

Scandlines Danmark ApS

Havneholmen 25, 8.
DK-1561 Copenhagen
CVR no. 18605600

Annual report 2021

The Annual General Meeting adopted the annual report on 26 April 2022

Chairman of the General Meeting



Name: Carsten Nørland

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Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of Scandlines Danmark ApS for the financial year 1 January - 31 December 2021.

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

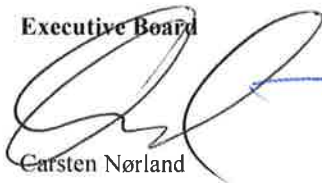
In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the management commentary gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 26 April 2022

Executive Board



Carsten Nørland

CEO



Per Johannesen Madsen

CFO



Michael Guldmann
Petersen

COO

Supervisory Board



Frans Blach Rossen
Chairman



Gerlinde Waltraud Helene
Krieger



Stig Dambmann



Claus Peter Vitting
Nikolajsen



Michael Skeller Andersen



Renée Ulla Mamsen-
Svarter



Gitte Kamper

Independent auditor's report

To the Shareholders of Scandlines Danmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Scandlines Danmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Commentary

Management is responsible for Management's Commentary.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Commentary and, in doing so, consider whether Management's Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Commentary.

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.

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 judgment and maintain professional skepticism 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.

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.

Copenhagen, 26 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Bo Schou-Jacobsen
State Authorised Public Accountant
Mne28703



André Nielsen
State Authorised Public Accountant
Mne46624

Company details

Company

Scandlines Danmark ApS
Havneholmen 25, 8.
DK-1561 Copenhagen

Central Business Registration No (CVR): 18605600
Registered in: Copenhagen
Financial year: 01.01.2021 - 31.12.2021

Phone: +4533151515
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Website: www.scandlines.dk
E-Mail: scandlines@scandlines.dk

Supervisory Board

Frans Blach Rossen, Chairman of the Board
Gerlinde Waltraud Helene Krieger
Stig Dambmann
Claus Peter Vitting Nikolajsen
Michael Skeller Andersen
Renée Ulla Mamsen-Svarter
Gitte Kamper

Executive Board

Carsten Nørland, CEO
Per Johannesen Madsen, CFO
Michael Guldman Petersen, COO

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management Commentary

	2021	2020	2019	2018	2017
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key figures					
Revenue	586.603	492.440	769.457	701.273	699.662
Other operating income	157.506	521.019	227.719	228.644	126.697
Gross profit/loss	562.454	758.701	770.237	693.092	590.758
Operating profit/loss	263.563	490.183	466.498	434.801	314.766
Net financials	66.665	29.624	92.269	111.044	30.619
Profit/loss for the year	322.261	515.732	556.044	551.491	334.342
Total assets	2.238.554	2.225.422	1.712.430	1.139.863	1.203.480
Investments in property, plant and equipment	117.198	69.040	85.538	76.185	80.809
Equity	2.039.926	1.717.665	1.201.933	991.247	894.135
Average numbers of employees	276	327	336	326	325
Ratios					
Gross margin (%)	95,9	154,1	100,1	98,8	84,4
Net margin (%)	54,9	104,7	72,3	78,6	47,8
Return on equity (%)	17,2	35,3	50,7	58,5	38,0
Equity ratio (%)	91,1	77,2	70,2	87,0	74,3
Revenue per employee	2.125,4	1.505,9	2.290,1	2.151,1	2.152,8

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$

Management Commentary

Primary activities

The Company's primary activities are to operate ferries on the route Puttgarden-Rødby.

Development in activities and finances

The financial year 2021 shows a profit for the year of DKK 322.261 thousands, which is DKK 193.471 thousands lower than 2020.

As of 31 December 2021, total assets were DKK 2,238,554 thousands (2020: DKK 2,225,422 thousands) with a total equity of DKK 2,039,926 thousands (2020: DKK 1,717,665 thousands).

The performance is considered satisfactory.

