,000 | 0 | 0 |
| Trade payables | | 68,292 | 46,037 | 0 | 0 |
| Payables to group enterprises | | 0 | 0 | 79,919 | 0 |
| Corporation tax | | 4,490 | 5,307 | 0 | 0 |
| Other payables | | 21,649 | 13,325 | 636 | 19 |
| Deferred income | 13 | 160 | 180 | 0 | 0 |
| **Short-term debt** | | **117,425** | **89,689** | **80,555** | **19** |
| | | | | | |
| **Debt** | | **167,411** | **148,852** | **80,555** | **19** |
| | | | | | |
| **Liabilities and equity** | | **208,297** | **202,321** | **121,441** | **53,489** |

| | |
|---|---|
| Contingent assets, liabilities and other financial obligations | 16 |
| Related parties | 17 |
| Fee to auditors appointed at the general meeting | 18 |
| Accounting Policies | 19 |

# Statement of changes in equity

## Group

| | Share capital | Reserve for development costs | Reserve for exchange rate conversion | Retained earnings | Total |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 400 | 0 | -43 | 53,113 | 53,470 |
| Extraordinary dividend paid | 0 | 0 | 0 | -9,000 | -9,000 |
| Exchange adjustments relating to foreign entities | 0 | 0 | -14 | 0 | -14 |
| Development costs for the year | 0 | 3,450 | 0 | -3,450 | 0 |
| Net profit/loss for the year | 0 | 0 | 0 | -3,570 | -3,570 |
| **Equity at 31 December** | **400** | **3,450** | **-57** | **37,093** | **40,886** |

## Parent company

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Equity at 1 January | 400 | 53,070 | 53,470 |
| Extraordinary dividend paid | 0 | -9,000 | -9,000 |
| Exchange adjustments relating to foreign entities | 0 | -14 | -14 |
| Net profit/loss for the year | 0 | -3,570 | -3,570 |
| **Equity at 31 December** | **400** | **40,486** | **40,886** |

# Cash flow statement 1 January - 31 December

| | Note | Group 2024 | Group 2023 |
|---|---|---|---|
| | | TDKK | TDKK |
| Result of the year | | -3,570 | 2,973 |
| Adjustments | 14 | 28,223 | 29,306 |
| Change in working capital | 15 | 11,816 | 5,973 |
| **Cash flow from operations before financial items** | | **36,469** | **38,252** |
| Financial income | | 1,887 | 925 |
| Financial expenses | | -7,650 | -5,685 |
| **Cash flows from ordinary activities** | | **30,706** | **33,492** |
| Corporation tax paid | | -4,900 | -803 |
| **Cash flows from operating activities** | | **25,806** | **32,689** |
| Purchase of intangible assets | | -4,422 | 0 |
| Purchase of property, plant and equipment | | -1,545 | -1,601 |
| Sale of property, plant and equipment | | 0 | 340 |
| **Cash flows from investing activities** | | **-5,967** | **-1,261** |
| Repayment of loans from credit institutions | | -1,006 | -257 |
| Reduction of lease obligations | | -18,977 | -20,691 |
| Raising of loans from credit institutions | | 0 | 2,541 |
| Dividend paid | | -9,000 | -15,000 |
| **Cash flows from financing activities** | | **-28,983** | **-33,407** |
| **Change in cash and cash equivalents** | | **-9,144** | **-1,979** |
| Cash and cash equivalents at 1 January | | 20,493 | 22,472 |
| **Cash and cash equivalents at 31 December** | | **11,349** | **20,493** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 11,349 | 20,493 |
| **Cash and cash equivalents at 31 December** | | **11,349** | **20,493** |

