

MSC Scandinavia Holding A/S

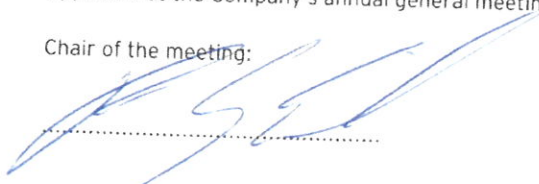
Lautrupsgade 7, 6 th, 2100 Copenhagen Ø

CVR no. 19 95 08 75

Annual report 2021

Approved at the Company's annual general meeting on 13 June 2022

Chair of the meeting:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of MSC Scandinavia Holding A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 13 June 2022
Executive Board:



Flemming Nielsen

Board of Directors:



Claudio Bozzo
Chair



Luca Zanchi



Marcin Andrzej Ruszczyński

Independent auditor's report

To the shareholder of MSC Scandinavia Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of MSC Scandinavia Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 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 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the financial statements.

Independent auditor's report

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

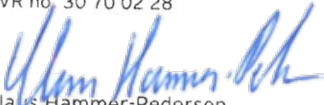
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aarhus, 13 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Claus Hammer-Pedersen
State Authorised Public Accountant
mne21334

Management's review

Company details

Name	MSC Scandinavia Holding A/S
Address, Postal code, City	Lautrupsgade 7, 6 th, 2100 Copenhagen Ø
CVR no.	19 95 08 75
Established	15 December 1996
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Claudio Bozzo, Chair Luca Zanchi Marcin Andrzej Ruszczyński
Executive Board	Flemming Nielsen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights for the Group

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	232,202	144,964	126,621	133,493	146,796
Gross profit	12,335	13,423	11,099	14,753	17,772
Operating profit/loss	2,034	1,990	1,121	1,958	3,894
Net financials	1,863	954	751	-357	-541
Profit for the year	2,749	4,080	11,837	-491	1,763
Total assets					
Investment in property, plant and equipment	221,312	146,935	155,187	179,066	149,010
Equity	-1,879	-45	-256	-384	-145
	15,065	12,316	33,246	60,730	43,973
Financial ratios					
Gross margin	5.3%	9.3%	8.8%	11.1%	12.1%
Equity ratio	6.8%	8.4%	21.4%	33.5%	29.3%
Return on equity	20.1%	17.9%	25.2%	-0.9%	1.9%
Average number of full-time employees					
	17	18	18	20	21

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Group's main activities mainly include sea freight and shipping agency services.

The Group represents the container activities and shared service operation of Mediterranean Shipping Company S.A. in Scandinavia, the Baltic countries, Russia, the Balkans as well as Eastern and Central Europe. The Group's headquarters are located in Copenhagen.

Financial review

The income statement for 2021 shows a profit of DKK 2,749 thousand against a profit of DKK 4,080 thousand last year, and the group's balance sheet at 31 December 2021 shows equity of DKK 15,065 thousand. Management considers the Group's financial performance in the year satisfactory.

Events after the balance sheet date

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
	Revenue	232,202	144,964	8,888	9,215
	Cost of sales	-216,481	-130,138	0	0
	Other operating income	0	1,552	0	0
	Other external expenses	-3,386	-2,955	-1,104	-1,266
	Gross profit	12,335	13,423	7,784	7,949
2	Staff costs	-9,567	-9,087	-7,224	-6,951
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-734	-793	-544	-581
	Profit before net financials	2,034	3,543	16	417
	Income from investments in group entities	0	0	2,520	3,779
3	Financial income	2,304	1,199	581	213
4	Financial expenses	-441	-245	-298	-240
	Profit before tax	3,897	4,497	2,819	4,169
5	Tax for the year	-1,148	-417	-70	-89
	Profit for the year	2,749	4,080	2,749	4,080

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
		ASSETS			
		Non-current assets			
6	Intangible assets				
	Acquired intangible assets	0	1	0	1
		0	1	0	1
7	Property, plant and equipment				
	Land and buildings	1,828	609	1,448	562
	Fixtures and fittings, other plant and equipment	280	353	91	184
		2,108	962	1,539	746
8	Financial assets				
	Investments in group entities	0	0	4,471	5,499
	Other receivables	0	7	0	0
	Deposits, investments	272	272	272	272
11	Deferred tax assets	296	335	197	262
		568	614	4,940	6,033
	Total non-current assets	2,676	1,577	6,479	6,780
	Current assets				
	Receivables				
	Trade receivables	184,003	80,615	7	9
	Receivables from group entities	12,892	40,909	11,782	40,518
	Corporation tax receivable	0	31	0	0
	Other receivables	383	435	145	300
	Prepayments	260	341	164	270
		197,538	122,331	12,098	41,097
	Cash	21,098	23,027	127	221
	Total current assets	218,636	145,358	12,225	41,318
	TOTAL ASSETS	221,312	146,935	18,704	48,098