For a detailed description of finances and activities, we refer to the Group Financial Statements of Scandlines Infrastructure ApS.

Outlook

COVID-19 continued to impact our business in large parts of 2021 as car and passenger traffic was significantly affected by travel restrictions and quarantine measures imposed by political decision makers in Germany and Denmark to limit the spread of COVID-19.

Traffic figures were most severely affected by the restrictions in the first half of 2021, and traffic rebounded swiftly during the summer on the back of the introduction of COVID-19 certificates until restrictions were reinstated in the autumn. Freight traffic grew despite the continued impact from COVID-19 and countermeasures.

We continued to take precautionary measures to protect our employees, customers and partners during the outbreak of COVID-19. We maintained contingency planning and ensured compliance with recommendations and regulatory demands through training sessions and other proactive initiatives.

The Company has during the financial year received Covid-19 compensation for fixed costs. We did not make use of the state salary compensation scheme in Denmark during 2021.

In 2022, we expect car and passenger traffic as well as shopping and bus travel to be significantly impaired by the effects of COVID-19. Freight traffic is expected to remain at a relatively stable and high level throughout the year.

Due to the high degree of uncertainty and very low visibility, management is currently not in a position to provide precise financial guidance for 2022.Outlook

Particular risks

The most material financial risks are currency, oil and credit risks, which only occur in relation to the operating activities.

To mitigate the potential impact of the financial risks, the Company has taken an active approach to risk management with a view to identifying and reviewing risk areas and determining how to manage these risks.

We refer to the "Risk management" in the Group financial statements of Scandlines Infrastructure ApS for a detailed description.

Intellectual capital resources

The Company continuously improves operational efficiency to maintain a strong competitive position against established competitors. In addition, qualified employees and management is critical to our success in the long term.

We refer to the "Risk management" in the Group financial statements of Scandlines Infrastructure ApS for a detailed description.

Staff

The company employed an average of 276 people in the financial year 2021, which is a decrease of 51 employees compared to 2020.

We continuously work to optimize the psychical and mental work environment. All work related to security is coordinated by the security group. Additionally, we have a constructive dialogue on the development.

Uncertainty in relation to recognition and measurement

The Company has no material uncertainty in relation to recognition and measurement.

Unusual circumstances

There are no unusual circumstances in 2021, except for what is described above.

We refer to the description under "Outlook" in relation to COVID-19.

Research- and development activities

The Company has no research- and development activities.

Branches

The Company has no branches.

Statutory report on corporate social responsibility and data ethics cf. 99a and 99d of the Danish Financial Statements Act

For our statutory statement on social responsibility in accordance with sections 99a of the Danish Financial Statements Act, we refer to the Sustainability report from our parent company Scandlines Infrastructure Aps (CVR: 38 10 32 45). The report can be found here:

[Annual report and Sustainability report | Scandlines](#) where our account on Scandlines' data ethics policy is also available in accordance with section 99d of the Danish Financial Statements Act.

Statutory report on the underrepresented gender cf. 99b of the Danish Financial Statements Act

The Supervisory Board of the Scandlines Danmark ApS, currently consist of one female member elected by the general assembly. The number is unchanged from last year and due to the fact that there has not been any replacement in The Supervisory Board in 2021.

Scandlines operates in the maritime industry where many of the jobs are very gender specific due to the special working environment. The intake on the educations needed for a job in Scandlines is also very gender specific which makes it challenging to find candidates of the underrepresented gender in many areas. Further is the unemployment rate in Denmark very low for the time being which also brings down the number of suitable candidates. Scandlines does not work with quota but always employs the best-suited candidate for the job and works to make our advertisements as gender neutral as possible to attract both gender to all our open positions.

Scandlines has signed the Charter of Women in shipping and in 2021 participated in the UN Global Compact program "Target Gender Equality".

Scandlines will continue to have focus on improving the balance of the underrepresented gender in the coming year.

