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Cosco Shipping Lines Nordic A/S

Birkerød Kongevej 150 3460 Birkerød CVR No. 10702577

Annual report 2021

The Annual General Meeting adopted the annual report on 03.03.2022

Morten Struve Chairman of the General Meeting

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Entity details

Entity

Cosco Shipping Lines Nordic A/S Birkerød Kongevej 150 3460 Birkerød

Business Registration No.: 10702577 Registered office: Rudersdal Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Tian Dong, chairman Erik Lund Eriksen Wang Han Enjie Yin Deming Tu Zaikun Tian

Executive Board

Deming Tu

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cosco Shipping Lines Nordic A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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

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

Birkerød, 03.03.2022

Executive Board

Deming Tu

Board of Directors

Tian Dong chairman Erik Lund Eriksen

Wang Han

Enjie Yin

Deming Tu

Zaikun Tian

Independent auditor's report

To the shareholders of Cosco Shipping Lines Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Cosco Shipping Lines Nordic A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 03.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Anders Kreiner

State Authorised Public Accountant Identification No (MNE) mne26765

Management commentary

Financial highlights

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------------------------------------|----------|---------|---------|----------|---------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Key figures | | | | | |
| Revenue | 101,935 | 91,937 | 90,730 | 84,773 | 110,823 |
| Gross profit/loss | 46,891 | 43,825 | 38,989 | 32,095 | 45,460 |
| Operating profit/loss | 4,106 | 5,999 | 3,528 | 2,412 | 8,544 |
| Net financials | 444 | (1,196) | (469) | 712 | (880) |
| Profit/loss for the year | 3,473 | 3,733 | 2,295 | 2,289 | 5,772 |
| Balance sheet total | 37,339 | 37,549 | 92,665 | 84,143 | 68,831 |
| Equity | 18,155 | 25,477 | 22,055 | 20,093 | 25,484 |
| Cash flows from operating activities | 21,497 | 920 | (2,179) | 8,955 | 13,909 |
| Cash flows from investing activities | 0 | 44 | (9) | 189 | (168) |
| Cash flows from financing activities | (10,587) | (1,105) | 2,829 | (18,192) | (9,527) |
| Average number of employees | 55 | 49 | 47 | 48 | 51 |
| Ratios | | | | | |
| Gross margin (%) | 46.00 | 47.67 | 42.97 | 37.86 | 41.02 |
| Return on equity (%) | 15.92 | 15.71 | 10.89 | 10.04 | 20,70 |
| Equity ratio (%) | 48.62 | 67.85 | 23.80 | 23.88 | 37.02 |

There has been made a reclassification in the comparative figures for the consolidated financial statement, with no change in the result. This affects the financial highlights and ratios. Refer to the section "Accounting policies" for further information.

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

Gross margin (%): <u>Gross profit/loss * 100</u> Revenue

Return on equity (%): <u>Profit/loss for the year * 100</u> Average equity **Equity ratio (%):** <u>Equity * 100</u> Balance sheet total

Primary activities

The activities of the Group comprises shipping services.

The Company is a holding company of the following wholly owned subsidiaries, which all carry on shipping activities:

- COSCO SHIPPING Lines Denmark A/S, Birkerød, Denmark
- COSCO SHIPPING Lines (Norway), Oslo, Norway (branch)
- COSCO SHIPPING Lines Sweden AB, Stockholm, Sweden

Development in activities and finances

Profit for the year amounts to DKK 3,472,518.

The revenue has increased by 11% in 2021, compared to 2020. The primary increase comes from the increase in freight rates and in the demand on shipping services.

The financial results are better than expected.

Profit/loss for the year in relation to expected developments

The activities for the Group has been better than expected despite of the impact of COVID-19, as the Nordic Group only had a small decrease in handled TEU.

Outlook

Management expects the Group to show positive development in profit before tax for 2022 based on continued focus on profitable business, the increase in freight rates and the increasing demand on shipping services, and expect the profit before tax to be in the range of 4-5 mio. DKK.

Use of financial instruments

Exchange rate risk

The Group is exposed to changes in exchange rates, due to the activities and financing structure of the Group. The Group manages the financial risks centrally and coordinates the cash flow usage. The exchange rate risk is arising from the commercial conditions from the activities and therefore the management has a low-risk policy.

