MSC Scandinavia Holding A/S

Lautrupsgade 7, 6 th, 2100 Copenhagen Ø

CVR no. 19 95 08 75

Annual report 2020

Approved at the Company's annual general meeting on

Chair of the meeting:

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Building a better working world

Contents

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 2020.

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 2020 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 2020.

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, 17 June 2021
Executive Board:

Flemming Nielsen

Board of Directors:

Claudio Bozzo Chair	Lawrence Christopher Frederick Matthews	Marcin Andrzej Ruszczynski

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 2020, 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 2020, 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 2020 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" (herinafter 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Independent auditor's report

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, 17 June 2021
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 Lawrence Christopher Frederick Matthews Marcin Andrzej Ruszczynski
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	2020	2019	2018	2017	2016
Key figures					
Revenue	144,964	126,621	133,493	146,796	173,927
Gross profit	13,423	11,099	14,753	17,772	18,371
Operating profit/loss	1,990	1,121	1,958	3,894	1,191
Net financials	954	751	-357	-541	60
Profit for the year	**4,080**	**11,837**	**-491**	**1,763**	**1,308**
Total assets	146,935	155,187	179,066	149,010	321,200
Investment in property, plant and equipment	-45	-256	-384	-145	-488
Equity	**12,316**	**33,246**	**60,730**	**43,973**	**141,623**
Financial ratios					
Gross margin	9.3%	8.8%	11.1%	12.1%	10.6%
Equity ratio	8.4%	21.4%	33.5%	29.3%	44.1%
Return on equity	17.9%	25.4%	-0.9%	1.9%	1.3%
Average number of employees	**18**	**18**	**20**	**21**	**27**

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 2020 shows a profit of DKK 4,080 thousand against a profit of DKK 11,837 thousand last year, and the group's balance sheet at 31 December 2020 shows equity of DKK 12,316 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

		Group		Parent company	
Note	DKK'000	2020	2019	2020	2019
	Revenue	144,964	126,621	9,215	16,073
	Cost of sales	-130,138	-106,277	0	0
	Other operating income	1,552	8	0	8
	Other external expenses	-2,955	-9,253	-1,266	-7,693
	Gross profit	13,423	11,099	7,949	8,388
2	Staff costs	-9,087	-9,591	-6,951	-7,462
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-793	-378	-581	-107
	Profit before net financials	3,543	1,130	417	819
	Income from investments in group entities	0	0	3,779	34,757
3	Financial income	1,199	772	213	56
4	Financial expenses	-245	-21	-240	-28
	Profit before tax	4,497	1,881	4,169	35,604
5	Tax for the year	-417	9,956	-89	-200
	Profit for the year	4,080	11,837	4,080	35,404

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

Balance sheet

		Group		Parent company	
Note	DKK'000	2020	2019	2020	2019
	ASSETS				
	Non-current assets				
6	**Intangible assets**				
	Acquired intangible assets	1	60	1	12
		1	60	1	12
7	**Property, plant and equipment**				
	Land and buildings	609	212	562	0
	Fixtures and fittings, other plant and equipment	353	419	184	178
		962	631	746	178
8	**Financial assets**				
	Investments in group entities	0	0	5,499	2,285
	Other receivables	7	10	0	0
	Deposits, investments	272	267	272	262
11	Deferred tax assets	335	404	262	334
		614	681	6,033	2,881
	Total non-current assets	1,577	1,372	6,780	3,071
	Current assets				
	Receivables				
	Trade receivables	80,615	103,481	9	0
	Receivables from group entities	40,909	33,340	40,518	32,780
	Corporation tax receivable	31	76	0	0
	Other receivables	435	253	300	95
	Prepayments	341	338	270	271
		122,331	137,488	41,097	33,146
	Cash	23,027	16,327	221	223
	Total current assets	145,358	153,815	41,318	33,369
	TOTAL ASSETS	146,935	155,187	48,098	36,440

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

Balance sheet

		Group		Parent company	
Note	DKK'000	2020	2019	2020	2019
	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	6,037	2,258
	Retained earnings	7,316	3,246	1,279	988
	Dividend proposed	0	25,000	0	25,000
	Total equity	12,316	33,246	12,316	33,246
	Liabilities				
10	**Non-current liabilities**				
	Provision, investments in group entities	0	0	0	571
	Lease liabilities	117	0	117	0
	Other payables	0	284	0	257
	Total non-current liabilities	117	284	117	828
	Current liabilities				
	Lease liabilities	514	0	514	0
	Prepayments received from customers	0	1,574	0	0
	Trade payables	2,635	2,098	452	300
	Payables to group entities	128,386	115,160	32,263	110
	Corporation tax payable	0	98	14	98
	Joint taxation contribution payable	98	0	98	0
	Other payables	2,823	2,727	2,278	1,858
	Deferred income	46	0	46	0
	Total current liabilities	134,502	121,657	35,665	2,366
		134,619	121,941	35,782	3,194
	TOTAL EQUITY AND LIABILITIES	146,935	155,187	48,098	36,440

