BEIERHOLM
VI SKABER BALANCE

Kim Johansen International Transport A/S

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

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.04.22

Niels Gade
Dirigent

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Group information etc.

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

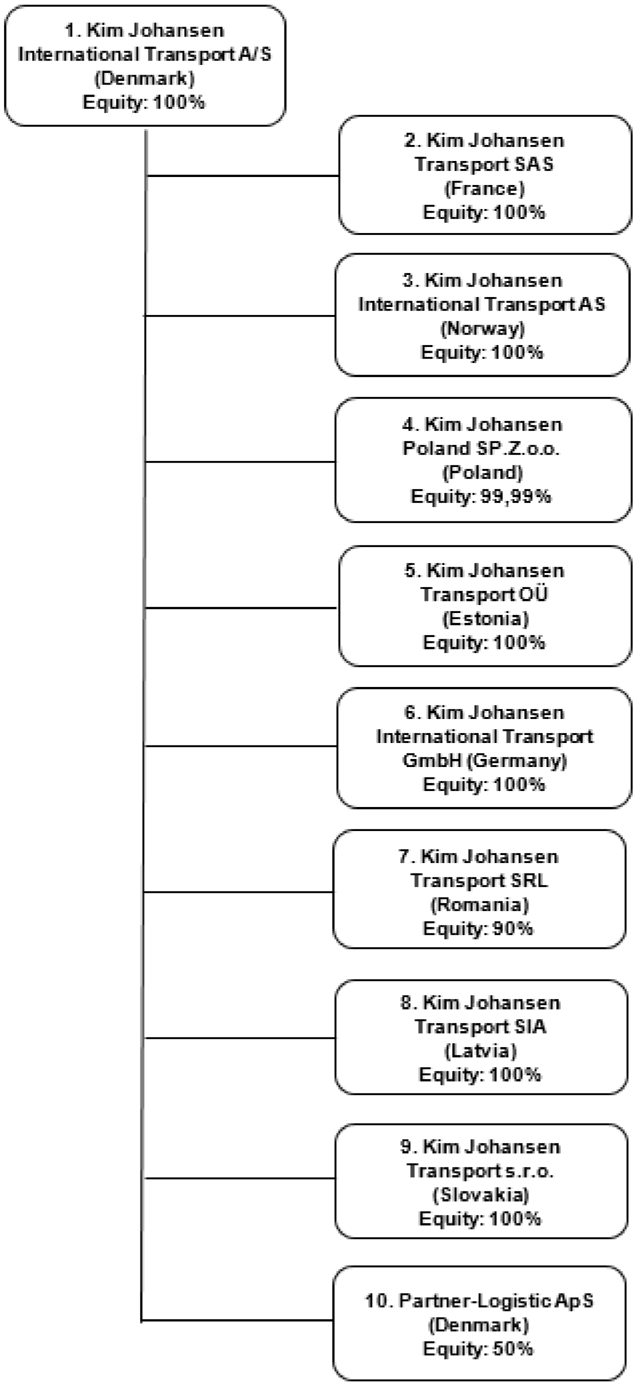
Board of Directors

Niels Gade, chairman
CEO Kim Leidersdorff Johansen
John Romedahl
May Wenche Strømsnes
Henrik Vandbæk Mårtensson

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Group chart


1. Kim Johansen International Transport A/S (Denmark) Equity: 100%
2. Kim Johansen Transport SAS (France) Equity: 100%
3. Kim Johansen International Transport AS (Norway) Equity: 100%
4. Kim Johansen Poland SP.Z.o.o. (Poland) Equity: 99,99%
5. Kim Johansen Transport OÜ (Estonia) Equity: 100%
6. Kim Johansen International Transport GmbH (Germany) Equity: 100%
7. Kim Johansen Transport SRL (Romania) Equity: 90%
8. Kim Johansen Transport SIA (Latvia) Equity: 100%
9. Kim Johansen Transport s.r.o. (Slovakia) Equity: 100%
10. Partner-Logistic ApS (Denmark) Equity: 50%

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 01.01.21 - 31.12.21 for Kim Johansen International Transport A/S.

The annual report is presented in accordance with the 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 31.12.21 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.21 - 31.12.21.