Income statement for 2021

	<u>Notes</u>	2021 DKK'000	2020 DKK'000
Revenue	1	586.603	492.440
Other operating income	2	<u>157.506</u>	<u>521.019</u>
Revenue total		744.109	1.013.459
Costs of raw materials and consumables		-53.712	-32.157
Other external expenses		-104.908	-159.486
Other operating costs		<u>-23.035</u>	<u>-63.115</u>
Gross profit / loss		562.454	758.701
Staff costs	3	-201.979	-175.226
Depreciation and amortisation		<u>-96.912</u>	<u>-93.292</u>
Operating profit/loss		263.563	490.183
Income/loss from investments in group enterprises	10	65.001	-9.569
Financial income	4	13.675	57.126
Financial expenses	5	<u>-12.011</u>	<u>-17.933</u>
Profit / loss before tax		330.228	519.807
Tax on profit for the year	6	<u>-7.967</u>	<u>-4.075</u>
Profit / loss for the year	7	322.261	515.732

Balance sheet at 31-12-2021

	<u>Notes</u>	<u>31-12-2021</u> <u>DKK'000</u>	<u>31-12-2020</u> <u>DKK'000</u>
Acquired intangible assets		59.158	77.379
Intangible assets	8	<u>59.158</u>	<u>77.379</u>
Vessels		184.101	177.844
Land and buildings		49.459	51.772
Plant and machinery		109.964	117.858
Other fixtures and fittings, tools and equipment		2.156	5.989
Leasing of property, plant and equipment		15.565	16.433
Assets under construction		191.479	128.180
Tangible assets	9	<u>552.724</u>	<u>498.076</u>
Investments in group enterprises	10	230.658	165.657
Deposits		2.611	2.719
Fixed assets investments		<u>233.269</u>	<u>168.376</u>
Fixed Assets		<u>845.151</u>	<u>743.831</u>
Finished goods		645	434
Inventories		<u>645</u>	<u>434</u>
Trade receivables		55.328	44.497
Receivable from affiliated companies		1.329.374	1.430.184
Other receivables	11	304	73
Prepayments	12	7.348	5.893
Receivables		<u>1.392.354</u>	<u>1.480.648</u>
Cash		<u>404</u>	<u>510</u>
Current assets		<u>1.393.403</u>	<u>1.481.591</u>
Assets		<u>2.238.554</u>	<u>2.225.422</u>

Balance sheet at 31-12-2021

	<u>Notes</u>	31-12-2021 DKK'000	31-12-2020 DKK'000
Contributed capital		500.000	500.000
Retained earnings		969.926	1.217.665
Dividend		570.000	0
Equity		<u>2.039.926</u>	<u>1.717.665</u>
Other payables	13	11.801	0
Leasing debt		16.021	16.858
Non-current liabilities		<u>27.822</u>	<u>16.858</u>
Trade payables		87.614	60.736
Payable to affiliated companies		40	347.168
Other payables	13	80.033	73.733
Income tax payable		0	4.644
Deferred income	14	3.119	4.618
Current liabilities other than provisions		<u>170.806</u>	<u>490.899</u>
Liabilities other than provisions		<u>198.628</u>	<u>507.757</u>
Equity and liabilities		<u>2.238.554</u>	<u>2.225.422</u>
Contingent Liabilities	15		
Assets charged and collateral	16		
Transactions with related parties	17		
Group relations	18		
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Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Dividend DKK'000	Total DKK'000
Equity at 1 January 2021	500.000	1.217.665	0	1.717.665
Profit / loss for the year	0	-247.739	570.000	322.261
Equity at 31 December 2021	500.000	969.926	570.000	2.039.926

The share capital consists of 500.000 shares of DKK 1.000 nominal.

Notes

	31-12-2021	31-12-2020
	DKK'000	DKK'000
1 Revenue		
Ferry transport	586.603	492.440
Total	586.603	492.440

Revenue from ferry transport is generated as part of the crossing from Denmark to Germany.

