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# ***BATON TRANSPORT A/S***

Karolinevej 16, DK-4200 Slagelse

## **Annual Report for 2024**

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CVR No. 33 03 38 26

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



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BATON TRANSPORT 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 give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations 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

Bo Brangstrup Keldke  
Manager

## Board of Directors

Claus Normann Hansen  
Chairman

Lars Boye Rasmussen

Bo Brangstrup Keldke

# Independent Auditor's report

To the shareholders of BATON TRANSPORT A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BATON TRANSPORT 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 ("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 Company 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 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 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 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 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 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 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 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 audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. 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

<b>The Company</b>	BATON TRANSPORT A/S Karolinevej 16 DK-4200 Slagelse  CVR No: 33 03 38 26 Financial period: 1 January - 31 December Municipality of reg. office: Slagelse
<b>Board of Directors</b>	Claus Normann Hansen, chairman Lars Boye Rasmussen Bo Brangstrup Keldke
<b>Executive Board</b>	Bo Brangstrup Keldke
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted
<b>Lawyers</b>	Lind Advokataktieselskab Ved Vesterport 6, 2 1612 København V
<b>Bankers</b>	Sydbank A/S Kgs. Nytorv 30 1050 København K.

# Financial Highlights

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

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	192,577	204,905	314,290	258,035	266,909
Gross profit	5,659	21,727	4,376	6,989	10,583
Profit/loss of primary operations	-10,442	-2,003	-4,241	-1,953	3,982
Profit/loss of financial income and expenses	49,263	3,896	17,844	11,536	14,591
Net profit/loss for the year	41,757	2,992	14,746	10,094	17,588
<b>Balance sheet</b>					
Balance sheet total	236,239	171,518	162,696	111,099	95,878
Investment in property, plant and equipment	29,610	50,404	33,310	32,318	260
Equity	86,212	53,489	65,096	50,407	73,758
Number of employees	3	3	4	6	7
<b>Ratios</b>					
Gross margin	2.9%	10.6%	1.4%	2.7%	4.0%
Profit margin	-5.4%	-1.0%	-1.3%	-0.8%	1.5%
Return on assets	-4.4%	-1.2%	-2.6%	-1.8%	4.2%
Solvency ratio	36.5%	31.2%	40.0%	45.4%	76.9%
Return on equity	59.8%	5.0%	25.5%	16.3%	27.0%

# Management's review

## Key activities

The company principal activity is to deliver Line Haul services with trailers or containers to global or local freight forwarders in Scandinavia and Benelux

## Development in the year

The Income statement for 2024 reports a net profit after tax of 41.6 million kr., compared to a net profit of 3 million kr. in the previous year. As of December 31, the balance sheet reflects an equity position of 86.2 million kr., up from 53.5 million kr. the prior year. This development is driven by an internal sales of Baton Transport Bulgaria to Baton Transport Holding A/S and holds an internal gain of 57.8 million kr. The profit from sales operations reports a profit of 5.7 million kr., compared to 21.7 million kroner in 2023, which is driven by lower sales of 12.3 million kroner and higher transport cost related to the transformation of the operation in Hungary and Bulgaria.

Management acknowledges that the net profit for the year is disappointing but remains confident in the underlying performance of the existing business.

## Financial risks and the use of financial instruments

### *Foreign currency risks*

The transactions in the company are primarily in foreign currency and relate to the sale of transport services in EUR and DKK as well as the transport services from Baton Transport Bulgaria EOOD in EUR and on behalf of the Baton Transport Group purchases operational and financial leased Trucks in and crossings in DKK.

salaries and other types of costs. Since both the company'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 company's transactions.

### *Interest rate risks*

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

### *Credit risks*

The company 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 .

## Expected developments

For the coming year, the company 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 Scandinavia and a moderate growth in the Benelux region. As part of the Staying Ahead 2027 strategy, the company 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 company's financial performance.

## Statement of corporate social responsibility

Reference is made to the parent Company Baton Transport Holding A/S' (CVR no. 44170965) annual report for 2024, for statement on the Group's corporate and social responsibilities. The annual report of Baton Transport Holding A/S can be obtained at [www.cvr.dk](http://www.cvr.dk).

## Statement on data ethics

## Management's review

Reference is made to the parent Company Baton Transport Holding A/S' (CVR no. 44170965) annual report for 2024, for statement on the Group's Data Ethics. The annual report of Baton Transport Holding A/S can be obtained at [www.cvr.dk](http://www.cvr.dk).