1 Accounting policies
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13 Collateral
14 Related parties
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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 31 December 2020	5,000	7,316	0	12,316

		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 31 December 2020	5,000	6,037	1,279	0	12,316

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

Cash flow statement

Note	DKK'000	Group 2020	Group 2019
	Profit for the year	4,080	11,837
16	Adjustments	-546	-10,315
	Cash generated from operations (operating activities)	3,534	1,522
17	Changes in working capital	2,257	5,083
	Cash generated from operations (operating activities)	5,791	6,605
	Interest received, etc.	1,199	728
	Interest paid, etc.	-245	-49
	Income taxes paid	0	11,368
	Cash flows from operating activities	6,745	18,652
	Additions of property, plant and equipment	-45	-256
	Disposals of property, plant and equipment	0	-17
	Proceeds from disposal of entities	0	36,424
	Dividends received from disposed entities	0	107,326
	Cash flows to investing activities	-45	143,477
	Dividends paid	0	-173,948
	Cash flows from financing activities	0	-173,948
	Net cash flow	6,700	-11,819
	Cash and cash equivalents at 1 January	16,327	15,670
	Foreign exchange adjustments	0	12,476
	Cash and cash equivalents at 31 December	23,027	16,327

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 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes in accounting policies

Effective from 1 January 2020, the Company has implemented IFRS 16 Leases.

The effects of IFRS 16 relating to recognition and measurement in the annual report are explained in the section below.

Leases

Effective from 1 January 2020, MSC Scandinavia Holding A/S has implemented the new standard on leases, IFRS 16, using the modified retrospective transition method and has therefore not restated the comparative figures, which are still presented in accordance with the rules of IAS 17 and IFRIC 4. The accounting policies of IAS 17 and IFRIC 4 are presented separately if they deviate significantly from the accounting policies of IFRS 16.

As opposed to previously, the Company must now recognise all leases in the balance sheet, including operating leases, with a few exceptions. Consequently, a lease commitment measured at the present value of the future lease payments, see description below, must now be recognised together with a corresponding leased asset adjusted for payments made to the lessor prior to the commencement of the lease and incentive payments received from the lessor.

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 operating 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 Cqmpany 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 cost 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.

When implementing IFRS 16, the Company has recognised a leased asset of DKK 1,556 thousand and a lease commitment of DKK 1,556 thousand, and thus, the effect on equity is DKK -10 thousand.

Since the leases classified as finance leases at 31 December 2019 amount to DKK 2,049 thousand, no carrying amounts were recognised in connection with the implementation of IFRS 16.

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

Notes to the financial statements

1 **Accounting policies (continued)**

At 31 December 2019, MSC Scandinavia Holding A/S had noncancellable operating lease commitments of DKK 2,474 thousand.
Leased assets primarily comprise building and fixtures and fittings, other plant and equipment, and at the transfer date, total leased assets amounted to DKK 1,532 thousand (former operating leases), and finance leases transferred to property, plant and equipment amounted to DKK 0 thousand, totalling DKK 1,532 thousand. Thus, the discounting effect of the transition represented a negative DKK 942 thousand as of 1 January 2020.

The leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Land and buildings: 3 years
Fixtures and fittings, other plant and equipment: 2 years

When measuring the lease commitment, the Company has applied an incremental borrowing rate of 3.15 % 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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Profit 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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

Leases

Leases applicable from 1 January 2020

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.

- Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate.

- 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 Group will exercise.

- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.

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.

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.

Leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Land and buildings: 3 years
Fixtures and fittings, other plant and equipment: 2 years

The Company has chosen not to recognise leased assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

		Group		Parent company	
	DKK'000	2020	2019	2020	2019
2	**Staff costs**				
	Wages/salaries	8,154	8,570	6,441	6,903
	Pensions	495	527	495	527
	Other social security costs	438	494	15	32
		9,087	9,591	6,951	7,462
	Average number of full-time employees	18	18	8	11

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	
	DKK'000	2020	2019	2020	2019
3	**Financial income**				
	Interest receivable, group entities	213	55	213	56
	Other financial income	986	717	0	0
		1,199	772	213	56
4	**Financial expenses**				
	Interest regarding IFRS 16	28	0	28	0
	Exchange losses	152	0	152	0
	Other financial expenses	65	21	60	28
		245	21	240	28
5	**Tax for the year**				
	Estimated tax charge for the year	342	200	14	-435
	Deferred tax adjustments in the year	75	-10,156	75	102
	Tax adjustments, prior years	0	0	0	533
		417	-9,956	89	200

