BEIERHOLM
VI SKABER BALANCE

Kim Johansen Holding A/S

Agenavej 11, 2670 Greve
CVR no. 25 45 43 67

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 21.04.21

Niels Gade
Dirigent

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Group information etc.

The company

Kim Johansen Holding A/S
Agenavej 11
2670 Greve
Tel.: +45 43 95 93 00
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Website: www.kim-johansen.com
Registered office: Greve
CVR no.: 25 45 43 67
Financial year: 01.01 - 31.12

Executive Board

CEO Kim Leidersdorff Johansen

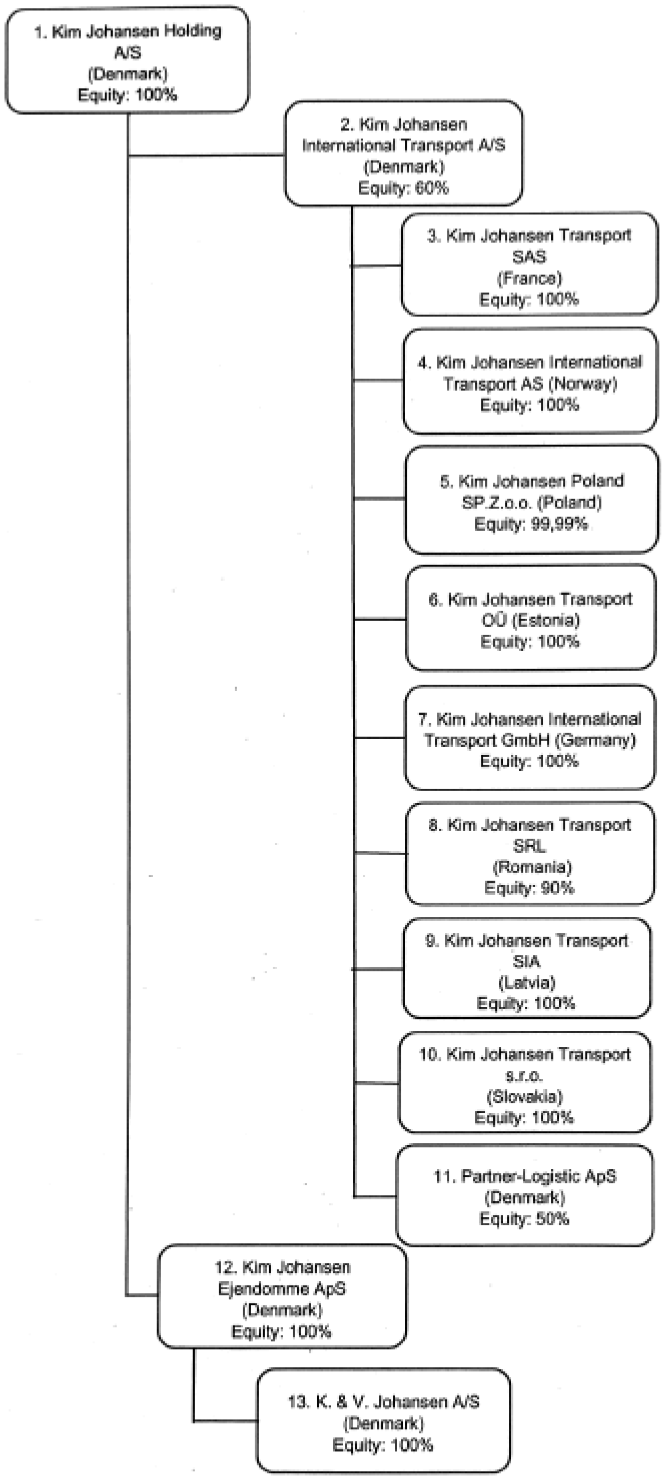
Board of Directors

Niels Gade, chairman
CEO Kim Leidersdorff Johansen
Marylene Josette Sylvie Haigron

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Group chart


1. Kim Johansen Holding A/S (Denmark) Equity: 100%
2. Kim Johansen International Transport A/S (Denmark) Equity: 60%
3. Kim Johansen Transport SAS (France) Equity: 100%
4. Kim Johansen International Transport AS (Norway) Equity: 100%
5. Kim Johansen Poland SP.Z.o.o. (Poland) Equity: 99,99%
6. Kim Johansen Transport OÜ (Estonia) Equity: 100%
7. Kim Johansen International Transport GmbH (Germany) Equity: 100%
8. Kim Johansen Transport SRL (Romania) Equity: 90%
9. Kim Johansen Transport SIA (Latvia) Equity: 100%
10. Kim Johansen Transport s.r.o. (Slovakia) Equity: 100%
11. Partner-Logistic ApS (Denmark) Equity: 50%
12. Kim Johansen Ejendomme ApS (Denmark) Equity: 100%
13. K. & V. Johansen A/S (Denmark) Equity: 100%