### Subsequent events

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

## Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue	1	192,577	204,905
Production expenses		-186,918	-183,178
<b>Gross profit</b>		<b>5,659</b>	<b>21,727</b>
Distribution expenses		-128	-78
Administrative expenses	2	-22,228	-28,482
<b>Operating profit/loss</b>		<b>-16,697</b>	<b>-6,833</b>
Other operating income		6,592	4,830
Other operating expenses		-337	0
<b>Profit/loss before financial income and expenses</b>		<b>-10,442</b>	<b>-2,003</b>
Income from investments in subsidiaries		52,692	7,168
Financial income		32	88
Financial expenses		-3,461	-3,360
<b>Profit/loss before tax</b>		<b>38,821</b>	<b>1,893</b>
Tax on profit/loss for the year	3	2,936	1,099
<b>Net profit/loss for the year</b>	4	<b>41,757</b>	<b>2,992</b>

## Balance sheet 31 December

### Assets

	Note	2024	2023
		TDKK	TDKK
Completed development projects		3,720	0
Development projects in progress		703	0
<b>Intangible assets</b>	<b>5</b>	<b>4,423</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		68,954	73,945
<b>Property, plant and equipment</b>	<b>6</b>	<b>68,954</b>	<b>73,945</b>
Investments in subsidiaries	7	25,617	50,227
<b>Fixed asset investments</b>		<b>25,617</b>	<b>50,227</b>
<b>Fixed assets</b>		<b>98,994</b>	<b>124,172</b>
Trade receivables		34,484	16,098
Receivables from group enterprises		92,192	25,223
Other receivables		2,682	2,418
Deferred tax asset	8	5,620	2,683
Corporation tax		340	340
Prepayments	9	888	417
<b>Receivables</b>		<b>136,206</b>	<b>47,179</b>
<b>Cash at bank and in hand</b>		<b>1,039</b>	<b>167</b>
<b>Current assets</b>		<b>137,245</b>	<b>47,346</b>
<b>Assets</b>		<b>236,239</b>	<b>171,518</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital		400	400
Reserve for net revaluation under the equity method		5,535	43,078
Reserve for development costs		3,450	0
Retained earnings		76,827	10,011
<b>Equity</b>		<b>86,212</b>	<b>53,489</b>
Lease obligations		49,669	55,332
<b>Long-term debt</b>	10	<b>49,669</b>	<b>55,332</b>
Credit institutions		2,834	3,840
Lease obligations	10	20,000	19,000
Trade payables		11,768	29,363
Payables to group enterprises		64,196	9,300
Other payables		1,560	1,194
<b>Short-term debt</b>		<b>100,358</b>	<b>62,697</b>
<b>Debt</b>		<b>150,027</b>	<b>118,029</b>
<b>Liabilities and equity</b>		<b>236,239</b>	<b>171,518</b>
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## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	43,078	0	10,011	53,489
Exchange adjustments	0	-34	0	0	-34
Extraordinary dividend paid	0	0	0	-9,000	-9,000
Development costs for the year	0	0	3,450	-3,450	0
Net profit/loss for the year	0	-37,509	0	79,266	41,757
<b>Equity at 31 December</b>	<b>400</b>	<b>5,535</b>	<b>3,450</b>	<b>76,827</b>	<b>86,212</b>

# Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
<b>1. Revenue</b>		
<b>Geographical segments</b>		
Northern Europe	169,427	179,355
Western Europe	17,870	25,550
Other	5,280	0
	<u>192,577</u>	<u>204,905</u>

	2024	2023
	TDKK	TDKK
<b>2. Staff</b>		
Wages and salaries	2,943	3,450
Other social security expenses	12	17
Other staff expenses	0	42
	<u>2,955</u>	<u>3,509</u>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<u>0</u>	<u>1,914</u>
<b>Average number of employees</b>	<u>3</u>	<u>3</u>

According to section 98 B(3) no 2 of the Danish Financial Statements Act, the remuneration for the management is not disclosed for the financial year 2024.