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

Notes to the financial statements

6 Intangible assets

DKK'000	Group Acquired intangible assets
Cost at 1 January 2020	2,437
Disposals	-48
Cost at 31 December 2020	2,389
Impairment losses and amortisation at 1 January 2020	2,377
Amortisation for the year	11
Impairment losses and amortisation at 31 December 2020	2,388
Carrying amount at 31 December 2020	1

DKK'000	Parent company Acquired intangible assets
Cost at 1 January 2020	2,139
Cost at 31 December 2020	2,139
Impairment losses and amortisation at 1 January 2020	2,127
Amortisation for the year	11
Impairment losses and amortisation at 31 December 2020	2,138
Carrying amount at 31 December 2020	1

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

Notes to the financial statements

7 Property, plant and equipment

	Group		
DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2020	505	6,044	6,549
Transition to IFRS 16	1,428	104	1,532
Additions	23	22	45
Disposals	0	-25	-25
Cost at 31 December 2020	1,956	6,145	8,101
Impairment losses and depreciation at 1 January 2020	293	5,625	5,918
Transition to IFRS 16	439	0	439
Depreciation	615	167	782
Impairment losses and depreciation at 31 December 2020	1,347	5,792	7,139
Carrying amount at 31 December 2020	609	353	962
Property, plant and equipment include finance leases with a carrying amount totalling	588	52	640

	Parent company		
DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2020	0	5,612	5,612
Transition to IFRS 16	1,428	104	1,532
Additions	23	22	45
Cost at 31 December 2020	1,451	5,738	7,189
Revaluations at 1 January 2020	0	0	0
Revaluations at 31 December 2020	0	0	0
Impairment losses and depreciation at 1 January 2020	0	5,434	5,434
Transition to IFRS 16	439	0	439
Depreciation	450	120	570
Impairment losses and depreciation at 31 December 2020	889	5,554	6,443
Carrying amount at 31 December 2020	562	184	746
Property, plant and equipment include finance leases with a carrying amount totalling	562	52	614

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

Notes to the financial statements

8 Financial assets

	Group		
DKK'000	Other receivables	Deposits, investments	Total
Cost at 1 January 2020	10	267	277
Additions	0	5	5
Cost at 31 December 2020	10	272	282
Impairment losses	-3	0	-3
Value adjustments at 31 December 2020	-3	0	-3
Carrying amount at 31 December 2020	7	272	279

	Parent company		
DKK'000	Investments in group entities	Deposits, investments	Total
Cost at 1 January 2020	28	262	290
Additions	0	10	10
Cost at 31 December 2020	28	272	300
Value adjustments at 1 January 2020	2,257	0	2,257
Profit/loss for the year	3,779	0	3,779
Reversal of prior year impairment losses	-565	0	-565
Value adjustments at 31 December 2020	5,471	0	5,471
Carrying amount at 31 December 2020	5,499	272	5,771

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	
DKK'000	2020	2019
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 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	631	514	117	0
	631	514	117	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 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	631	514	117	0
	631	514	117	0

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

	Group		Parent company	
DKK'000	2020	2019	2020	2019
11 Deferred tax				
Deferred tax at 1 January	-404	-486	-334	-435
Adjustment of deferred tax for the year	69	-10,156	72	101
Effect of changed tax rates	0	-3	0	0
Other deferred tax	0	10,241	0	0
Deferred tax at 31 December	-335	-404	-262	-334
Analysis of the deferred tax				
Deferred tax assets	-335	-404	-262	-334
	-335	-404	-262	-334

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 2020.

Parent company

The Parent Company has not placed any assets or other items as security for loans at 31 December 2020.

14 Related parties

Group

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

Parties exercising control

Related party	Domicile	Basis for control
United Agencies Limited S.A.	Switzerland	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
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

Related party	Domicile	Basis for control
United Agencies Limited S.A.	Switzerland	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
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.

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

Notes to the financial statements

	DKK'000	Parent company 2020	Parent company 2019
15	**Appropriation of profit**		
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	3,779	37,483
	Retained earnings/accumulated loss	301	-2,079
		4,080	35,404
16	**Adjustments**		
	Amortisation/depreciation and impairment losses	793	378
	Gain/loss on the sale of fixed assets	73	0
	Transition to IFRS 16	-1,103	0
	Financial income	-1,199	-772
	Financial expenses	245	35
	Financial liabilities	531	0
	Tax for the year	114	-9,956
		-546	-10,315
17	**Changes in working capital**		
	Change in receivables	15,112	1,538
	Change in trade and other payables	-12,855	3,545
		2,257	5,083