This risk is especially relevant in relation to the Group's transactions in EUR and USD. No specific measures are taken to hedge these transactions as the risk is assessed to be limited.

Events after the balance sheet date

The outbreak of coronavirus/COVID-19 is still a current event in the months after 31.12.2021. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Company, suppliers, customers and other business partners. The economical effect cannot be meassured at this time.

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

Consolidated income statement for 2021

| | | 2021 | 2020 |
|--|-------|--------------|--------------|
| | Notes | DKK | DKK |
| Revenue | | 101,934,597 | 91,936,893 |
| Cost of sales | | (47,338,542) | (40,264,242) |
| Other external expenses | | (7,705,211) | (7,847,579) |
| Gross profit/loss | | 46,890,844 | 43,825,072 |
| Staff costs | 1 | (42,784,771) | (37,785,230) |
| Depreciation, amortisation and impairment losses | 2 | 0 | (41,029) |
| Operating profit/loss | | 4,106,073 | 5,998,813 |
| Other financial income | 3 | 490,241 | 534 |
| Other financial expenses | 4 | (46,311) | (1,196,322) |
| Profit/loss before tax | | 4,550,003 | 4,803,025 |
| Tax on profit/loss for the year | 5 | (1,077,485) | (1,070,177) |
| Profit/loss for the year | 6 | 3,472,518 | 3,732,848 |

Consolidated balance sheet at 31.12.2021

Assets

| | | 2021 | 2020 |
|--|-------|------------|------------|
| | Notes | DKK | DKK |
| Other fixtures and fittings, tools and equipment | | 0 | 0 |
| Leasehold improvements | | 0 | 0 |
| Property, plant and equipment | 7 | 0 | 0 |
| Other receivables | | 553,969 | 485,808 |
| Financial assets | 8 | 553,969 | 485,808 |
| Fixed assets | | 553,969 | 485,808 |
| Trade receivables | | 3,777,357 | 4,304,035 |
| Receivables from group enterprises | | 8,682,401 | 20,500,781 |
| Deferred tax | 9 | 421,038 | 505,482 |
| Other receivables | | 1,646,623 | 536,678 |
| Tax receivable | | 412,625 | 281,771 |
| Receivables | | 14,940,044 | 26,128,747 |
| Cash | | 21,844,887 | 10,934,874 |
| Current assets | | 36,784,931 | 37,063,621 |
| Assets | | 37,338,900 | 37,549,429 |

Equity and liabilities

| 1. V | | | |
|---|-------|-------------|-------------|
| | Notes | 2021 DKK | 2020 DKK |
| Contributed capital | 10 | 1,000,000 | 1,000,000 |
| Translation reserve | | (518,106) | (310,736) |
| Retained earnings | | 6,193,063 | 24,787,524 |
| Proposed dividend for the financial year | | 11,480,000 | 0 |
| Equity | | 18,154,957 | 25,476,788 |
| Other payables | | 1,535,466 | 1,792,908 |
| Non-current liabilities other than provisions | 11 | 1,535,466 | 1,792,908 |
| | | | |
| Trade payables | | 4,552,730 | 1,247,521 |
| Tax payable | | 383,691 | 454,653 |
| Other payables | | 12,712,056 | 8,577,559 |
| Current liabilities other than provisions | | 17,648,477 | 10,279,733 |
| Liabilities other than provisions | | 19,183,943 | 12,072,641 |
| Equity and liabilities | | 37,338,900 | 37,549,429 |
| | | | |
| Unrecognised rental and lease commitments | 13 | | |
| Transactions with related parties | 14 | | |
| Group relations | 15 | | |
| Subsidiaries | 16 | | |
| | | | |

Consolidated statement of changes in equity for 2021

| | Contributed capital DKK | Translation reserve DKK | Retained earnings DKK | Proposed extraordinary dividend DKK | Proposed dividend for the financial year DKK |
|-----------------------------|-------------------------------|-------------------------------|-----------------------------|--|--|
| Equity beginning of year | 1,000,000 | (310,736) | 24,787,524 | 0 | 0 |
| Extraordinary dividend paid | 0 | 0 | 0 | (10,586,979) | 0 |
| Exchange rate adjustments | 0 | (207,370) | 0 | 0 | 0 |
| Profit/loss for the year | 0 | 0 | (18,594,461) | 10,586,979 | 11,480,000 |
| Equity end of year | 1,000,000 | (518,106) | 6,193,063 | 0 | 11,480,000 |
| | | | | | Total DKK |
| Equity beginning of year | | | | | 25,476,788 |
| Extraordinary dividend paid | | | | | (10,586,979) |
| Exchange rate adjustments | | | | | (207,370) |
| Profit/loss for the year | | | | | 3,472,518 |
| Equity end of year | | | | | 18,154,957 |