2 Other operating income		
Rent income from harbor, land and buildings	3.596	1.035
Shared Service Center	147.228	511.343
Compensation packages (COVID-19)	5.783	8.152
Profit for sold tangible assets	873	0
Other miscellaneous income	26	489
Total	157.506	521.019

In 2020, income from Shared Service Center is impacted by a catch-up adjustment relating to previous years

Rent income from harbor, land and buildings includes leasehold income from the ferries.

The Company has during the financial year received Covid-19 compensations for fixed costs.

In total, the Company received compensations of DKK 5.8 million, which have been recognized under other operating income.

3 Staff costs		
Salaries and wages	-179.376	-155.333
Pension costs	-18.403	-19.142
Other social security expenses	-4.200	-751
Total staff costs	-201.979	-175.226
Average number of employees	276	327

Notes

	Rumuneration to management 2021	Remuneration to management 2020
Salary	16.970	11.149
Bonus	29.858	13.859
Pension	1.876	1.614
Total Executive Management	48.704	26.622
Supervisory Board	176	176

The figures stated relates to the Executive Board,s remuneration for handling the whole Scandlines Infrastructure Group. Thus, only a minor part of the total remuneration is directly related to the work performed in Scandlines Danmark ApS.

	31-12-2021 DKK'000	31-12.2020 DKK'000
4 Financial income		
Interest from affiliated companies	13.675	38.063
Foreign exchange rate adjustment	0	19.063
Total financial income	13.675	57.126
5 Financial expenses		
Interest to affiliated companies	-720	-17.298
Foreign exchange losses	-9.976	0
Other interest expenses	-1.315	-635
Total financial expenses	-12.011	-17.933
6 Tax on profit/loss for the year		
Current tax	-2.270	-4.444
Current tax previous year	-5.697	369
Total tax on profit for the year	-7.967	-4.075
7 Proposed distribution of profit / loss		
Proposed dividend	570.000	0
Retained earnings	-247.739	515.732
Total retained earnings	322.261	515.732

The Company is committed to tonnage tax until 2030. The company does not expect to withdraw from the scheme and therefore no deferred tax of tonnage tax assets and liabilities has been recognised.

Notes

8 Intangible assets	DKK'000
	Software
Cost at 1 January	203.280
Additions	16.034
Transfer	551
Disposals	-3.746
Cost at 31 December	216.119
Amortization at 1 January	-125.901
Amortisation for the year	-34.806
Reversed and amortisation on assets sold/ disposed	3.746
Depreciation and amortization at 31 December	-156.961
Carrying amount at 31 December	59.158

9 Tangible assets	Land and Buildings	Plant and machinery	Vessels
Cost at 1 January	140.970	486.384	980.127
Adjustment 1 January*	0	0	27.630
Additions	0	0	31.941
Transfer	0	0	16.612
Disposals	-113	-9.423	-31.771
Cost at 31 December	140.857	476.961	1.024.539
Depreciation at 1 January	-89.198	-368.526	-829.913
Depreciation for the year	-2.313	-7.894	-41.295
Reversed depreciation on assets sold/ disposed	113	9.423	30.770
Depreciation at 31 December	-91.398	-366.997	-840.438
Carrying amount at 31 December	49.459	109.964	184.101

*Adjustments 1 January includes a reclassification within the tangible assets note relating to the re-assessment of the presentation of certain underlying asset types.

Notes

9 Tangible assets (continued)	Other Fixtures and fittings, tools and equipment	Leasing of property, plant and equipment	Asset under construction**
Cost at 1 January	21.006	29.805	128.180
Additions	0	6.549	80.463
Transfer	0	-2.319	-17.164
Disposals	-5.662	-3.164	0
Cost at 31 December	15.344	30.871	191.479
Depreciation at 1 January	-15.017	-13.372	0
Depreciation for the year	-3.830	-6.776	0
Transfer	0	2.319	0
Reversed depreciation on assets sold/ disposed	5.660	2.523	0
Depreciation at 31 December	-13.188	-15.306	0
Carrying amount at 31 December	2.156	15.565	191.479

**Assets under construction contain both intangible and tangible projects; which at the point of capitalisation are properly classified. The practice is unchanged from previous years.