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 28, 2022

Executive Board

Kim Leidersdorff Johansen
CEO

Board of Directors

Niels Gade Chairman	Kim Leidersdorff Johansen CEO	John Romedahl
May Wenche Strømsnes	Henrik Vandbæk Mårtensson	

Independent auditor’s report

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 01.01.21 - 31.12.21, 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 the 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 31.12.21 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement 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 per-formance 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 28, 2022

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	2021	2020	2019	2018	2017
Profit/loss					
Revenue	594,405	466,093	530,784	495,916	471,185
Index	126	99	113	105	100
Gross profit	65,886	59,298	53,813	43,696	46,519
Index	142	127	116	94	100
EBITA	44,209	31,957	30,426	26,414	27,678
Index	160	115	110	95	100
Profit before net financials	22,457	12,616	10,139	2,921	6,952
Index	323	181	146	42	100
Total net financials	225	730	-28	-964	-2,394
Index	-9	-30	1	40	100
Profit for the year	18,813	10,164	7,446	1,281	3,096
Balance					
Total assets	205,996	188,813	203,195	212,044	208,074
Index	99	91	98	102	100
Investments in property, plant and equipment	17,120	7,498	15,693	17,154	41,893
Index	41	18	37	41	100
Equity	59,221	43,801	36,540	29,605	28,408
Index	208	154	129	104	100
Invested capital including goodwill	82,214	70,844	93,830	97,980	99,747
Interest-bearing debt	22,992	31,784	59,092	81,442	78,012

Ratios

	2021	2020	2019	2018	2017
Profitability					
Return on equity	36,5%	25,3%	22,5%	4,4%	11,5%
Gross margin	11,1%	12,7%	10,1%	8,8%	9,9%
Return on invested capital	32,6%	9,9%	10,8%	3,0%	5,7%
Profit margin	3,8%	2,7%	1,9%	0,6%	1,5%
Net margin (%)	3,0%	2,2%	1,4%	0,3%	0,7%

Ratios - continued -

	2021	2020	2019	2018	2017
Equity ratio					
Solvency ratio	28,7%	23,2%	18,0%	14,0%	13,7%
Financial gearing	0,4	0,7	1,6	2,8	2,7

Ratios definitions

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

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

Primary activities

We provide time sensitive and efficient international 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 2021 totals DKK 22,7m and profit after tax for the year 2021 totals DKK 18,8m. The equity on December 31st, 2021 totals DKK 59,2m. The cashflows for the year 2021 total DKK -1,5m.
The overall financial performance of the year 2021 is in line with the growth strategy and the ambitious expectations from the Management.
Cashflows are negatively affected by an extraordinary decision of repaying financial leased contracts. This will be returned in 2022, where this part of the fleet is exchanged.

The market conditions have been positive due to the high demand of international transport solutions. Covid-19 also impacted the business slightly through 2021 with restrictions and measures that led to extra planning and costs.

Furthermore, the result before tax on a Group level is positively affected by Covid-19 subsidies in total of DKK 4,4m and the cashflows are positively affected by extended credit facilities from Covid-19 subsidies in total of DKK 3,7m.

Outlook

With a strong foundation from 2021, we will be focusing on maintaining a new and higher activity level and at the same time invest in further development of our digital platform as well as in strengthening our organization.

The war in Ukraine and all following consequences like high fuel costs, shortage of resources and a general uncertainty about the future will potentially have temporary negative impact on the international transportation business.

Based on this and our constantly focus to adjust to the market conditions, we expect an activity level in the range of DKK 600-630m along with financial results in the range of DKK 10-15m and improved cashflows in 2022 in the range of DKK 5-10m.

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. However, a part of the cost is paid in PLN and RON. The main part of this has been secured by forward exchange contracts.

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

Corporate social responsibility

CSR Policies

KJTG has formalized our CSR policies and reports in following categories: Environment and Climate, Staff Conditions, Labor and Human Rights, Anti-corruption practices, Business Ethics and Diversity.

Our policies are summarized and published on our website: https://kim-johansen.com/Did-you-know/CSR-policies.

To provide more detailed and transparent view to our CSR practices and to review our goals for the coming years, we have published a CSR Report. The previous CSR report was published in October 2020. A joint report for 2020 and 2021 is scheduled to be published in June 2022.

The main values of KJTG are Teamwork, Respect, Flexibility and Responsibility and the mission statement is: "We provide time sensitive and efficient transport solutions with respect for the environment and road safety."

Environment and Climate

The aim of our environment policy is to meet the relevant environment standards and to raise awareness of our internal and external stakeholders. Our external environment policies are based on selection of reliable partners and suppliers, to safeguard the quality, environmental performance and reliability of our equipment.