Consolidated cash flow statement for 2021

| | Notes | 2021 DKK | 2020 DKK |
|--|-------|---------------------------------|--------------------------|
| Operating profit/loss | | 4,106,073 | 5,998,813 |
| Amortisation, depreciation and impairment losses | | 0 | 41,029 |
| Working capital changes | 12 | 18,349,216 | (2,904,093) |
| Other adjustments | | (207,370) | (310,736) |
| Cash flow from ordinary operating activities | | 22,247,919 | 2,825,013 |
| Financial income received | | 490,241 | 534 |
| Financial expenses paid | | (46,311) | (1,196,323) |
| Taxes refunded/(paid) | | (1,194,857) | (709,651) |
| Cash flows from operating activities | | 21,496,992 | 919,573 |
| | | | 42.050 |
| Acquisition of fixed asset investments | | 0 | 43,968 |
| Cash flows from investing activities | | 0 | 43,968 |
| Free cash flows generated from operations and | | 21,496,992 | 963,541 |
| investments before financing | | | |
| Repayment of debt to group enterprises | | 0 | (1,104,959) |
| Dividend paid | | (10,586,979) | 0 |
| Cash flows from financing activities | | (10,586,979) | (1,104,959) |
| Increase/decrease in cash and cash equivalents | | 10,910,013 | (141,418) |
| Cash and cash equivalents beginning of year | | 10,934,874 | 11,076,292 |
| Cash and cash equivalents end of year | | 21,844,887 | 10,934,874 |
| Cach and cach equivalents at year and are composed of | | | |
| Cash and cash equivalents at year-end are composed of: Cash | | 21,844,887 | 10,934,874 |
| Cash and cash equivalents end of year | | 21,844,887 21,844,887 | 10,934,874 10,934,874 |

Notes to consolidated financial statements

1 Staff costs

| | 2021 DKK | 2020 DKK |
|--|------------------------------|----------------------------|
| Wages and salaries | 38,913,904 | 33,384,801 |
| Pension costs | 3,368,183 | 3,091,504 |
| Other social security costs | 0 | 1,233,066 |
| Other staff costs | 502,684 | 75,859 |
| | 42,784,771 | 37,785,230 |
| Average number of full-time employees | 55 | 49 |
| | Remuneration F of manage- | Remuneration of manage- |
| | ment | ment |
| | 2021 | 2020 |
| | DKK | DKK |
| Total amount for management categories | 6,054,160 | 6,144,132 |
| | 6,054,160 | 6,144,132 |
| 2 Depreciation, amortisation and impairment losses | | |
| | 2021 | 2020 |
| | DKK | DKK |
| Depreciation on property, plant and equipment | 0 | 41,029 |
| | 0 | 41,029 |
| 3 Other financial income | | |
| | 2021 | 2020 |
| | DKK | DKK |
| Other interest income | 0 | 534 |
| Exchange rate adjustments | 488,944 | 0 |
| Other financial income | 1,297 | 0 |
| | 490,241 | 534 |

4 Other financial expenses

| | 2021 | 2020 |
|---------------------------|--------|-----------|
| | DKK | DKK |
| Other interest expenses | 46,311 | 45,123 |
| Exchange rate adjustments | 0 | 1,151,199 |
| | 46,311 | 1,196,322 |

5 Tax on profit/loss for the year

| | 2021 | 2020 |
|------------------------|-----------|-----------|
| | DKK | DKK |
| Current tax | 993,041 | 931,616 |
| Change in deferred tax | 84,444 | 138,561 |
| | 1,077,485 | 1,070,177 |

6 Proposed distribution of profit/loss

| | 2021 | 2020 |
|--|--------------|-----------|
| | DKK | DKK |
| Ordinary dividend for the financial year | 11,480,000 | 0 |
| Extraordinary dividend distributed in the financial year | 10,586,979 | 0 |
| Retained earnings | (18,594,461) | 3,732,848 |
| | 3,472,518 | 3,732,848 |

