

Kim Johansen International Transport A/S

Agenavej 11, 2670 Greve
CVR no. 21 84 08 90

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 21.04.21

Niels Gade
Dirigent

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The company

Kim Johansen International Transport A/S
Agenavej 11
2670 Greve
Tel.: 43 95 93 00
Registered office: Greve
CVR no.: 21 84 08 90
Financial year: 01.01 - 31.12

Executive Board

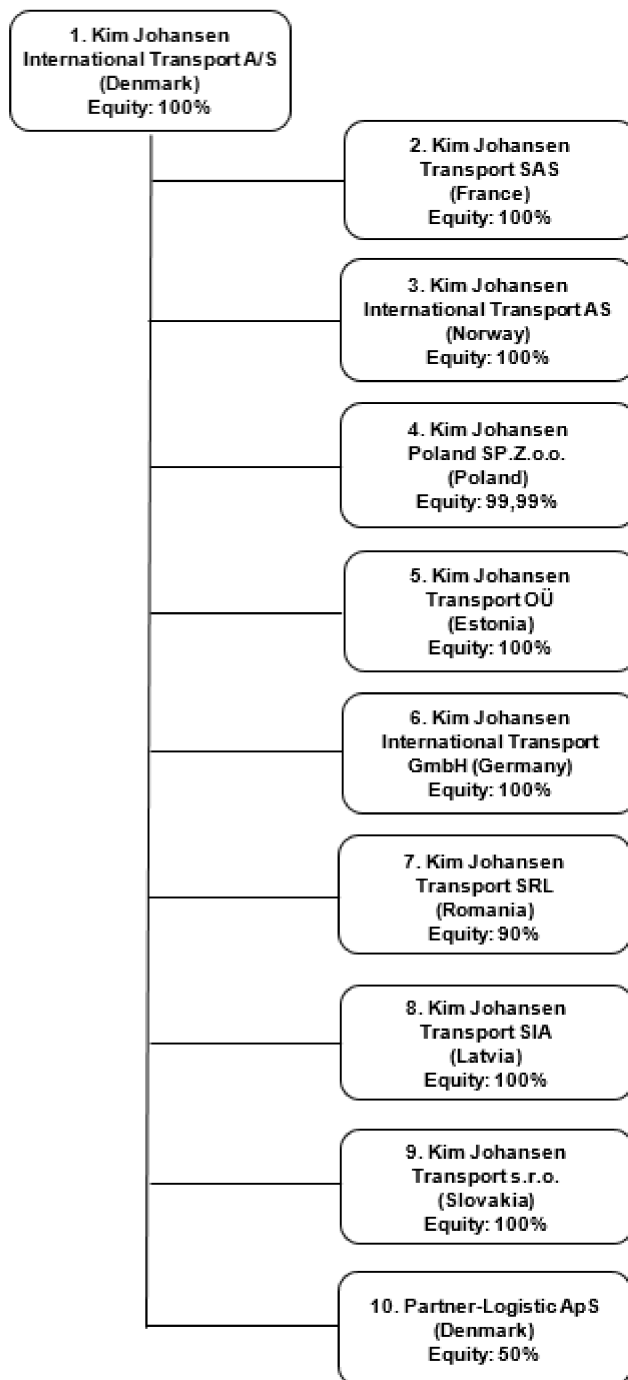
CEO Kim Leidersdorff Johansen

Board of Directors

Niels Gade, chairman
CEO Kim Leidersdorff Johansen
John Romedahl

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab



Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Kim Johansen International Transport A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.20 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Greve, April 21, 2021

Executive Board

Kim Leidersdorff Johansen
CEO

Board of Directors

Niels Gade
Chairman

Kim Leidersdorff Johansen
CEO

John Romedahl

To the Shareholder of Kim Johansen International Transport A/S**Opinion**

We have audited the consolidated financial statements and parent company financial statements of Kim Johansen International Transport A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.20 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 parent company financial statements" section of our report. We are independent of the group and the company 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

Management's responsibility for the consolidated financial statements and parent company financial statements

The 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. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and

parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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.

Slagelse, April 21, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jens Jørgen Bay Simonsen

State Authorized Public Accountant
MNE-no. mne11503

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Revenue	466,093	530,784	495,916	471,185	464,250
Index	100	114	107	101	100
Gross profit	59,298	53,813	43,696	46,519	47,017
Index	126	114	93	99	100
Profit before net financials	12,616	10,139	2,921	6,952	6,154
Index	205	165	47	113	100
Total net financials	730	-28	-964	-2,394	-3,030
Index	-24	1	32	79	100
Profit for the year	10,164	7,446	1,281	3,096	1,980