10 Fixed assets investments	Investments in group enterprises		
Cost at 1 January			336.281
Cost at 31 December			336.281
Revaluations 1 January			-170.624
Share of profit/loss for the year			65.001
Revaluations 31 December			-105.623
Carrying amount at 31 December			230.658
	Registered in	Corporate form	Equity interest %
<u>Investments in group enterprises:</u>			
Scandlines Catering ApS	Copenhagen	ApS	100
Scandlines Gedser-Rostock ApS	Copenhagen	ApS	100
		Equity DKK'000	Profit/Loss DKK'000
<u>Investments in group enterprises - continued:</u>			
Scandlines Catering ApS		24.625	-6.375
Scandlines Gedser-Rostock ApS		206.033	71.376

All recognized amounts are based on latest 2021 Financial Statements.

Notes

	31-12-2021 DKK'000	31-12-2020 DKK'000
11 Other receivables		
Other receivables	304	73
	304	73

12 Prepayments

Prepayments consist of prepaid leasing and IT services etc.

13 Other payables

VAT and duties	6.179	4.311
Wages and salaries etc.	73.454	58.470
Customer loyalty program (SMILE)	11.862	9.731
Other costs payable	339	1.221
	91.834	73.733

Other payables falls due as following:

Current portion of non-current payables within 1 year	80.033	73.733
Non-current payables between 1 and 5 years	937	0
Non-current payables over 5 years	10.864	0
Total non-current payables	91.834	73.733

14 Deferred income

Deferred income consist of prepaid tickets and deferred income relating to customer loyalty program.

15 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax due is stated in the financial statements of Scandlines Infrastructure ApS, which is the management company in relation to joint taxation.

The Group's Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation taxes and withholding taxes may result in the Company's liability constituting a larger amount.

The Company is jointly and severally liable for the subsidiaries intra-group accounts in the Scandlines ApS Group's cash pool arrangement.

Notes

16 Assets charged and collateral

The bank debt of Scandlines ApS is secured by collateral in the Company's receivables from Group entities, vessels and other assets as well as cash.

The Company have joint and several liability with the other group enterprises for the group financing arrangement.

17 Transactions with related parties

There have not been transactions between the Company and its related parties which are not carried out under normal market conditions.

18 Group relations

Name and registered office of the Parent Company preparing consolidated Financial Statements for the smallest group:

Scandlines Infrastructure ApS
Copenhagen

Name and registered office of the Parent Company preparing consolidated Financial Statements for the largest group:

Scandlines Infrastructure ApS
Copenhagen

19 Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the annual report.

Summary of significant accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large) and the Company has adopted the International Financial Reporting Standards IFRS 9, 15 and 16.

The accounting policies applied for these Financial Statements are consistent with those applied last year.

The Financial Statement have been presented in TDKK.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation because of a prior event, and it is probable that future economic benefits will flow out of the Company, 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 Financial Statements and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

Foreign currency translation

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

Income statement

Revenue

Revenue relating to passenger and cargo ferrying is recognised in the income statement when the control of the service has passed to the customer at the departure time of the vessel.

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

Other operating income

Other operating income and other operating expenses comprises income and cost of a secondary nature to the Company's primary activities.

Costs of raw materials and consumables

The operating expenses for vessels comprise consumables applied for current operations of vessels, expenses of unplanned shipyard and expenses of current maintenance of safety level on the vessels. Furthermore expenses for changes to the hulls of the vessels or for accommodation construction which did not increase the value in use are included.

Dry docking costs are recognised in the carrying amount of vessels when incurred and depreciated over the period until the next dry docking.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for it-costs, marketing costs, premises and various corporate costs, etc. This item also includes write-downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the Company staff.