	2024	2023
	TDKK	TDKK
<b>3. Income tax expense</b>		
Deferred tax for the year	-2,936	-1,099
	<u>-2,936</u>	<u>-1,099</u>

## Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
<b>4. Profit allocation</b>		
Extraordinary dividend paid	9,000	0
Reserve for net revaluation under the equity method	-37,509	-5,830
Retained earnings	70,266	8,822
	<u>41,757</u>	<u>2,992</u>

## 5. Intangible fixed assets

	Completed development projects	Develop- ment projects in progress
	TDKK	TDKK
Cost at 1 January	0	0
Additions for the year	3,720	703
Cost at 31 December	<u>3,720</u>	<u>703</u>
<b>Carrying amount at 31 December</b>	<u>3,720</u>	<u>703</u>

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

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 January	104,331
Additions for the year	29,609
Disposals for the year	<u>-32,395</u>
Cost at 31 December	<u>101,545</u>
Impairment losses and depreciation at 1 January	30,386
Depreciation for the year	21,164
Reversal of impairment and depreciation of sold assets	<u>-18,959</u>
Impairment losses and depreciation at 31 December	<u>32,591</u>
<b>Carrying amount at 31 December</b>	<b><u>68,954</u></b>
Including assets under finance leases amounting to	<u>68,846</u>

## Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
<b>7. Investments in subsidiaries</b>		
Cost at 1 January	1,098	1,098
Cost at 31 December	1,098	1,098
Value adjustments at 1 January	43,077	48,509
Disposals for the year	-32,315	0
Exchange adjustment	-34	400
Net profit/loss for the year	-5,008	7,082
Dividend to the Parent Company	0	-13,000
Amortisation of goodwill	0	-118
Other adjustments	-185	204
Value adjustments at 31 December	5,535	43,077
Equity investments with negative net asset value amortised over receivables	18,984	6,052
<b>Carrying amount at 31 December</b>	<b>25,617</b>	<b>50,227</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
BATON TRANSPORT SP. Z O.O.	Poland	5.000	100%
Baton Transport GmbH	Germany	50.000	100%
Baton Transport AB	Sweden	50.000	100%
Baton Transport Switzerland AG	Switzerland	100.000	100%

## Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
<b>8. Deferred tax asset</b>		
Deferred tax asset at 1 January	2,683	1,585
Amounts recognised in the income statement for the year	2,936	1,099
Amounts recognised in equity for the year	1	-1
<b>Deferred tax asset at 31 December</b>	<b>5,620</b>	<b>2,683</b>

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 Company and 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.

## 9. Prepayments

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

	2024	2023
	TDKK	TDKK
<b>10. Long-term debt</b>		

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:

### Lease obligations

After 5 years	0	0
Between 1 and 5 years	49,669	55,332
Long-term part	49,669	55,332
Within 1 year	20,000	19,000
	<b>69,669</b>	<b>74,332</b>

# Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
<b>11. Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
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, non-registered vehicles, intellectual property rights and operating fixtures and equipment at a carrying amount of	39,015	16,239
<b>Rental and lease obligations</b>		
Lease obligations, period of non-terminability	36,316	19,947

#### Other contingent liabilities

The Danish 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 Danish 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 Group entities' bank connections.

# Notes to the Financial Statements

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

	<u>Basis</u>
<b>Controlling interest</b>	
Claus Normann Hansen Mühlemattstrasse 25, 6004 Luzern, Schweiz	Ultimate shareholder
Baton Transport Holding ApS Karolinevej 16, 4200 Slagelse	Parent Company
Slow Hands ApS Nordre Strandvej 105, 8240 Riskov	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)(6) of the Danish Financial Statements Act.

### Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
SLOW HANDS ApS (largest)	Nordre Strandvej 105, 8240 Risskov
Baton Transport Holding A/S (smallest)	Karolinevej 16, 4200 Slagelse

## 13. Subsequent events

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

# Notes to the Financial Statements

## 14. Accounting policies

The Annual Report of BATON TRANSPORT 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. However, the presentation of the income statement have been changed from presentation by type to presentation by function. There have been no changes made to recognition or measurement criteria.

The Financial Statements for 2024 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of Baton Transport Holding A/S, the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Baton Transport Holding A/S, the Company has not prepared a cash flow statement.

### 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.

### Leases

Leases in terms of which the Company 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 Company.

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

# Notes to the Financial Statements

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Segment information on revenue

Information on geographical segments is based on the Company'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 fuel, costs related to leasing, driver costs, maintenance costs and depreciation etc.

### 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, etc.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment as well as year-end transfer pricing corrections.

### 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 as well as profit/loss on investments disposed of in 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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

# Notes to the Financial Statements

The Company is jointly taxed with all Danish Group entities.. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible fixed assets

#### *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
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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 property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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.

# Notes to the Financial Statements

## 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.

## 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 liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## Financial liabilities

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

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$