Balance

Total assets	188,813	203,195	212,044	208,074	181,269
Index	104	112	117	115	100
Investments in property, plant and equipment	7,498	15,693	17,154	41,893	1,767
Index	424	888	971	2,371	100
Equity	43,803	36,540	29,605	28,408	25,330
Index	173	144	117	112	100
Invested capital including goodwill	70,844	93,830	97,980	99,747	87,078
Index	81	108	113	115	100
Interest-bearing debt	31,784	59,092	81,442	78,012	63,410
Index	50	93	128	123	100

Ratios

	2020	2019	2018	2017	2016
<i>Profitability</i>					
Return on equity	25,3%	22,5%	4,4%	11,5%	8,1%
Gross margin	12,7%	10,1%	8,8%	9,9%	10,1%
Return on invested capital	9,9%	10,8%	3,0%	5,7%	4,9%
Profit margin	2,7%	1,9%	0,6%	1,5%	1,3%
Net margin (%)	2,2%	1,4%	0,3%	0,7%	0,4%

Ratios - continued -

	2020	2019	2018	2017	2016
<i>Equity ratio</i>					
Equity interest	23,2%	18,0%	14,0%	13,7%	14,0%
Financial gearing	0,7	1,6	2,8	2,7	2,5

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Return on invested capital:	$\frac{\text{EBITA} \times 100}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and impairment losses on intangible assets.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Equity interest:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$
Financial gearing	$\frac{\text{Interest bearing debt, net}}{\text{Equity, end of year}}$

The ratios have been computed in accordance with the recommendations of the Danish Society of Financial Analysts (Den Danske Finansanalytikerforening).

Primary activities

We provide time sensitive and efficient transport solutions with respect for the environment and road safety. We are striving for a market leading position within air cargo trucking in Europe while also strengthening our position within time sensitive transport solutions.

Development in activities and financial affairs

Profit before tax for the year 2020 totals DKK 13,3m and profit after tax for the year 2020 totals DKK 10,2m. The equity on December 31st, 2020 totals DKK 43,8m. The positive cashflows for the year 2020 total DKK 16,0m.

The overall financial performance for the year 2020 is above the expectations of the Management.

The business of international transportation within Europe is still influenced by intensive price competition combined with a high level of EU and national regulations. To navigate in this market, it requires high standards for traffic management in combination with focus on compliance as well as simple and efficient structuring.

During 2020, Covid-19 also had significantly impact on the international transportation business. The most direct impact was the sudden decrease of activity – especially within the air cargo business – starting in March 2020. This situation has required constantly focus on new business and adjustment of costs throughout the year 2020.

Furthermore, the result before tax on a Group level is positively affected by Covid-19 subsidies in total of DKK 3,1m and the cashflows are positively affected by extended credit facilities from Covid-19 subsidies in total of DKK 7,0m.

Outlook

Despite the setback from Covid-19 in 2020, we still follow our growth strategy. This has resulted in the acquisition of a transportation activity of around 100 trucks including staff and customers with effect from the beginning of 2021.

Based on this and our constantly focus to adjust to the market conditions, we expect a significantly higher activity level along with improved financial results and cashflows in 2021.

Financial risks*Foreign currency risks*

The Group is not considered to be exposed to special risks aside from those assessed as ordinary for this industry.

Further, the Group is not considered particularly exposed to financial risks as most of its revenue, purchases and funding are in Danish kroner or Euro. A part of the cost is paid in PLN and RON.

The Group's interest-bearing liabilities are carrying a mix of fixed and variable interests.

Corporate social responsibility

CSR Policies

We have formalized our CSR policies and reports in following categories: Environment and Climate, Staff Conditions, Labor and Human Rights, Anti-corruption practices and Business Ethics and Diversity. On our website <http://www.kim-johansen.com/Did-you-know/CSR-policies/> we publish a more detailed CSR Report to summarize our activities, performance, and to review and set goals for the coming years. The last report was published in October 2020. A joint report for 2020 and 2021 is scheduled to be published in June 2022.

Our Mission statement is: "We provide time sensitive and efficient transport solutions with respect for the environment and road safety."

Environment and Climate

Our environmental policies are directed towards internal and external stakeholders. The external policies are based on a choice of reliable business partners and suppliers and the intention of our internal policies are to secure that knowledge, skills and resources are provided to our employees for a successful environmental performance.

Daily we depend on use of fuel, oil, tires, and equipment, which can contribute to climate change. To minimize the effect, we work closely with our suppliers to certify the right technical solutions and the choices of more sustainable materials. 100% of our fleet is EURO6 compliant. The average age of our fleet at yearend was two and half years.

For 2020 we had a plan to maintain and invest in new trucks just like previous years, but as Covid-19 occurred and a worldwide lockdown followed most of our investment plans for the year were put on hold.

However, in 2020 we invested in two new LNG trucks and in rebuilding of six traditional diesel trucks to 50/50 diesel and CNG gas trucks.

Investing in LNG and CNG trucks is a way to explore further possibilities of lowering emission by currently available alternative technologies and monitor the effectiveness of such in our type of business.