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
		EQUITY AND LIABILITIES			
		Equity			
9	Share capital	5,000	5,000	5,000	5,000
	Net revaluation reserve according to the equity method	0	0	4,471	6,037
	Retained earnings	10,065	7,316	5,594	1,279
	Dividend proposed	0	0	0	0
	Total equity	15,065	12,316	15,065	12,316
	Liabilities				
10	Non-current liabilities				
	Lease liabilities	975	117	975	117
	Other payables	882	0	552	0
	Total non-current liabilities	1,857	117	1,527	117
	Current liabilities				
	Lease liabilities	479	514	479	514
	Trade payables	1,301	2,635	159	452
	Payables to group entities	189,310	128,386	0	32,263
	Corporation tax payable	7	0	7	14
	Joint taxation contribution payable	0	98	0	98
	Other payables	2,597	2,823	1,467	2,278
	Deferred income	10,696	46	0	46
	Total current liabilities	204,390	134,502	2,112	35,665
	Total liabilities	206,247	134,619	3,639	35,782
	TOTAL EQUITY AND LIABILITIES	221,312	146,935	18,704	48,098

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties
- 15 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group				
Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total	
	Equity at 1 January 2020	5,000	3,246	25,000	33,246	
	Proceeds from disposal of entities (gross)	0	-10	0	-10	
	Transfer through appropriation of profit	0	301	0	301	
	Adjustment of investments	0	3,779	0	3,779	
	Dividend distributed	0	0	-25,000	-25,000	
	Equity at 1 January 2021	5,000	7,316	0	12,316	
	Transfer through appropriation of profit	0	229	0	229	
	Adjustment of investments	0	2,520	0	2,520	
	Equity at 31 December 2021	5,000	10,065	0	15,065	
Parent company						
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2020	5,000	2,258	988	25,000	33,246
	Proceeds from disposal of entities (gross)	0	0	-10	0	-10
15	Transfer, see "Appropriation of profit"	0	3,779	301	0	4,080
	Dividend distributed	0	0	0	-25,000	-25,000
	Equity at 1 January 2021	5,000	6,037	1,279	0	12,316
15	Transfer, see "Appropriation of profit"	0	2,635	229	0	2,864
	Adjustment of investments	0	-115	0	0	-115
	Other adjustments	0	-537	537	0	0
	Distributed dividend from group enterprises	0	-3,549	3,549	0	0
	Equity at 31 December 2021	5,000	4,471	5,594	0	15,065

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2021	2020
	Profit for the year		
16	Adjustments	2,749	4,080
		597	-546
	Cash generated from operations (operating activities)	3,346	3,534
17	Changes in working capital	-5,259	2,257
	Cash generated from operations (operating activities)	-1,913	5,791
	Interest received, etc.	2,149	1,199
	Interest paid, etc.	-286	-245
	Cash flows from operating activities	-50	6,745
	Additions of property, plant and equipment	-1,879	-45
	Cash flows to investing activities	-1,879	-45
	Net cash flow	-1,929	6,700
	Cash and cash equivalents at 1 January	23,027	16,327
	Cash and cash equivalents at 31 December	21,098	23,027

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of MSC Scandinavia Holding A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2021, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Intra-group business combinations

The pooling-of-interest method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, additions of assets and share conversions, etc. where the combined entities are controlled by the Parent Company, implying that the combination is considered complete at the time of acquisition with restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity are recognised in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

Revenue is recognised in the income statement if delivery has taken place to the Group's co-operators before year-end and if the income can be calculated reliably.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Cost of sales

Cost of sales includes the costs to shipping companies, and other direct costs comprise direct and indirect costs incurred to generate revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Land and buildings	3 years
Fixtures and fittings, other plant and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses is recognised in the Parent Company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities as well as tax relief and tax surcharge under the Danish tax prepayment scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Company in the lease term, and when the Company obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease commitment:

- Fixed payments.
- Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate.
- Payments overdue subject to a residual value guarantee.
- Exercise price of call options that it is highly probable that Management will exercise.
- Payments subject to an extension option that it is highly probable that the Company will exercise.
- Penalty related to a termination option unless it is highly probable that the Company will not exercise the option.

On initial recognition, the leased asset is measured at cost, corresponding to the value of the lease commitment adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

As opposed to previously, the Company recognises all leases in the balance sheet.