7 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
|--|--|----------------------------------|
| Cost beginning of year | 725,893 | 1,296,485 |
| Exchange rate adjustments | (286) | 1,412 |
| Disposals | (317,594) | 0 |
| Cost end of year | 408,013 | 1,297,897 |
| Depreciation and impairment losses beginning of year | (725,893) | (1,296,485) |
| Exchange rate adjustments | 286 | (1,412) |
| Reversal regarding disposals | 317,594 | 0 |
| Depreciation and impairment losses end of year | (408,013) | (1,297,897) |
| Carrying amount end of year | 0 | 0 |

8 Financial assets

| Other receivables |
|----------------------|
| ДКК |
| 485,808 |
| 68,161 |
| 553,969 |
| 553,969 |
| |

9 Deferred tax

| | 2021 | 2020 |
|------------------------------------|----------|-----------|
| Changes during the year | DKK | DKK |
| Beginning of year | 505,482 | 712,505 |
| Recognised in the income statement | (84,444) | (138,561) |
| Other changes | 0 | (68,462) |
| End of year | 421,038 | 505,482 |

Deferred tax relates to property, plant and equipment and other provisions.

The Group expects to use the deferred tax asset in the coming years, due to positive profit.

10 Contributed capital

| | | | Nominal |
|--------|--------|-----------|-----------|
| | | Par value | value |
| | Number | DKK | DKK |
| Shares | 2,000 | 500 | 1,000,000 |
| | 2,000 | | 1,000,000 |

11 Non-current liabilities other than provisions

| | Due after |
|----------------|--------------|
| | more than 12 |
| | months |
| | 2021 |
| | DKK |
| Other payables | 1,535,466 |
| | 1,535,466 |

Liabilities due after 5 years amounts to DKK 0.

12 Changes in working capital

| | 2021 | 2020 |
|--|------------|-------------|
| | DKK | DKK |
| Increase/decrease in receivables | 11,166,952 | 5,266,950 |
| Increase/decrease in trade payables etc. | 7,182,264 | (8,171,043) |
| | 18,349,216 | (2,904,093) |

13 Unrecognised rental and lease commitments

| | 2021 | 2020 |
|---|-----------|-----------|
| | DKK | DKK |
| Total liabilities under rental or lease agreements until maturity | 5,761,949 | 6,535,000 |

14 Non-arm's length related party transactions

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

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: COSCO Container Lines Europe GmbH, Herrengraben 24, D-20459, Hamburg, Germany

The consolidated financial statements of COSCO Container Lines Europe GmbH may be ordered at this address: Herrengraben 24, 20459, Hamburg, Germany

16 Subsidiaries

| | | Corporate | Ownership | Equity | Profit/loss |
|-------------------------------------|----------------------|-----------|-----------|-----------|-------------|
| | Registered in | form | % | DKK | DKK |
| COSCO SHIPPING Lines Denmark A/S | Denmark | A/S | 100 | 1,749,843 | 1,249,843 |
| COSCO SHIPPING Lines (Sweden) AB | Sweden | AB | 100 | 5,484,241 | 1,115,898 |
| COSCO SHIPPING Lines (Norway) AS | Norway | AS | 100 | 5,044,666 | 1,338,762 |

Parent income statement for 2021

| | | 2021 | 2020 |
|--|-------|------------|----------|
| | Notes | DKK | DKK |
| Other external expenses | | (44,779) | (74,849) |
| Gross profit/loss | | (44,779) | (74,849) |
| Income from investments in group enterprises | | 11,347,378 | 0 |
| Other financial income | 1 | 223,824 | 176,296 |
| Other financial expenses | 2 | (2,667) | (52,389) |
| Profit/loss before tax | | 11,523,756 | 49,058 |
| Tax on profit/loss for the year | 3 | (40,281) | (10,792) |
| Profit/loss for the year | 4 | 11,483,475 | 38,266 |