Besides the trucks, we also depend on use of fuel, oils, equipment, and technologies. By choosing reliable and well-known partners and suppliers, we ensure that KJTG fleet is equipped with the most recent technologies and the quality of the products is not compromised.

To use our resources consciously, we aim to have our trucks on the road as close to 24/7 as possible and our planners do their best to avoid empty driving of our trucks.

By the end of 2021, the average age of our trucks was 2,5 years. This is a result of exchanging 125 trucks during second half of 2021. 100% of our fleet is EURO6 compliable.

In the beginning of 2021 KJTG has acquired a transport company in Slovakia. The performance analysis of our newly acquired fleet of around 100 trucks have shown a higher fuel consumption in comparison to our "own" fleet. The addition of trucks to our fleet and the ageing of our "own" fleet has resulted in a two percent higher GHG index (2012) for the group in 2021, compared to 2020.

The acquired fleet will be replaced during the coming 2 years, which we expect to have a significant positive impact on our overall performance. Furthermore, improvements in performance of the already renewed fleet will be expected with full effect in 2022.

To use these fuel resources responsibly - our internal environmental policy is based on securing knowledge, skills and raising awareness of our employees. In 2021 we continued to focus on eco-driving techniques and to monitor eco -driving performance of our drivers. 263 drivers have improved their eco-driving scores, and 372 new drivers were introduced to eco-driving techniques.

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.

In 2021 KJTG celebrates ten years anniversary since a conscious objective was set to reduce the GHG index and this initiative has resulted in approximately 20% reduction of GHG in comparison to 2011. To continue the development, KJTG will continue to invest in its fleet and phase out the worst performing vehicles. KJTG will continue to work on eco-driving initiatives and will continue to focus on mindful planning of the routes and loads. Our objective for 2026 is a reduction of greenhouse gases by additional five percent. KJTG focuses on the EU's adopted Paris Agreement, with a special focus on reducing CO_2.

Staff Conditions, Labor and Human Rights

KJTG is 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 according to the legislation.

Driving with time sensitive cargo involves - work at nights and frequent exchange of trucks on the road besides many other factors. This requires great efforts from our drivers. In 2021 a project called "the best place to work" has been started to focus on the physical work conditions of our drivers.

During the last two years the Covid19 outbreak has been one of the biggest concerns of our drivers, as a result the frequency of cleaning and disinfecting in our driver hubs as well as in trucks has been significantly increased. Considering this, the driver hubs are also continuously renovated and updated to meet our standards. In the future, KJTG will continue to work on improving the work conditions for the drivers.

To ensure the safety in operations, all employees are required to use the provided safety equipment and to follow the 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 a thorough understanding and knowledge to work comfortably on their own.

To avoid risks associated with drowsy driving, our drivers and our driver-planners are trained to understand the driving and resting rules. During the year, around 350 new drivers have received two weeks training. To offer proper conditions for rest, the Group has approximately 30 apartment and hotel hubs across Europe.

When in a need of support, our 24/7 service desk is available to all employees. In 2021, 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.

KJTG has a zero alcohol and drug policy - drivers are not allowed to possess, use, or transport any alcohol beverages or drugs while working, driving or resting. Random alcohol checks are conducted by an external security company and our internal security manager. During the last year more than a hundred random tests have been conducted, and as a result five 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 2021 we have completed the exchange of all our driver phones to smartphones. The use of smartphones ensure more flexible communication, documentation, and information exchange. To meet the requirements of the EU Mobility Package, the phones have been designed to improve drivers working and safety conditions. Smartphones will provide a modern platform to meet the demands of road transport legislation. On the phone, the driver receives the instructions prepared according to the trip along with a copy of the posting statement and other relevant documents.

In 2021, KJTG has established an internal compliance department with dedicated legal resources. The main objective is to ensure that KJTG operates in compliance with legislation, to lead the implementation process of the Mobility Package and to certify data ethics within the organization. KJTG focuses on always following rules and legislation in all EU States.

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 behaviors. A breach of rules is taken seriously and when relevant reported to authorities. During 2021, 372 new drivers have been trained in business ethics, anticompetitive behaviors, and anti-bribery practices as a part of the introduction training.

During December 2021, KJTG has also implemented an internal whistleblowing scheme.

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 2021 accounts for 80/20 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 2021 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 increase the share of the underrepresented gender at management 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.