We are pleased with the results of the LNG and CNG trucks, why the Group in 2021 has invested in five more LNG trucks and finished rebuilding of seven more traditional diesel trucks to 50/50 diesel and CNG gas trucks.

We have also invested in a new and more eco-friendly EURO6 terminal truck to move our trailers on field.

To further minimize fuel consumption, we have an ongoing Eco-Driving project. This includes control of unnecessary idling, eco-driving training and feedback on individual eco-driving techniques. All the drivers received personalized eco-driving scores and were involved in a monthly competition for showing the best score improvement or becoming the best Eco-Driver of the Group. All the Eco-Driving scores were made available monthly on our drivers' portal, and scores of our best performing drivers were published in a quarterly driver's newspaper: "Drive&News".

Taking our business model, available technologies, our young fleet, eco-driving, and anti-idling initiatives into consideration, a goal has been set on a yearly basis to sustain or improve levels of CO2 emission. The CO2 index was in 2020 improved by 3,25% compared to 2019.

Besides our focus on direct emission, our environmental policies also apply to waste management and reduction. Paper and waste from workshop activities are recycled and agreements are made to dispose of waste appropriately when recycling is not possible. Agreements are also made to ensure that all used tires are rethread and re-used by other businesses or recycled into new materials. Our administrative employees are encouraged to reduce, re-use and recycle various office supplies and to recycle paper.

Staff Conditions, Labor and Human Rights

We are committed to respect human and labor rights in all activities and operations. All our employees are hired on a contractual basis and are entitled to social security benefits.

To ensure the safety in operations, all employees are required to use the provided safety equipment and to follow safety guidelines described in the driver and workshop manuals. All drivers are ADR and security trained. For many years, the Group has provided training to all the unexperienced drivers to secure and confirm that drivers have the necessary knowledge to work comfortably on their own. During the year, 221 drivers have received two weeks training.

To avoid risks associated with drowsy driving, our drivers and our driver-planners are trained to understand the driving and resting rules. To offer proper conditions for rest, the Group has approximately 32 apartment and hotel hubs across Europe. This has been increased in 2020 to meet the new 45 hours resting rules.

When in a need of support, our 24/7 service desk is available to all employees. In 2020, four work related accidents involving drivers have been reported, of which none were fatal. Our aim is to prevent accidents from happening by verifying that drivers follow safety precautions and understand the driving and resting rules well.

The Group endorses a zero alcohol and drug policy – drivers are not allowed to possess, use, or transport any alcohol beverages nor drugs while working or resting. Random alcohol checks are conducted by an external security company and our internal security manager. During the last two years several hundred random tests have been conducted, and as a result a few contracts were terminated due to violation of our alcohol and drug policy. We will continue to conduct unannounced alcohol checks to certify that all drivers follow the policies.

In 2020 we started implementing usage of smartphones for all drivers. With the smartphones we have a modern platform for communication between our offices and drivers. It has also created other synergies such as access for the drivers to needed information, traffic documents, GPS, App's for communication with clients etc.

In the beginning of 2020, the French agency EcoVadis has once again evaluated us on parameters like Environment, Labor, Fair Business Practices and Sustainable procurement. The results showed that our score is higher or equal to the scores of 93% companies within same industry accessed by EcoVadis and our goal is to sustain the good results.

Anti-corruption Practices and Business Ethics

We strive to ensure that no bribes are accepted nor offered and that no employees are engaged in theft, fraud, and anti-competitive behaviours. A breach of rules is taken serious and when relevant reported to authorities. During 2020, 221 new drivers have been trained in business ethics, anti-competitive behaviours, and anti-bribery practices as a part of the introduction training.

Gender diversity

Target figures for the supreme management body

The Group offers equal opportunities to all employees and candidates regardless of gender, race, age, sexual orientation or other factors.

The gender ratio for the Board of Directors by the end of 2020 accounts for 100/0 men and women accordingly. An ongoing replacement of board members will focus on attracting more diversity in the Board of Directors. The goal has been set to reaching 60/40 ration by the end of 2022.

The gender ratio for the Management group by the end of 2020 accounts for 80/20 men and women accordingly. The focus has been set to maintain the level of 80/20 in the future.

Policy to increase the share of the underrepresented gender at other management levels

To achieve the goal mentioned above, focus has been set to encourage all employees and potential employees to strive for any career goal despite their gender and to offer equal opportunities for the candidates with right competences.