Parent balance sheet at 31.12.2021

Assets

| | | 2021 | 2020 |
|--|-------|------------|------------|
| | Notes | DKK | DKK |
| Investments in group enterprises | | 6,711,087 | 6,711,087 |
| Financial assets | 5 | 6,711,087 | 6,711,087 |
| Fixed assets | | 6,711,087 | 6,711,087 |
| Receivables from group enterprises | | 5,115,781 | 4,583,430 |
| Other receivables | | 6,189 | 291 |
| Tax receivable | | 118,849 | 0 |
| Joint taxation contribution receivable | | 309,509 | 580,382 |
| Receivables | | 5,550,328 | 5,164,103 |
| Cash | | 222,060 | 18,095 |
| Current assets | | 5,772,388 | 5,182,198 |
| Assets | | 12,483,475 | 11,893,285 |

Equity and liabilities

| | | 2021 | 2020 |
|---|-------|------------|------------|
| | Notes | DKK | DKK |
| Contributed capital | | 1,000,000 | 1,000,000 |
| Retained earnings | | 3,475 | 10,586,979 |
| Proposed dividend for the financial year | | 11,480,000 | 0 |
| Equity | | 12,483,475 | 11,586,979 |
| Tax payable | | 0 | 162,306 |
| Other payables | | 0 | 144,000 |
| Current liabilities other than provisions | | 0 | 306,306 |
| Liabilities other than provisions | | 0 | 306,306 |
| Equity and liabilities | | 12,483,475 | 11,893,285 |
| Employees | 6 | | |
| Contingent liabilities | 7 | | |
| Related parties with controlling interest | 8 | | |
| Transactions with related parties | 9 | | |
| | | | |

Parent statement of changes in equity for 2021

| | Contributed capital DKK | Retained earnings DKK | Proposed extraordinary dividend DKK | Proposed dividend for the year DKK | Total DKK |
|-----------------------------|-------------------------------|-----------------------------|--|---|--------------|
| Equity beginning of year | 1,000,000 | 10,586,979 | 0 | 0 | 11,586,979 |
| Extraordinary dividend paid | 0 | 0 | (10,586,979) | 0 | (10,586,979) |
| Profit/loss for the year | 0 | (10,583,504) | 10,586,979 | 11,480,000 | 11,483,475 |
| Equity end of year | 1,000,000 | 3,475 | 0 | 11,480,000 | 12,483,475 |

Notes to parent financial statements

1 Other financial income

| | 2021 | 2020 |
|--|--------------|-------------------------|
| | DKK | DKK |
| Financial income from group enterprises | 180,549 | 176,296 |
| Exchange rate adjustments | 43,275 | 0 |
| | 223,824 | 176,296 |
| 2 Other financial expenses | | |
| | 2021 | 2020 |
| | DKK | DKK |
| Other interest expenses | 2,667 | 583 |
| Exchange rate adjustments | 0 | 51,806 |
| | 2,667 | 52,389 |
| 3 Tax on profit/loss for the year | | |
| | 2021 | 2020 |
| | DKK | DKK |
| Current tax | 40,281 | 10,792 |
| | 40,281 | 10,792 |
| 4 Proposed distribution of profit and loss | | |
| | 2021 | 2020 |
| | DKK | DKK |
| Ordinary dividend for the financial year | 11,480,000 | 0 |
| Extraordinary dividend distributed in the financial year | 10,586,979 | 0 |
| Retained earnings | (10,583,504) | 38,266 |
| | 11,483,475 | 38,266 |
| 5 Financial assets | | |
| | Inv | estments in |
| | | group |
| | | enterprises |
| Cost beginning of year | | DKK 6,711,087 |
| Cost end of year | | 6,711,087 |
| Carrying amount end of year | | 6,711,087 |
| · | | - |

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8 Related parties with controlling interest

COSCO Container Lines Europe GmbH, Herrengraben 24, D-20459, Hamburg, Germany, owns all shares in the Entity, thus exercising control.

9 Non-arm's length related party transactions

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

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements, remain unchanged from last year. However there has been made a reclassification in the comparative figures for the consolidated financial statement, with no change in the result. Receivables from group enterprises has been decreased with 52.280.711 kr., payables to group enterprises has been decreased with 35.885.207 kr., trade receivables has been increased with 3.010.391 kr., trade payables has been decreased with 12.823.215 kr. and other payables (current liability) has been decreased with 561.898 kr.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition

date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less

accumulated depreciation and impairment losses.

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

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

| Other fixtures and fittings, tools and equipment | 3-5 years |
|--|-----------|
| Leasehold improvements | 10 years |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial

year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.