Data ethics

Since May 2018, when the EU's General Data Protection Regulation (GDPR) entered into force, the responsible use of personal data has become an integrated part of KJTG operations. KJTG is committed to continue working on procedures, policies, and practices to raise the awareness and to achieve transparency in handling and erasing of personal and intercompany data. To define procedures and guidelines KJTG has created, published and implemented an internal IT-Security Policy and a Policy regarding deletion and storage of personal data.

Income statement

Note		Group 2021 DKK '000	Group 2020 DKK '000	Parent 2021 DKK '000	Parent 2020 DKK '000
2	**Revenue**	**594,405**	**466,093**	**465,650**	**405,802**
	Production costs	-528,519	-406,795	-435,426	-368,251
	Administration costs	-51,853	-48,690	-24,771	-26,849
	Other operating income	8,424	5,780	10,272	9,646
	Other operating expenses	0	-3,772	-6,582	-7,107
	Operating profit	**22,457**	**12,616**	**9,143**	**13,241**
5	Income from equity investments in group enterprises	0	0	10,675	-1,873
6	Financial income	1,725	2,426	2,334	3,793
7	Financial expenses	-1,500	-1,696	-950	-1,359
	Profit before tax	**22,682**	**13,346**	**21,202**	**13,802**
	Tax on profit for the year	-3,869	-3,182	-2,389	-3,638
	Profit for the year	**18,813**	**10,164**	**18,813**	**10,164**

8 Proposed appropriation account

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000
	Completed development projects	665	1,019	463	1,019
	Goodwill	450	717	0	0
9	**Total intangible assets**	**1,115**	**1,736**	**463**	**1,019**
	Leasehold improvements	0	37	0	0
	Plant and machinery	44,918	51,061	29,560	40,718
	Other fixtures and fittings, tools and equipment	4,408	4,096	4,063	3,903
10	**Total property, plant and equipment**	**49,326**	**55,194**	**33,623**	**44,621**
11	Equity investments in group enterprises	0	0	34,754	24,277
12	Receivables from group enterprises	2,202	15,123	12,650	18,870
11	Equity investments in associates	63	63	63	63
11	Other investments	3,105	2,425	3,105	2,425
12	Deposits	4,962	2,047	2,163	1,981
	Total investments	**10,332**	**19,658**	**52,735**	**47,616**
	Total non-current assets	**60,773**	**76,588**	**86,821**	**93,256**
	Raw materials and consumables	4,609	2,367	2,359	937
	Total inventories	**4,609**	**2,367**	**2,359**	**937**
	Trade receivables	91,875	73,447	77,846	64,790
	Other receivables	27,290	15,237	8,373	6,113
13	Prepayments	8,878	7,190	2,464	2,401
	Total receivables	**128,043**	**95,874**	**88,683**	**73,304**
	Cash	**12,571**	**13,984**	**584**	**6,432**
	Total current assets	**145,223**	**112,225**	**91,626**	**80,673**
	Total assets	**205,996**	**188,813**	**178,447**	**173,929**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.21 DKK '000	Group 31.12.20 DKK '000	Parent 31.12.21 DKK '000	Parent 31.12.20 DKK '000
14	Share capital	4,225	4,225	4,225	4,225
	Reserve for net revaluation according to the equity method	0	0	12,422	3,438
	Reserve for development costs	0	0	359	793
	Foreign currency translation reserve	-229	-401	0	0
	Cash flow hedging reserve	435	0	435	0
	Retained earnings	46,790	35,977	33,780	31,345
	Proposed dividend for the financial year	8,000	4,000	8,000	4,000
	Total equity	**59,221**	**43,801**	**59,221**	**43,801**
15	Provisions for deferred tax	5,899	5,563	6,079	5,887
	Total provisions	**5,899**	**5,563**	**6,079**	**5,887**
16	Payables to other credit institutions	768	4,402	414	355
16	Lease commitments	14,893	18,718	9,101	12,096
16	Other payables	2,240	1,807	2,240	1,807
	Total long-term payables	**17,901**	**24,927**	**11,755**	**14,258**
16	Short-term part of long-term payables	11,595	20,005	7,096	16,231
	Payables to other credit institutions	192	83	163	83
	Trade payables	78,474	63,718	59,019	55,893
	Payables to group enterprises	578	3,480	22,372	23,513
	Payables to associates	5,985	5,101	5,985	5,101
	Income taxes	3,754	4,361	2,053	4,816
	Other payables	22,397	17,774	4,704	4,346
	Total short-term payables	**122,975**	**114,522**	**101,392**	**109,983**
	Total payables	**140,876**	**139,449**	**113,147**	**124,241**
	Total equity and liabilities	**205,996**	**188,813**	**178,447**	**173,929**