In accordance with the transitional provisions of IFRS 16, when implementing the standard, the Company has chosen:

- Not to recognise leases with a term of less than 12 months or of low value.
- Not to reassess whether a contract is or comprises a lease.
- To determine a discount rate on a portfolio of leases with similar characteristics.

When assessing the future lease payments, the Company reviewed its leases and identified the lease payments related to a lease component that are fixed or variable but change in line with changes in an index or an interest rate. The Company has chosen not to recognise payments related to service components as part of the lease commitment.

When assessing the expected lease term, the Company identified the non-cancellable lease term of the lease plus periods covered by an extension option that Management is reasonably likely to exercise and plus periods covered by a termination option that Management is reasonably unlikely to exercise.

For leases on equipment and properties, the Company has assessed that the expected lease term is the non-cancellable lease term in the leases, as the Company has not historically exercised the extension options in similar leases.

When discounting the lease payments to present value, the Company used its incremental borrowing rate, which is the costs of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currencies in which lease payments are settled. The Company has documented the incremental borrowing rate of each portfolio of leases with similar characteristics.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Company's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

When measuring the lease commitment, the Company has applied an incremental borrowing rate of 3.15%-3.20% for the leased assets, representing what a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on the disposal of subsidiaries are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Other securities and investments

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash at hand and bank deposits.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Uncertain tax positions

Tax on a transactions where the practical application of tax rules is uncertain or where the specific situation is covered by legislation is recognised as a provision when the tax on the transaction is considered probable.

The provision is measured at net realisable value, which is calculated at an amount corresponding to the single most likely amount in a range of possible outcomes (the most likely amount) in cases where there are few possible outcomes. In cases where there are several possible outcomes, the provision is measured at an amount calculated as the sum of the probability-weighted amounts in a range of possible outcomes (the expected value).

In cases where taxation is not considered probable but not entirely unlikely either, details of the uncertain tax position are included under contingent liabilities.

Other payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

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Notes to the financial statements

	Group		Parent company	
	2021	2020	2021	2020
DKK'000				
2 Staff costs				
Wages/salaries	8,532	8,154	6,677	6,441
Pensions	507	495	507	495
Other social security costs	528	438	40	15
	<u>9,567</u>	<u>9,087</u>	<u>7,224</u>	<u>6,951</u>
Average number of full-time employees	<u>17</u>	<u>18</u>	<u>7</u>	<u>8</u>

Group

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Group Management is not disclosed.

Parent company

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

	Group		Parent company	
	2021	2020	2021	2020
DKK'000				
3 Financial income				
Interest receivable, group entities	426	213	426	213
Other financial income	1,878	986	155	0
	<u>2,304</u>	<u>1,199</u>	<u>581</u>	<u>213</u>
4 Financial expenses				
Interest regarding IFRS 16	31	28	31	28
Exchange losses	65	152	65	152
Other financial expenses	345	65	202	60
	<u>441</u>	<u>245</u>	<u>298</u>	<u>240</u>
5 Tax for the year				
Estimated tax charge for the year	1,111	342	7	14
Deferred tax adjustments in the year	39	75	65	75
Tax adjustments, prior years	-2	0	-2	0
	<u>1,148</u>	<u>417</u>	<u>70</u>	<u>89</u>

Consolidated financial statements and parent company financial statements 1 January -
31 December

Notes to the financial statements

6 Intangible assets

	Group
	Acquired intangible assets
DKK'000	
Cost at 1 January 2021	2,389
Cost at 31 December 2021	2,389
Impairment losses and amortisation at 1 January 2021	2,388
Amortisation for the year	1
Impairment losses and amortisation at 31 December 2021	2,389
Carrying amount at 31 December 2021	0
	Parent company
	Acquired intangible assets
DKK'000	
Cost at 1 January 2021	2,139
Cost at 31 December 2021	2,139
Impairment losses and amortisation at 1 January 2021	2,138
Amortisation for the year	1
Impairment losses and amortisation at 31 December 2021	2,139
Carrying amount at 31 December 2021	0

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Group		
	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2021	1,956	6,145	8,101
Additions	1,810	69	1,879
Disposals	-177	0	-177
Cost at 31 December 2021	3,589	6,214	9,803
Impairment losses and depreciation at 1 January 2021	1,347	5,792	7,139
Depreciation	591	142	733
Reversal of accumulated depreciation and impairment of assets disposed	-177	0	-177
Impairment losses and depreciation at 31 December 2021	1,761	5,934	7,695
Carrying amount at 31 December 2021	1,828	280	2,108
Property, plant and equipment include finance leases with a carrying amount totalling	1,465	4	1,469
DKK'000	Parent company		
	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2021	1,451	5,738	7,189
Additions	1,336	0	1,336
Cost at 31 December 2021	2,787	5,738	8,525
Revaluations at 1 January 2021	0	0	0
Revaluations at 31 December 2021	0	0	0
Impairment losses and depreciation at 1 January 2021	889	5,554	6,443
Depreciation	450	93	543
Impairment losses and depreciation at 31 December 2021	1,339	5,647	6,986
Carrying amount at 31 December 2021	1,448	91	1,539
Property, plant and equipment include finance leases with a carrying amount totalling	1,448	0	1,448