Income statement

Note	Group		Parent		
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000	
2	Revenue	466,093	530,784	405,802	446,553
	Production costs	-406,795	-476,971	-368,251	-420,197
	Administration costs	-48,690	-45,471	-26,849	-23,265
	Other operating income	5,780	2,930	9,646	8,590
	Other operating expenses	-3,772	-1,133	-7,107	-6,409
	Profit before net financials	12,616	10,139	13,241	5,272
5	Income from equity investments in group enterprises	0	0	-1,873	2,536
6	Financial income	2,426	1,953	3,793	3,295
7	Financial expenses	-1,696	-1,981	-1,359	-1,906
	Profit before tax	13,346	10,111	13,802	9,197
	Tax on profit for the year	-3,182	-2,665	-3,638	-1,751
	Profit for the year	10,164	7,446	10,164	7,446
8	Distribution of net profit				

ASSETS		Group		Parent	
		31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000
Note					
	Completed development projects	1,019	1,495	1,019	1,495
	Goodwill	717	984	0	0
9	Total intangible assets	1,736	2,479	1,019	1,495
	Leasehold improvements	37	261	0	1
	Plant and machinery	51,061	66,930	40,718	52,774
	Other fixtures and fittings, tools and equipment	4,096	2,567	3,903	2,391
10	Total property, plant and equipment	55,194	69,758	44,621	55,166
11	Equity investments in group enterprises	0	0	24,277	23,574
12	Receivables from group enterprises	15,123	14,095	18,870	15,526
11	Equity investments in associates	63	63	63	63
11	Other investments	2,425	1,335	2,425	1,335
12	Deposits	2,047	2,242	1,981	2,219
	Total investments	19,658	17,735	47,616	42,717
	Total non-current assets	76,588	89,972	93,256	99,378
	Raw materials and consumables	2,367	2,930	937	1,571
	Total inventories	2,367	2,930	937	1,571
	Trade receivables	73,447	77,958	64,790	67,310
	Other receivables	15,237	20,852	6,113	12,352
13	Prepayments	7,190	9,136	2,401	4,286
	Total receivables	95,874	107,946	73,304	83,948
	Cash	13,984	2,347	6,432	210
	Total current assets	112,225	113,223	80,673	85,729
	Total assets	188,813	203,195	173,929	185,107

EQUITY AND LIABILITIES		Group		Parent	
		31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000
Note					
14	Share capital	4,225	4,225	4,225	4,225
	Reserve for net revaluation according to the equity method	0	0	3,438	7,947
	Reserve for development costs	0	0	793	1,165
	Foreign currency translation reserve	-401	0	0	0
	Retained earnings	35,979	29,815	31,347	20,703
	Proposed dividend for the financial year	4,000	2,500	4,000	2,500
	Total equity	43,803	36,540	43,803	36,540
15	Provisions for deferred tax	5,563	8,234	5,887	7,464
	Total provisions	5,563	8,234	5,887	7,464
16	Payables to other credit institutions	4,402	0	355	0
16	Lease commitments	18,718	32,695	12,096	23,240
16	Other payables	1,807	663	1,807	663
	Total long-term payables	24,927	33,358	14,258	23,903
16	Short-term part of long-term payables	20,005	14,519	16,231	11,452
	Payables to other credit institutions	83	4,434	83	2,976
	Trade payables	63,718	74,916	55,893	69,114
	Payables to group enterprises	3,480	2,512	23,513	20,367
	Payables to associates	5,101	4,933	5,101	4,933
	Income taxes	4,361	2,652	4,816	1,557
	Other payables	17,772	21,097	4,344	6,801
	Total short-term payables	114,520	125,063	109,981	117,200
	Total payables	139,447	158,421	124,239	141,103
	Total equity and liabilities	188,813	203,195	173,929	185,107

17 Fair value information

18 Contingent liabilities

19 Charges and security

20 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Group:							
Statement of changes in equity for 01.01.20 - 31.12.20							
Balance as at 01.01.20	4,225	0	0	0	29,815	2,500	36,540
Foreign currency translation adjustment of foreign enterprises	0	0	0	-401	0	0	-401
Dividend paid	0	0	0	0	0	-2,500	-2,500
Net profit/loss for the year	0	0	0	0	6,164	4,000	10,164
Balance as at 31.12.20	4,225	0	0	-401	35,979	4,000	43,803
Parent:							
Statement of changes in equity for 01.01.20 - 31.12.20							
Balance as at 01.01.20	4,225	7,947	1,165	0	20,703	2,500	36,540
Foreign currency translation adjustment of foreign enterprises	0	-401	0	0	0	0	-401
Total depreciation, amortisation, impairment losses and write-downs during the year	0	0	-700	0	700	0	0
Distributed dividend from group enterprises	0	-2,794	0	0	2,794	0	0
Dividend paid	0	0	0	0	0	-2,500	-2,500
Other changes in equity	0	559	223	0	-782	0	0
Tax on changes in equity	0	0	105	0	-105	0	0
Net profit/loss for the year	0	-1,873	0	0	8,037	4,000	10,164
Balance as at 31.12.20	4,225	3,438	793	0	31,347	4,000	43,803