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Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Group:								
Statement of changes in equity for 01.01.21 - 31.12.21								
Balance as at 01.01.21	4,225	0	0	-401	0	35,977	4,000	43,801
Foreign currency translation adjustment of foreign enterprises	0	0	0	172	0	0	0	172
Fair value adjustment of hedging instruments	0	0	0	0	557	0	0	557
Dividend paid	0	0	0	0	0	0	-4,000	-4,000
Tax on changes in equity	0	0	0	0	-122	0	0	-122
Net profit/loss for the year	0	0	0	0	0	10,813	8,000	18,813
Balance as at 31.12.21	4,225	0	0	-229	435	46,790	8,000	59,221

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Parent:								
Statement of changes in equity for 01.01.21 - 31.12.21								
Balance as at 01.01.21	4,225	3,438	793	0	0	31,345	4,000	43,801
Foreign currency translation adjustment of foreign enterprises	0	172	0	0	0	0	0	172
Total depreciation, amortisation, impairment losses and write-downs during the year	0	0	-754	0	0	754	0	0
Distributed dividend from group enterprises	0	-1,863	0	0	0	1,863	0	0
Fair value adjustment of hedging instruments	0	0	0	0	557	0	0	557
Dividend paid	0	0	0	0	0	0	-4,000	-4,000
Other changes in equity	0	0	198	0	0	-198	0	0
Tax on changes in equity	0	0	122	0	-122	-122	0	-122
Net profit/loss for the year	0	10,675	0	0	0	138	8,000	18,813
Balance as at 31.12.21	4,225	12,422	359	0	435	33,780	8,000	59,221

Consolidated cash flow statement

Note		Group 2021 DKK '000	Group 2020 DKK '000
	Profit for the year	**18,813**	**10,164**
22	Adjustments	25,396	21,793
	Change in working capital:		
	Inventories	-2,242	563
	Receivables	-19,248	11,648
	Trade payables	14,756	-11,198
	Other payables relating to operating activities	2,681	-3,244
	Cash flows from operating activities before net financials	**40,156**	**29,726**
	Interest income and similar income received	1,725	930
	Interest expenses and similar expenses paid	-1,500	-1,696
	Income tax paid	-3,609	-4,042
	Cash flows from operating activities	**36,772**	**24,918**
	Purchase of intangible assets	-429	-223
	Purchase of property, plant and equipment	-17,120	-7,498
	Sale of property, plant and equipment	2,286	3,395
	Purchase of securities and equity investments	-3,838	-19
	Sale of securities and equity investments	243	237
	Cash flows from investing activities	**-18,858**	**-4,108**
	Dividend paid	-4,000	-2,500
	Arrangement of payables to credit institutions	13,439	14,971
	Repayment of payables to credit institutions	-4,530	-100
	Repayment of lease commitments	-24,345	-17,193
	Cash flows from financing activities	**-19,436**	**-4,822**
	Total cash flows for the year	**-1,522**	**15,988**
	Cash, beginning of year	13,984	2,347
	Short-term payables to credit institutions, beginning of year	-83	-4,434
	Cash, end of year	**12,379**	**13,901**
	Cash, end of year, comprises:		
	Cash	12,571	13,984
	Short-term payables to credit institutions	-192	-83
	Total	**12,379**	**13,901**

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:

		Group		Parent	
Special items:	Recognised in the income statement in:	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000
COVID-19 compensations	Other operating income	4,247	3,098	0	0
Badwill	Other operating income	2,007	0	0	0
Total		6,254	3,098	0	0

Group's activities in 2020 and in 2021 have been directly impacted by the outburst of COVID-19 virus, 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 and capacity costs compensation. Received compensation, where Management estimates that the risk of repayment is minimal, has been recognized in other operating income.

Group has in 2021 purchased activities, including client contracts, employees, plant and machinery, entered leasing agreements, etc. in Slovakia from a former competitor. Management has treated the purchase as a business combination. As described in accounting policies in the section "business combinations", the Group has applied the acquisition method. In this regard, negative goodwill (badwill) has approx mDKK 2 has been recognised in other operating income. In the Parent Financial Statements, badwill is recognised in income from equity investments in group enterprises.

Due to the special nature and material size of the received compensation as well as badwill, both recognized in other operating income, these transactions have been presented as special items in the annual report.