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | TDKK | TDKK | TDKK | TDKK |
| **1. Revenue** | | | | |
| **Geographical segments** | | | | |
| Northern Europe | 248,952 | 227,535 | 0 | 0 |
| Western Europe | 347,357 | 333,906 | 0 | 0 |
| Eastern Europe | 9,433 | 23,263 | 0 | 0 |
| Other | 6,540 | 0 | 0 | 0 |
| | **612,282** | **584,704** | **0** | **0** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | TDKK | TDKK | TDKK | TDKK |
| **2. Staff** | | | | |
| Wages and salaries | 107,675 | 100,811 | 620 | 0 |
| Other social security expenses | 0 | 17 | 0 | 0 |
| Other staff expenses | 357 | 42 | 0 | 0 |
| | **108,032** | **100,870** | **620** | **0** |
| Wages and salaries etc. are recognised in the following items: | | | | |
| Production expenses | 77,229 | 60,294 | 0 | 0 |
| Distribution expenses | 4,758 | 6,178 | 0 | 0 |
| Administrative expenses | 26,045 | 34,398 | 620 | 0 |
| | **108,032** | **100,870** | **620** | **0** |
| Including remuneration to the Executive Board and Board of Directors: | | | | |
| Executive board | 2,060 | | 0 | |
| Board of directors | 780 | | 620 | |
| | **2,840** | | **620** | |
| **Including remuneration to the Executive Board and Board of Directors** | | **7,181** | | **0** |
| **Average number of employees** | **502** | **520** | **2** | **1** |

As the Executive Board has only consisted of 1 person for the entirety of the financial year 2023, the remuneration to the Executive Board and Board of directors is presented summarised for 2023. In 2024 there have been multiple members of the Executive Board at various times during the year, and therefore remuneration for the Executive Board and Board of Directors are presented individually for 2024.

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | TDKK | TDKK | TDKK | TDKK |

## 3. Income tax expense

| | Group 2024 TDKK | Group 2023 TDKK | Parent company 2024 TDKK | Parent company 2023 TDKK |
|---|---|---|---|---|
| Current tax for the year | 3,954 | 3,733 | 0 | 0 |
| Deferred tax for the year | -5,312 | -1,880 | -152 | 0 |
| Adjustment of tax concerning previous years | -45 | 0 | 0 | 0 |
| | **-1,403** | **1,853** | **-152** | **0** |

## 4. Profit allocation

| | Parent company 2024 TDKK | Parent company 2023 TDKK |
|---|---|---|
| Extraordinary dividend paid | 9,000 | 0 |
| Retained earnings | -12,570 | 2,973 |
| | **-3,570** | **2,973** |

## 5. Intangible fixed assets

### Group

| | Completed development projects | Goodwill | Development projects in progress |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Cost at 1 January | 0 | 591 | 0 |
| Additions for the year | 3,719 | 0 | 703 |
| Cost at 31 December | 3,719 | 591 | 703 |
| Impairment losses and amortisation at 1 January | 0 | 118 | 0 |
| Impairment losses and amortisation at 31 December | 0 | 118 | 0 |
| **Carrying amount at 31 December** | **3,719** | **473** | **703** |

Development projects in progress relates to customization and implementation of a new group-wide ERP-system. The project is expected to be finalized in Q2 2025.

Completed development projects consists of Design and implementation of 3rd country recruitment and training platform in Hungary and Bulgaria, which is expected to be fully operational in both countries by end of Q2 2025.

# Notes to the Financial Statements

## 6. Property, plant and equipment
Group

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Cost at 1 January | 126,916 |
| Additions for the year | 31,155 |
| Disposals for the year | -41,928 |
| Cost at 31 December | 116,143 |
| | |
| Impairment losses and depreciation at 1 January | 39,164 |
| Depreciation for the year | 22,677 |
| Reversal of impairment and depreciation of sold assets | -19,918 |
| Impairment losses and depreciation at 31 December | 41,923 |
| | |
| **Carrying amount at 31 December** | **74,220** |
| | |
| Including assets under finance leases amounting to | 69,942 |