Consolidated cash flow statement

Note	Group	
	2020 DKK '000	2019 DKK '000
	10,164	7,446
Profit for the year		
21 Adjustments	21,793	22,981
Change in working capital:		
Inventories	563	-244
Receivables	11,648	-3,633
Other payables relating to operating activities	-14,442	8,460
Cash flows from operating activities before net financials	29,726	35,010
Interest income and similar income received	930	1,953
Interest expenses and similar expenses paid	-1,696	-1,981
Income tax paid	-4,042	-962
Cash flows from operating activities	24,918	34,020
Purchase of intangible assets	-223	-1,126
Purchase of property, plant and equipment	-7,498	-15,495
Sale of property, plant and equipment	3,395	9,426
Purchase of investments	-19	-2,937
Disposal of investments	237	2,227
Cash flows from investing activities	-4,108	-7,905
Dividend paid	-2,500	-600
Arrangement of payables to credit institutions	14,971	14,327
Repayment of payables to credit institutions	-17,293	-19,125
Cash flows from financing activities	-4,822	-5,398
Total cash flows for the year	15,988	20,717
Cash, beginning of year	2,347	2,245
Short-term payables to credit institutions, beginning of year	-4,434	-25,049
Cash, end of year	13,901	-2,087
Cash, end of year, comprises:		
Cash	13,984	2,347
Short-term payables to credit institutions	-83	-4,434
Total	13,901	-2,087

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

	Recognised in the income statement in:	Group		Parent	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
COVID-19 compensations	Other operating income	3,098	0	0	0
Total		3,098	0	0	0

Group's activities in 2020 have been directly impacted by the outburst of COVID-19 virus in the spring of 2020, as further described in Management's review. As a result, the Group has applied for compensation under relevant aid schemes in countries, where the Group operates, primarily relating to salary compensation. Received compensation, where Management estimates that the risk of repayment is minimal, has been recognized in other operating income. Received compensation, which Management estimates will be repaid in 2021, has been recognized directly in the balance sheet in other payables (short-term).

Due to the special nature and material size of the received compensation recognized in other operating income, this income is presented as a special item in the annual report.

	Group		Parent	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Revenue, transport services	466,093	530,784	405,802	446,553

2. Revenue

Revenue comprises the following activities:

Revenue, transport services	466,093	530,784	405,802	446,553
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Revenue comprises the following geographical markets:

Denmark	16	61	16	61
Other countries	466,077	530,724	405,786	446,492
Total	466,093	530,785	405,802	446,553

	Group		Parent	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000

3. Employee aspects

Wages and salaries	126,937	130,242	18,010	18,787
Pensions	2,950	2,884	1,286	1,383
Other social security costs	13,681	13,930	16	268
Total	143,568	147,056	19,312	20,438

Average number of employees during the year	726	747	29	31
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Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	2,049	2,118	716	785
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4. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	487	498	323	336
Other assurance engagements	26	28	0	0
Tax advice	0	300	0	300
Other services	289	162	84	0
Total	802	988	407	636

Beierholm (member of HLB International) serves as the auditor appointed by the general meeting for Kim Johansen International Transport A/S.

Fee to other auditors comprise fees to the appointed auditors for other group enterprises. Other auditors comprise the following audit firms:

- Deloitte
- Fideta Audit
- Avanta Audit
- HLB Expertus KLF (member of HLB International).
- SIA "Sandra Dzerele un Partneris" (member of HLB International).

	Group		Parent	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000

5. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	-1,606	2,813
Amortisation of goodwill	0	0	-267	-277
Total	0	0	-1,873	2,536

6. Financial income

Interest, group enterprises	552	592	1,944	2,230
Other financial income	1,874	1,361	1,849	1,065
Total	2,426	1,953	3,793	3,295

7. Financial expenses

Interest, group enterprises	109	76	557	619
Other financial expenses	1,587	1,905	802	1,287
Total	1,696	1,981	1,359	1,906

8. Distribution of net profit

Reserve for net revaluation according to the equity method	0	0	-1,873	2,536
Proposed dividend for the financial year	4,000	2,500	4,000	2,500
Retained earnings	6,164	4,946	8,037	2,410
Total	10,164	7,446	10,164	7,446

9. Intangible assets

Figures in DKK '000	Completed development projects	Goodwill
Group:		
Cost as at 01.01.20	1,715	1,335
Additions during the year	224	0
Cost as at 31.12.20	1,939	1,335
Amortisation and impairment losses as at 01.01.20	-220	-351
Amortisation during the year	-700	-267
Amortisation and impairment losses as at 31.12.20	-920	-618
Carrying amount as at 31.12.20	1,019	717
Parent:		
Cost as at 01.01.20	1,715	0
Additions during the year	224	0
Cost as at 31.12.20	1,939	0
Amortisation and impairment losses as at 01.01.20	-220	0
Amortisation during the year	-700	0
Amortisation and impairment losses as at 31.12.20	-920	0
Carrying amount as at 31.12.20	1,019	0

Completed development projects comprise the development of new internal ERP-systems and automation of processes.