	Group		Parent	
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000

2. Revenue

Revenue comprises the following activities:

Revenue from transport services	594,405	466,096	465,650	405,802

Revenue comprises the following geographical markets:

Denmark	16	19	16	16
Other countries	594,389	466,077	465,634	405,786
Total	594,405	466,096	465,650	405,802

3. Employee aspects

Wages and salaries	147,847	126,937	17,524	18,010
Pensions	1,454	2,950	1,207	1,286
Other social security costs	17,426	13,681	21	16
Total	166,727	143,568	18,752	19,312

Average number of employees during the year	828	726	29	29

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	2,041	2,049	796	716

	Group		Parent	
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000

4. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	521	487	365	323
Other assurance engagements	23	26	0	0
Other services	206	289	40	84
Total	750	802	405	407

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).

5. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	10,942	-1,606
Amortisation of goodwill	0	0	-267	-267
Total	0	0	10,675	-1,873

6. Financial income

Interest, group enterprises	260	552	1,006	1,944
Other interest income	75	0	0	0
Other financial income	1,390	1,874	1,328	1,849
Total	1,725	2,426	2,334	3,793

	Group		Parent	
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000

7. Financial expenses

Interest, group enterprises	0	109	442	557
Other interest expenses	70	0	0	0
Other financial expenses	1,430	1,587	508	802
Total	1,500	1,696	950	1,359

8. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	10,675	-1,873
Proposed dividend for the financial year	8,000	4,000	8,000	4,000
Retained earnings	10,813	6,164	138	8,037
Total	18,813	10,164	18,813	10,164

9. Intangible assets

Figures in DKK '000	Completed development projects	Goodwill
Group:		
Cost as at 01.01.21	1,939	1,335
Additions during the year	429	0
Cost as at 31.12.21	2,368	1,335
Amortisation and impairment losses as at 01.01.21	-920	-618
Amortisation during the year	-783	-267
Amortisation and impairment losses as at 31.12.21	-1,703	-885
Carrying amount as at 31.12.21	665	450

9. Intangible assets - continued -

Figures in DKK '000	Completed development projects	Goodwill
Parent:		
Cost as at 01.01.21	1,939	0
Additions during the year	198	0
Cost as at 31.12.21	2,137	0
Amortisation and impairment losses as at 01.01.21	-920	0
Amortisation during the year	-754	0
Amortisation and impairment losses as at 31.12.21	-1,674	0
Carrying amount as at 31.12.21	463	0

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

The capitalized costs comprise 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 01.01.21	1,435	151,380	17,706
Additions during the year	70	15,356	1,694
Disposals during the year	-87	-13,441	-892
Cost as at 31.12.21	1,418	153,295	18,508
Depreciation and impairment losses as at 01.01.21	-1,398	-100,319	-13,610
Depreciation during the year	-20	-19,300	-1,382
Reversal of depreciation of and impairment losses on disposed assets	0	11,242	892
Depreciation and impairment losses as at 31.12.21	-1,418	-108,377	-14,100
Carrying amount as at 31.12.21	0	44,918	4,408
Parent:			
Cost as at 01.01.21	724	135,658	14,447
Additions during the year	0	6,062	1,359
Disposals during the year	0	-13,441	-749
Cost as at 31.12.21	724	128,279	15,057
Depreciation and impairment losses as at 01.01.21	-724	-94,940	-10,544
Depreciation during the year	0	-15,021	-1,199
Reversal of depreciation of and impairment losses on disposed assets	0	11,242	749
Depreciation and impairment losses as at 31.12.21	-724	-98,719	-10,994
Carrying amount as at 31.12.21	0	29,560	4,063
Carrying amount of assets held under finance leases as at 31.12.21	0	18,172	653

11. Investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Other investments
Group:			
Cost as at 01.01.21	0	63	103
Cost as at 31.12.21	0	63	103
Fair value adjustments as at 01.01.21	0	0	2,322
Fair value adjustments during the year	0	0	680
Fair value adjustments as at 31.12.21	0	0	3,002
Carrying amount as at 31.12.21	0	63	3,105
Parent:			
Cost as at 01.01.21	20,842	63	103
Additions during the year	1,490	0	0
Cost as at 31.12.21	22,332	63	103
Revaluations as at 01.01.21	4,053	0	0
Foreign currency translation adjustment of foreign enterprises	175	0	0
Net profit/loss from equity investments	10,942	0	0
Dividend relating to equity investments	-1,863	0	0
Revaluations as at 31.12.21	13,307	0	0
Depreciation and impairment losses as at 01.01.21	-618	0	0
Amortisation of goodwill	-267	0	0
Depreciation and impairment losses as at 31.12.21	-885	0	0
Fair value adjustments as at 01.01.21	0	0	2,322
Fair value adjustments during the year	0	0	680
Fair value adjustments as at 31.12.21	0	0	3,002
Carrying amount as at 31.12.21	34,754	63	3,105
The item comprises goodwill as at 31.12.21 of	450	0	0
Positive balances ascertainable 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%	5,972	-1,135	7,382
Kim Johansen International Transport AS, Norway	100%	2,611	35	2,611
Kim Johansen Transport OÜ, Estonia	100%	4,178	638	3,729
Kim Johansen Poland SP. Z.o.o., Poland	100%	12,232	10,379	10,782
Kim Johansen Transport SRL, Romania	90%	-1,132	-906	-949
Kim Johansen International Transport GmbH, Germany	100%	-155	-28	-155
Kim Johansen Transport SIA, Latvia	100%	5,754	2,374	5,713
Kim Johansen Transport s.r.o., Slovakia	100%	4,746	-466	5,641
Associates:				
Partner-Logistic ApS, Glostrup	50%	145	7	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 01.01.21	15,123	2,047
Additions during the year	0	2,915
Disposals during the year	-12,921	0
Cost as at 31.12.21	2,202	4,962
Carrying amount as at 31.12.21	2,202	4,962
Parent:		
Cost as at 01.01.21	18,870	1,981
Additions during the year	7,308	182
Disposals during the year	-13,528	0
Cost as at 31.12.21	12,650	2,163
Carrying amount as at 31.12.21	12,650	2,163

	Group		Parent	
	31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000

13. Prepayments

Other prepayments	8,878	7,190	2,464	2,401
Total	8,878	7,190	2,464	2,401

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 31.12.2021 consists of:

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

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

	Group		Parent	
	31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000
15. Deferred tax				
Deferred tax as at 01.01.21	5,563	8,234	5,887	7,464
Deferred tax recognised in the income statement	336	-2,671	192	-1,577
Deferred tax as at 31.12.21	5,899	5,563	6,079	5,887
Deferred tax is recognized in the balance sheet as:				
Provisions for deferred tax	5,899	5,563	6,079	5,887
Deferred tax is distributed as below:				
Intangible assets	102	224	102	224
Property, plant and equipment	5,240	5,117	4,891	4,792
Inventories	519	216	519	216
Receivables	792	756	0	756
Liabilities	-101	608	567	-101
Tax losses	-653	-1,358	0	0
Total	5,899	5,563	6,079	5,887

16. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Group:				
Payables to credit institutions	898	0	1,666	6,196
Lease commitments	10,697	75	25,590	36,929
Other payables	0	0	2,240	1,807
Total	11,595	75	29,496	44,932
Parent:				
Payables to credit institutions	190	0	604	482
Lease commitments	6,906	75	16,007	28,200
Other payables	0	0	2,240	1,807
Total	7,096	75	18,851	30,489

17. Fair value information

Figures in DKK '000	Unlisted securities and equity investments	Derivative financial instruments	Total
Group:			
Fair value as at 31.12.21	3,105	557	3,662
Unrealised changes of fair value recognised in the income statement for the year	680	0	680
Unrealised changes of fair value recognised in equity for the year	0	557	557

17. Fair value information - continued -

Figures in DKK '000	Unlisted securities and equity investments	Derivative financial instruments	Total
Parent:			
Fair value as at 31.12.21	3,105	557	3,662
Unrealised changes of fair value recognised in the income statement for the year	680	0	680
Unrealised changes of fair value recognised in equity for the year	0	557	557

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

The method for fair value measurement of derivative financial instruments is based on calculations from counterparties as described in note 18.

18. Derivative financial instruments

Group:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The group concludes contracts for the sole purpose of hedging the currency risk on the future payments of production- and capacity costs in foreign currency. At the end of a 2021, a future payment of costs in PLN of approx. 14,000k was secured for a period of up to 6 months. The fair value of the forward exchange contracts amounts to DKK 557k as at 31.12.21, and the unrealised net gain before tax recognised in equity as at 31.12.21 also constitutes DKK 557k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

Parent:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The group concludes contracts for the sole purpose of hedging the currency risk on the future payments of production- and capacity costs in foreign currency. At the end of a 2021, a future payment of costs in PLN of approx. 14,000k was secured for a period of up to 6 months. The fair value of the forward exchange contracts amounts to DKK 557k as at 31.12.21, and the unrealised net gain before tax recognised in equity as at 31.12.21 also constitutes DKK 557k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

19. Contingent liabilities

Group:

Lease commitments

The group has entered operating lease agreements on trucks, trailers and operating plant etc. for the years 2021-2026. Annual payments for operating leases (2022 amounts) are DKK 41,854k (2020: DKK 35,393k).