# Notes to the Financial Statements

| | Parent company | |
|---|---|---|
| | 2024 | 2023 |
| | TDKK | TDKK |
| **7. Investments in subsidiaries** | | |
| Cost at 1 January | 65,096 | 0 |
| Additions for the year | 90,200 | 65,096 |
| Cost at 31 December | 155,296 | 65,096 |
| | | |
| Value adjustments at 1 January | -11,607 | 0 |
| Exchange adjustment | -14 | 401 |
| Net profit/loss for the year | 55,011 | 2,992 |
| Dividend to the Parent Company | -19,427 | -15,000 |
| Amortisation of goodwill | -11,577 | 0 |
| Change in intercompany profit | -46,308 | 0 |
| Other adjustments | -175 | 0 |
| Value adjustments at 31 December | -34,097 | -11,607 |
| | | |
| **Carrying amount at 31 December** | **121,199** | **53,489** |
| | | |
| Positive differences arising on initial measurement of subsidiaries at net asset value | 57,884 | 0 |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Ownership |
|---|---|---|---|
| BATON TRANSPORT A/S | Slagelse | 400 TDKK | 100% |
| Baton Transport Bulgaria EOOD | Bulgaria | 50 BGN | 100% |
| Baton Transport Hungary KFT | Hungary | 58000 THUF | 100% |
| Baton Transport Latvia SIA | Latvia | 57100 EUR | 100% |
| BATON TRANSPORT SP. Z O.O. | Poland | 5.000 PLN | 100% |
| Baton Transport GmbH | Germany | 50.000 EUR | 100% |
| Baton Transport AB | Sweden | 50.000 SEK | 100% |
| Baton Transport Switzerland AG | Switzerland | 100.000 CHF | 100% |

# Notes to the Financial Statements

| | Group | Parent company |
|---|---|---|
| | Executive board | Executive board |
| | TDKK | TDKK |
| **8. Receivables from business partners etc.** | | |
| Receivable at the balance sheet date | 90 | 90 |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | TDKK | TDKK | TDKK | TDKK |
| **9. Deferred tax asset** | | | | |
| Deferred tax asset at 1 January | 3,931 | 2,051 | 0 | 0 |
| Amounts recognised in the income statement for the year | 5,312 | 1,880 | 152 | 0 |
| **Deferred tax asset at 31 December** | **9,243** | **3,931** | **152** | **0** |

The recognized tax asset comprises tax loss carry-forwards expected to be utilized within the next three to five years. Utilization of the deferred tax asset is dependent on the Group succeeding in the strategy which is being implemented and is expected to provide full benefits by 2027. Management currently anticipates that the strategy will result in positive results which will allow the tax asset to be utilized within three to five years.

## 10. Prepayments

prepayments consist of prepaid expenses related to rent, leasing, insurance premiums, subscriptions, etc.

## 11. Share capital

The share capital consists of 400 shares of a nominal value of TDKK 1. No shares carry any special rights.

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | TDKK | TDKK | TDKK | TDKK |

## 12. 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 2024 TDKK | Group 2023 TDKK | Parent company 2024 TDKK | Parent company 2023 TDKK |
|---|---|---|---|---|
| **Lease obligations** | | | | |
| After 5 years | 0 | 0 | 0 | 0 |
| Between 1 and 5 years | 49,986 | 59,163 | 0 | 0 |
| Long-term part | 49,986 | 59,163 | 0 | 0 |
| Within 1 year | 20,000 | 21,000 | 0 | 0 |
| | **69,986** | **80,163** | **0** | **0** |

## 13. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

## 14. Cash flow statement - Adjustments

| | Group 2024 TDKK | Group 2023 TDKK |
|---|---|---|
| Financial income | -1,887 | -925 |
| Financial expenses | 7,650 | 5,685 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 23,877 | 22,292 |
| Tax on profit/loss for the year | -1,403 | 1,853 |
| Exchange adjustments | -14 | 401 |
| | **28,223** | **29,306** |