The capitalized costs comprise internal hours and external costs.

It is Management's assessment that there are no impairment indications regarding completed development projects.

10. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.01.20	1,944	171,233	11,387
Additions during the year	0	5,919	1,579
Disposals during the year	0	-21,284	-1,938
Transfers during the year to/from other items	-509	-4,488	6,678
Cost as at 31.12.20	1,435	151,380	17,706
Depreciation and impairment losses as at 01.01.20	-1,683	-104,303	-8,820
Depreciation during the year	-77	-16,832	-1,043
Reversal of depreciation of and impairment losses on disposed assets	0	17,413	1,781
Transfers during the year to/from other items	362	3,403	-5,528
Depreciation and impairment losses as at 31.12.20	-1,398	-100,319	-13,610
Carrying amount as at 31.12.20	37	51,061	4,096
Parent:			
Cost as at 01.01.20	724	150,393	10,393
Additions during the year	0	5,615	1,524
Disposals during the year	0	-18,398	-1,579
Transfers during the year to/from other items	0	-1,952	4,109
Cost as at 31.12.20	724	135,658	14,447
Depreciation and impairment losses as at 01.01.20	-723	-97,619	-8,002
Depreciation during the year	-1	-14,060	-841
Reversal of depreciation of and impairment losses on disposed assets	0	15,771	1,424
Transfers during the year to/from other items	0	968	-3,125
Depreciation and impairment losses as at 31.12.20	-724	-94,940	-10,544
Carrying amount as at 31.12.20	0	40,718	3,903
Carrying amount of assets held under finance leases as at 31.12.20	0	34,220	1,520

11. Investments

Figures in DKK '000	Equity invest- ments in group enterprises	Equity invest- ments in asso- ciates	Other invest- ments
Group:			
Cost as at 01.01.20	0	63	103
Cost as at 31.12.20	0	63	103
Fair value adjustments as at 01.01.20	0	0	1,232
Fair value adjustments during the year	0	0	1,090
Fair value adjustments as at 31.12.20	0	0	2,322
Carrying amount as at 31.12.20	0	63	2,425
Parent:			
Cost as at 01.01.20	15,627	63	103
Additions during the year	5,215	0	0
Cost as at 31.12.20	20,842	63	103
Revaluations as at 01.01.20	8,295	0	0
Foreign currency translation adjustment of foreign enterprises	-401	0	0
Net profit/loss from equity investments	-1,606	0	0
Dividend relating to equity investments	-2,794	0	0
Other equity adjustments relating to equity investments	559	0	0
Revaluations as at 31.12.20	4,053	0	0
Depreciation and impairment losses as at 01.01.20	-351	0	0
Amortisation of goodwill	-267	0	0
Depreciation and impairment losses as at 31.12.20	-618	0	0
Fair value adjustments as at 01.01.20	0	0	1,232
Fair value adjustments during the year	0	0	1,090
Fair value adjustments as at 31.12.20	0	0	2,322
Carrying amount as at 31.12.20	24,277	63	2,425
The item comprises goodwill as at 31.12.20 of	716	0	0
Goodwill on initial recognition of equity investments measured at equity value	1,335	0	0

Name and registered office:	Ownership interest	Equity DKK '000	Net profit/loss for the year DKK '000	Recognised value DKK '000
Subsidiaries:				
Kim Johansen Transport SAS, France	100%	7,107	-2,813	7,828
Kim Johansen International Transport AS, Norway	100%	2,436	-202	2,436
Kim Johansen Transport OÜ, Estonia	100%	5,402	2,853	4,708
Kim Johansen Poland SP. Z.o.o., Poland	100%	1,588	-1,030	1,822
Kim Johansen Transport SRL, Romania	90%	-230	167	-194
Kim Johansen International Transport GmbH, Germany	100%	-127	-63	-127
Kim Johansen Transport SIA, Latvia	100%	1,876	-352	2,592
Kim Johansen Transport s.r.o., Slovakia	100%	5,215	0	5,215
Associates:				
Partner-Logistic ApS, Glostrup	50%	138	6	63

Other investments comprise shares of OK A.m.b.a. The fair value of shares in OK A.m.b.a. is determined as the amount on the shareholder account calculated in accordance with OK A.m.b.a.'s articles of association.

12. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises	Deposits
Group:		
Cost as at 01.01.20	14,095	2,242
Additions during the year	1,028	43
Disposals during the year	0	-238
Cost as at 31.12.20	15,123	2,047
Carrying amount as at 31.12.20	15,123	2,047
Parent:		
Cost as at 01.01.20	15,526	2,219
Additions during the year	4,780	0
Disposals during the year	-1,436	-238
Cost as at 31.12.20	18,870	1,981
Carrying amount as at 31.12.20	18,870	1,981

	Group		Parent	
	31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000

13. Prepayments

Other prepayments	7,190	9,136	2,401	4,286
Total	7,190	9,136	2,401	4,286

14. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share class A	9	1,690,000
Share class B	15	2,535,000
Total		4,225,000

The share capital as of 31.12.2020 consists of:

A shares DKK '000 1,690 divided in 3 A shares nominal value DKK '000 500 a piece, 1 A share nominal value DKK '000 100 a piece, 1 A share nominal value DKK '000 50 a piece and 4 A shares nominal value DKK '000 10 a piece.

B shares DKK '000 2,535 divided in 6 B shares nominal value DKK '000 400 a piece, 6 B shares nominal value DKK '000 20 a piece and 3 B shares nominal value DKK '000 5 a piece.

	Group		Parent	
	31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000

15. Deferred tax

Deferred tax as at 01.01.20	8,234	8,904	7,464	6,817
Deferred tax recognised in the income statement	-2,671	-670	-1,577	647
Deferred tax as at 31.12.20	5,563	8,234	5,887	7,464

Deferred tax is recognized in the balance sheet as:

Provisions for deferred tax	5,563	8,234	5,887	7,464
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Deferred tax is distributed as below:

Intangible assets	224	310	224	310
Property, plant and equipment	5,117	5,906	4,792	5,759
Inventories	216	346	216	346
Receivables	756	1,150	756	1,150
Liabilities	608	665	-101	-101
Tax losses	-1,358	-143	0	0
Total	5,563	8,234	5,887	7,464

16. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Group:				
Payables to credit institutions	1,794	0	6,196	0
Lease commitments	18,211	53	36,929	47,214
Other payables	0	0	1,807	663
Total	20,005	53	44,932	47,877
Parent:				
Payables to credit institutions	127	0	482	0
Lease commitments	16,104	53	28,200	34,692
Other payables	0	0	1,807	663
Total	16,231	53	30,489	35,355

17. Fair value information

Figures in DKK '000	Unlisted securities and equity investments	Total
Group:		
Fair value as at 31.12.20	2,425	2,425
Changes for the year of fair value recognised in the income statement	1,090	1,090
Parent:		
Fair value as at 31.12.20	2,425	2,425
Changes for the year of fair value recognised in the income statement	1,090	1,090

The method for fair value measurement of unlisted securities and equity investments is described in note 11.

18. Contingent liabilities

Group:

Lease commitments

The group has entered operating lease agreements on trucks, trailers and operating plant etc. for the years 2020-2023. Annual payments for operating leases (2021 amounts) are DKK 35,393k (2019: DKK 36,020k).

The group has entered other leasing and contractual agreements regarding rental of office and workshop premises as well as parking areas, etc. with terms to maturity of 12-60 months. Annual payments for these operating lease agreements (2021 amounts) are DKK 8,312k (2019: DKK 14,711k). This includes lease agreements concluded with group enterprises, but the agreements are also specified separately below.

The group has concluded lease agreements with group enterprises with terms to maturity of 12 months. The total minimum lease obligation comprises DKK 2,793k (2019: DKK 3,228k).

Other contingent liabilities

In 2020, a subsidiary in the Group received a claim from local tax authorities as part of a national tax campaign within the transportation business. The case was originally to be trialed in court in 2021, but the case was subsequently withdrawn by the tax administration. The subsidiary has received notice that authorities will continue to pursue the matter to some extent. At this moment, Management is not able to quantify the potential risk related to this claim.

Management disagrees with the basis for the claim put forth by local authorities and believes that the case should be dismissed entirely. However, due to the uncertainty relating to both the timing and eventual financial impact on the Group, the matter is included as a contingent liability in the annual report.

Parent:

Lease commitments

The company has entered operating lease agreements on trucks, trailers and operating plant etc. for the years 2020-2025. Annual payments for operating leases (2021 amounts) are DKK 17,789k (2019: DKK 23,459k).

The company has entered other leasing and contractual agreements regarding rental of office and workshop premises as well as parking areas, etc. with terms to maturity of 12-48 months. Annual payments for these operating lease agreements (2021 amounts) are DKK 6,403k (2019: DKK 9,722k). This includes lease agreements concluded with group enterprises, but the agreements are also specified separately below.

The company has entered lease agreements with group enterprises with terms to maturity of 12 months. The total minimum lease obligation comprises DKK 2,793k (2019: DKK 3,228k).

Guarantee commitments

The company has provided a payment guarantee on operating and financial lease agreements in group enterprises. The carrying amount of financial lease debt in group enterprises covered by this guarantee is EUR 285k (2019: EUR 417k). Annual payments for operating leases in subsidiaries (in 2020 amounts) are EUR 377k (2019: EUR 345k).