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 6-60 months. Annual payments for these operating lease agreements (2022 amounts) are DKK 12,392k (2020: DKK 8,312k). 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 of DKK 2,803k (2020: DKK 2,793K).

Other contingent liabilities

In 2021, a subsidiary in the Group received a claim from local tax authorities as part of a national tax campaign within the transportation business. A similar case was withdrawn by the tax administration earlier in 2021. Furthermore, new legislations hass been entered into force, with the intention to eliminate these cases. At this moment, Management is not able to finally confirm the annulment of this case.

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.

19. Contingent liabilities - continued -

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 (2022 amounts) are DKK 3,794k (2020: DKK 17,789k).

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 (2022 amounts) are DKK 10,340k (2020: DKK 7,106k). 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 2,803k (2020: DKK 2,793k).

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 642k (2020: EUR 285k). Annual payments for operating leases in subsidiaries (in 2021 amounts) are EUR 1,331k (2020: EUR 377k).

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.

20. 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 (2020: DKK 30,000k) as security for debt to credit institutions. As at 31.12.21, the company charge comprises intangible property rights, property plant and equipment, inventories and trade receivables.

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 (2020: DKK 30,000k) as security for debt to credit institutions. As at 31.12.21,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 870k (2020: DKK 812k).

21. Related parties

Controlling influence	Basis of influence
Kim Johansen Holding A/S, Greve	Parent company
Kim Leidersdorff Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France	Principal shareholder, owns 100% of the shares in the parent company, Kim Johansen Holding A/S

		Group	Parent
Transactions	Relation	2021 DKK '000	2021 DKK '000
Sales recognised in production costs	Subsidiaries	0	176,319
Purchases recognised in production costs	Subsidiaries and other group entreprises	2,803	446,551
Sales recognised in administrative costs	Subsidiaries and other group entreprises	129	13,295
Purchases recognised in administrative costs	Subsidiaries and other group entreprises	0	11,857
Other operating income	Subsidiaries and other group entreprises	0	9,654
Other financial income	Subsidiaries and other group entreprises	393	1,139
Other financial costs	Subsidiaries and other group entreprises	174	615

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

	Group	Parent
Balances	31.12.21 DKK '000	31.12.21 DKK '000
Receivables from group enterprises	2,202	12,650
Payables to group enterprises	-578	-22,372
Payables to associates	-5,985	-5,985

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.

21. Related parties - continued -

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.

	Group	
	2021 DKK '000	2020 DKK '000
22. Adjustments for the cash flow statement		
Depreciation and impairments losses of property, plant and equipment	21,752	19,341
Financial income	-1,725	-1,689
Financial expenses	1,500	959
Tax on profit or loss for the year	3,869	3,182
Total	25,396	21,793

23. 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.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the

23. Accounting policies - continued -

date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

Revaluation of assets and liabilities between book value and fair value has primarilly comprised the difference between market value, based on assessment should similar agreements be enteret with a third party, of similar leasehold and buy back agreements compared to the actual prices in entered agreements.

The tax effect of the above mention reassessments is recognised as deferred tax.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets. For negative goodwill (negative difference), a reassessment is made of the fair values determined for the net assets acquired and the purchase price of the enterprise. Negative goodwill that is attributable to contingent liabilities at the date of acquisition is recognised under deferred income in the balance sheet and is reduced as these liabilities are realised. Any remaining negative difference (negative goodwill) is recognised as income in other operating income in the income statement at the date of acquisition. Goodwill and negative goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

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

23. Accounting policies - continued -

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 reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise 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.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

23. Accounting policies - continued -

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

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.

23. 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

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). 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 reinvoicing 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 following expected useful lives and residual values:

23. Accounting policies - continued -

	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 entreprises 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 exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in

23. Accounting policies - continued -

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

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 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 losses.

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

23. Accounting policies - continued -

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 entreprises 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.

23. 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.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 5 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

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

23. Accounting policies - continued -

considered an indication of impairment.

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

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.

23. Accounting policies - continued -

Prepayments

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

23. 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.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

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.

23. Accounting policies - continued -

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 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.

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-

23. 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.