# Notes to the Financial Statements

## 15. Cash flow statement - Change in working capital

| | Group 2024 | Group 2023 |
|---|---|---|
| | TDKK | TDKK |
| Change in inventories | -44 | 1,753 |
| Change in receivables | -18,700 | -2,603 |
| Change in trade payables, etc | 30,560 | 6,823 |
| | **11,816** | **5,973** |

## 16. Contingent assets, liabilities and other financial obligations

| | Group 2024 | Group 2023 | Parent company 2024 | Parent company 2023 |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| **Charges and security** | | | | |
| The following assets have been placed as security with bankers: | | | | |
| Company charge of DKK 4 million on unsecured claims/trade receivables, fuel etc, inventories, crew, nonregistered vehicles, intellectual property rights and operating fixtures and equipment at a carrying amount of | 39,015 | 16,239 | 0 | 0 |
| **Rental and lease obligations** | | | | |
| Lease obligations, period of non-terminability | 62,564 | 23,112 | 0 | 0 |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | TDKK | TDKK | TDKK | TDKK |

## 16. Contingent assets, liabilities and other financial obligations

**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 Slow Hands 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 has provided unlimited surety for subsidiaries bank connections.

## 17. Related parties and disclosure of consolidated financial statements

| | Basis |
|---|---|
| **Controlling interest** | |
| Claus Normann Hansen Mühlemattstrasse 25, 6004 Luzern, Schweiz | Ultimate shareholder |
| Slow Hands ApS Nordre Strandvej 105, 8240 Riskov | Ulimate Parent Company |
| **Other related parties** | |
| Claus Normann Hansen | shareholder and board of directors |
| Lars Rasmussen | shareholder and executive board |
| Bo Keldke | shareholder and executive board |
| Thomas Krøyer | chairman of Board of directors |
| Jeppe Holger Hjølund Larsen | Board of directors |
| Lars Syberg | Board of directors |

**Transactions**

The Group 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. All transaction have been made on an arm's lenght basis.

**Consolidated Financial Statements**

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| Name | Place of registered office |
|---|---|
| Slow Hands ApS | Nordre Strandvej 105, 8240 Risskov |

## 18. Fee to auditors appointed at the general meeting

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | TDKK | TDKK |
| **PricewaterhouseCoopers** | | |
| Audit fee | 664 | 402 |
| Other assurance engagements | 0 | 18 |
| Tax advisory services | 21 | 446 |
| Non-audit services | 190 | 251 |
| | **875** | **1,117** |

# Notes to the Financial Statements

## 19. Accounting policies

The Annual Report of Baton Transport Holding A/S for 2024 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.

This is the first year that consolidated statements are prepared. The pooling of interests method is applied (see further below), and comparatives as well as full 5-year overview of Key Figures is presented.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in TDKK.

**Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

**Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, Baton Transport Holding A/S, 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.

***Business acquisitions carried through before 1 July 2018***

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

***Pooling of interests***

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

**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.

**Segment information on revenue**

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

## Income statement

**Revenue**

Transport services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

**Production expenses**

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

# Notes to the Financial Statements

**Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

**Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

**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**

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

**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**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 Baton Transport A/S and Slow Hands ApS . The tax effect of the joint taxation with the subsidiaries is allocated to 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 is amortised on a straight-line basis over the estimated useful life of 5 years, determined on the basis of Management's experience with the individual business areas.

*Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

**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 | 3-10 years |

The fixed assets' residual values are determined on average at 36 % of total cost.

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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

**Investments in subsidiaries**

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

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

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

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

**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 raw materials and consumables 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.

**Equity**

**Dividend**

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

**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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

**Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.

**Cash Flow Statement**

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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.

*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**

| | |
|---|---|
| Profit margin | Profit/loss of primary operations x 100 / Revenue |
| Return on assets | Profit/loss of 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 |