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

19. Charges and security

Group:

The group has issued mortgage deeds registered to the mortgagor secured upon plant and machinery. The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions and for financial leasing liabilities.

The group has provided a company charge of DKK 30,000k (2019: DKK 30,000k) as security for debt to credit institutions. As at 31.12.20, the company charge comprises intangible property rights, property plant and equipment, inventories and trade receivables.

Furthermore, debt to credit institutions has been secured by deposited shares with a nominal value of NOK 100k in Kim Johansen Norge AS. The carrying amount of nominal NOK 100k shares in Kim Johansen Norge AS is DKK 812k (2019: DKK 970k).

19. Charges and security - continued -

Parent:

The company has issued mortgage deeds registered to the mortgagor secured upon plant and machinery. The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions and for financial leasing liabilities.

The company has provided a company charge of DKK 30,000k (2019: DKK 30,000k) as security for debt to credit institutions. As at 31.12.20, the company charge comprises intangible property rights, property plant and equipment, inventories and trade receivables.

Furthermore, debt to credit institutions has been secured by deposited shares with a nominal value of NOK 100k in Kim Johansen Norge AS. The carrying amount of nominal NOK 100k shares in Kim Johansen Norge AS is DKK 812k (2019: DKK 970k).

20. Related parties

Controlling influence Basis of influence

Kim Johansen Holding A/S, Greve Kim Leidersdorff Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France	Parent company Principal shareholder, owns 100% of the shares in the parent company, Kim Johansen Holding A/S
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Transactions	Relation	Group	Parent
		2020 DKK '000	2020 DKK '000
Sales recognised in produktion costs	Subsidiaries	0	212,114
Purchases recognised in production costs	Subsidiaries and other group enterprises	0	358,796
Sales recognised in administrative costs	Subsidiaries and other group enterprises	189	13,957
Purchases recognised in administrative costs	Subsidiaries and other group enterprises	2,524	9,992
Other operating income	Subsidiaries and other group enterprises	0	7,023
Other financial income	Subsidiaries and other group enterprises	552	1,994
Other financial costs	Subsidiaries and other group enterprises	109	606

Remuneration for the management is specified in note 3. Employee aspects.

	Group	Parent
	31.12.20	31.12.20
Balances	DKK '000	DKK '000
Receivables from group enterprises	15,123	18,870
Payables to group enterprises	-3,480	-23,513
Payables to associates	-5,101	-5,101

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

Receivables from associates recognised under current assets and short-term payables to associates consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

The company is included in the consolidated financial statements of the parent Kim Johansen Holding A/S, Greve.

21. Adjustments for the cash flow statement

Depreciation and impairments losses of property, plant and equipment	19,341	20,287
Financial income	-2,426	-1,952
Financial expenses	1,696	1,981
Tax on profit or loss for the year	3,182	2,665
Total	21,793	22,981

22. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds participating interests, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

22. Accounting policies - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

On recognition of integrated foreign entities, monetary items are translated using the exchange rates applicable at the balance sheet date. Non-monetary items are translated using the exchange rates applicable at the date of acquisition or the date of subsequent revaluation or impairment of the asset. The items in the income statement are translated at the exchange rates applicable at the transaction date, while items derived from non-monetary items are translated at the historical exchange rates for such non-monetary items.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

22. Accounting policies - continued -

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Revenue**

Revenue from the sale of services is recognised in the income statement when the individual drive has commenced prior to the closing of the financial year. Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including operation of trucks, drivers' wages and salaries and lease of and depreciation, amortisation and impairment losses on trucks, trailers etc., are recognised under production costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the Group's activities, including re-invoicing of production costs, as well as income from rental agreements with subsidiaries and other external rental agreements, as well as required compensations from COVID-19 aid schemes.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the

22. Accounting policies - continued -

following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	3	0
Goodwill	5	0
Leasehold improvements	7	0
Plant and machinery	3-10	0-15
Other plant, fixtures and fittings, tools and equipment	3-10	0-15

Goodwill is amortised over 5 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs relating to generating other operating income.

Income from equity investments in group enterprises and associates

For equity investments in equity investments in associates and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates only the proportionate share of intercompany gains and losses is eliminated.

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign

22. Accounting policies - continued -

exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Intangible assets***Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment

22. Accounting policies - continued -

losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises and associates*Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity investments in associates

Equity investments in associates are measured at cost less any impairment in the balance sheet of the parent. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

22. Accounting policies - continued -

In the consolidated financial statements, equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

22. Accounting policies - continued -

If dividends are distributed on equity investments in associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

22. Accounting policies - continued -**Other investments**

Other equity investments are measured at fair value in the balance sheet. For equity investments that are traded in an active market, fair value is equivalent to the market value at the balance sheet date. Other equity investments for which fair value cannot be determined reliably are measured at cost.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value

22. Accounting policies - continued -

can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repay-

22. Accounting policies - continued -

ment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.