Depreciation, amortisation and impairment losses

Intangible assets and property, plant and equipment are amortized or depreciated straight-line on the basis of the individual estimate of their useful lives.

Income from investments in group enterprises

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

Financial income

Financial income comprises interest income, currency gains etc. as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses

Financial expenses comprise interest expenses, bank charges, currency losses etc. as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Company is jointly taxed with all Danish in the Scandlines Group. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

The Company joined the tonnage tax scheme with effect from 1 January 2002. Accordingly, the taxable income related to passenger and cargo ferrying has been calculated based on the tonnage for the year. Income related to other activities is taxed under the ordinary rules of corporate tax law.

The Company is committed to tonnage tax until 2030. The company does not expect to withdraw from the scheme and therefore no deferred tax of tonnage tax assets and liabilities has been recognised.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights include software and other intangible assets.

The basis of amortization is cost less estimated residual value after the end of useful life. The remaining intangible assets are amortized on a straight-line basis using the estimated useful life of three to five years.

Property, plant and equipment

Vessels, land and buildings, harbour plant and harbour installations as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Vessels	35-45 years
Docking assets	2-5 years
Buildings	40 years
Harbor facilities and harbor installations	40 years
Other fixtures and fittings, tools and equipment	3-5 years

The carrying amounts of property, plant and equipment are reviewed regularly, at least once a year, to determine any indication of impairment. If such indication exists, the recoverable amount of the asset is determined.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Recoverable amount is the higher of value in use (present value of the future net payments) and selling price (broker assessment) less expected selling costs.

Management have in 2021 reassessed the useful life and residual values of vessels. The reassessment has no material impact on 2021 and the depreciation in 2022 will decrease with 26.8 mio. DKK.

Gains and losses from the sales of property, plants and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains and losses are recognised in the income statement under other operating income/other operating expenses.

Costs related to planned periodical repairs and maintenance work (docking costs) are capitalized and depreciated straight-line over the period until the next anticipated docking, typically two-five years.

Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Inventories

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

The cost of inventory consists of the acquisition price plus delivery costs.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad debts.

Receivables / Payables from affiliated companies

Receivables or payable from affiliated companies comprises intercompany trade balances, deposits and debt in the intercompany Cash pool managed by affiliated Company. The Cash pool comprises cash in various currencies and interest is applied on the cash position by arm-lengths principle.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortized cost, which usually corresponds to the nominal amount.

Cash

Cash comprises cash in hand and bank deposits.

Leases

The Company has used the same terms as in IFRS 16 to classify leasing between right-of-use assets and short-term leases.

Value of leasing contracts with a contract period of more than 12 months are recognised as right-of-use assets and leasing debt, respectively. Leases under 12 months, are classified as short-term leases.

For right-of-use assets, cost is the lower of the asset's fair value and present value of future minimum lease payments. The internal rate of return of the lease or the company's alternative borrowing rate is applied as a discount factor for determining the present value. Right-of-use assets are depreciated and written down for impairment in accordance with the accounting policies applied by the company to similar proprietary non-current assets or over the lease period depending on the terms and conditions of the lease. The related lease commitment is recognised in the balance sheet by an amount equivalent to the present value of the leasing commitment. The interest portion of the lease payment or the year is recognized in the income statement as a financial expense.

Lease payments on short-term leases are recognized in profit and loss on a straight-line basis over the lease period unless other systematic better reflect the benefit from the use of the asset. The lease commitments of such leases are disclosed in the notes to the Financial Statements.

Long term liabilities

Other term liabilities comprise long term holiday allowance

Other financial liabilities

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

Income tax receivable or payable

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

Deferred income

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

Consolidated Financial Statement

With reference to the Danish Financial Statements Act §112(2), the Company has not prepared Consolidated Financial Statements. The Company's Financial Statements is included in the Consolidated Financial Statements of Scandlines Infrastructure ApS.

Cash flow statement

The Company has according to the Danish Financial Statements Act §86(4) omitted to produce a cash flow statement.