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Financial assets

	Group		
	Other receivables	Deposits, investments	Total
DKK'000			
Cost at 1 January 2021	10	272	282
Cost at 31 December 2021	10	272	282
Value adjustments at 1 January 2021	-3	0	-3
Impairment losses	-7	0	-7
Value adjustments at 31 December 2021	-10	0	-10
Carrying amount at 31 December 2021	0	272	272

	Parent company		
	Investments in group entities	Deposits, investments	Total
DKK'000			
Cost at 1 January 2021	28	272	300
Cost at 31 December 2021	28	272	300
Value adjustments at 1 January 2021	5,471	0	5,471
Foreign exchange adjustments	-115	0	-115
Dividend received	-3,549	0	-3,549
Profit/loss for the year	2,636	0	2,636
Value adjustments at 31 December 2021	4,443	0	4,443
Carrying amount at 31 December 2021	4,471	272	4,743

Parent company

Name	Legal form	Domicile	Interest
MSC Belarus private enterprise	Private enterprise	Belarus	100.00%
MSC Eastern Europe SIA	SIA	Latvia	100.00%

	Parent company	
	2021	2020
DKK'000		
9 Share capital		
Analysis of the share capital:		
5,000,000 shares of DKK 1.00 nominal value each	5,000	5,000
	5,000	5,000

The parent's share capital has remained DKK 5,000 thousand over the past 5 years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Non-current liabilities

DKK'000	Group			
	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,454	479	975	0
Other payables	882	0	882	0
	2,336	479	1,857	0

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

DKK'000	Parent company			
	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,454	479	975	0
Other payables	552	0	552	0
	2,006	479	1,527	0

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

DKK'000	Group		Parent company	
	2021	2020	2021	2020
11 Deferred tax				
Deferred tax at 1 January	-335	-404	-262	-334
Adjustment of deferred tax for the year	39	69	65	72
Deferred tax at 31 December	-296	-335	-197	-262

12 Contractual obligations and contingencies, etc.

Parent company

MSC Scandinavia Holding A/S is jointly taxed with other Danish group companies. As a group company, the Company has joint and several unlimited liability, together with other Danish group companies, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. The jointly taxed entities' total known net liability in respect of income taxes and withholding taxes payable on dividend, interest and royalties are recognised in the financial statements of the administration company, MSC Denmark A/S, CVR no. 32 55 13 35. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the entities' tax liability.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

13 Collateral

Group

The Group has not provided any security or other collateral in the assets at 31 December 2021.

Parent company

The Parent Company has not placed any assets or other items as security for loans at 31 December 2021.

14 Related parties

Group

MSC Scandinavia Holding A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
United Agencies Limited S.A.	Switzerland	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
United Agencies Limited S.A.	Switzerland	Chemin Rieu 12-14, 1208 Geneva
MSC Mediterranean Shipping Company Holding S.A.	Switzerland	Chemin Rieu 12-14, 1208 Geneva

Parent company

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
United Agencies Limited S.A.	Switzerland	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
United Agencies Limited S.A.	Switzerland	Chemin Rieu 12-14, 1208 Geneva
MSC Mediterranean Shipping Company Holding S.A.	Switzerland	Chemin Rieu 12-14, 1208 Geneva

Transactions with related parties

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

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31 December

Notes to the financial statements

		Parent company	
DKK'000		2021	2020
15	Appropriation of profit		
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	2,520	3,779
	Retained earnings	229	301
		<u>2,749</u>	<u>4,080</u>
		Group	
DKK'000		2021	2020
16	Adjustments		
	Amortisation/depreciation and impairment losses	734	793
	Gain/loss on the sale of fixed assets	7	73
	Transition to IFRS 16	0	-1,103
	Financial income	-2,149	-1,199
	Financial expenses	286	245
	Financial liabilities	1,740	531
	Tax for the year	-21	114
		<u>597</u>	<u>-546</u>
17	Changes in working capital		
	Change in receivables	-75,238	15,112
	Change in trade and other payables	69,979	-12,855
		<u>-5,259</u>	<u>2,257</u>