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 Holding 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	Marylene Josette Sylvie Haigron

To the Shareholder of Kim Johansen Holding A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Kim Johansen Holding 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 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 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
Profit/loss					
Revenue	466.093	530.784	495.916	471.185	464.250
Index	100	114	107	101	100
Gross profit	58.099	51.649	43.696	46.519	47.017
Index	124	110	93	99	100
Operating profit/loss	18.025	12.630	3.958	10.933	9.140
Index	197	138	43	120	100
Profit/loss before net financials	14.114	11.367	3.958	10.933	9.140
Index	154	124	43	120	100
Total net financials	44	-1.019	-2.230	-4.681	-5.490
Index	-1	19	41	85	100
Profit for the year	10.805	7.635	653	4.435	2.392
Index	452	319	27	185	100
Balance					
Total assets	214.965	230.709	249.999	250.797	226.312
Index	95	102	110	111	100
Investments in property, plant and equipment	7.779	15.804	21.242	41.893	1.767
Index	440	894	1.202	2.371	100
Equity	55.796	46.968	37.816	36.955	30.146
Index	185	156	125	123	100
Invested capital including goodwill	110.484	115.505	128.048	152.443	153.112
Index	72	75	84	100	100
Interest-bearing debt	54.688	68.537	90.232	111.379	100.645
Index	54	68	90	111	100

Ratios

	2020	2019	2018	2017	2016
Profitability					
Return on equity	21,0%	18,0%	1,7%	13,2%	8,2%
Gross margin	12,5%	9,7%	8,8%	9,9%	10,1%
Return on invested capital	10,8%	9,3%	6,2%	6,0%	3,1%
Profit margin	3,9%	2,4%	0,8%	0,5%	-0,7%
Net-margin (%)	2,3%	1,4%	0,1%	0,9%	0,5%
Equity ratio					
Equity interest	26,0%	20,4%	15,1%	14,7%	13,3%
Others					
Number of employees (average)	726	747	708	651	594

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 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: $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Equity interest: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

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 m.DKK 14,1 and profit after tax for the year 2020 totals m.DKK 10,8. The equity on December 31st, 2020 totals m.DKK 55,8. The positive cashflows for the year 2020 total.m.DKK 16,0.

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 significant 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 constant 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 m.DKK 3,1 and the cashflows are positively affected by extended credit facilities from Covid-19 subsidies in total of m.DKK 7,0.

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 constant 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 the 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 compliable. 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 gender ratio for the Board of Directors accounts for 2/3 men and women accordingly, and the gender representation is thus regarded as balanced. The gender balance is expected to be maintained in the future.

Income statement

Note		Group 2020 DKK '000	Group 2019 DKK '000	Parent 2020 DKK '000	Parent 2019 DKK '000
2	**Revenue**	**466.093**	**530.784**	**0**	**0**
	Production costs	-407.994	-479.135	0	0
	Administration costs	-46.290	-42.800	-89	-85
	Other operating income	6.216	3.781	0	0
	Other operating expenses	-3.911	-1.263	0	0
	Profit/loss before net financials	**14.114**	**11.367**	**-89**	**-85**
5	Income from equity investments in group enterprises	0	0	6.717	4.644
6	Financial income	1.548	1.377	109	76
7	Financial expenses	-1.504	-2.396	0	0
	Profit before tax	**14.158**	**10.348**	**6.737**	**4.635**
	Tax on profit for the year	-3.353	-2.713	-1	23
	Profit for the year	**10.805**	**7.635**	**6.736**	**4.658**

8 Distribution of net profit

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000
	Completed development projects	1.019	1.495	0	0
	Goodwill	717	984	0	0
9	**Total intangible assets**	**1.736**	**2.479**	**0**	**0**
	Land and buildings	41.274	41.402	0	0
	Leasehold improvements	37	261	0	0
	Plant and machinery	51.061	66.930	0	0
	Other fixtures and fittings, tools and equipment	4.096	2.566	0	0
10	**Total property, plant and equipment**	**96.468**	**111.159**	**0**	**0**
11	Equity investments in group enterprises	0	0	45.621	39.587
12	Receivables from group enterprises	0	0	2.600	1.901
11	Equity investments in associates	63	63	0	0
11	Other investments	2.425	1.335	0	0
12	Deposits	1.185	1.382	0	0
12	Other receivables	753	830	753	830
	Total investments	**4.426**	**3.610**	**48.974**	**42.318**
	Total non-current assets	**102.630**	**117.248**	**48.974**	**42.318**
	Raw materials and consumables	2.367	2.930	0	0
	Total inventories	**2.367**	**2.930**	**0**	**0**
	Trade receivables	73.521	78.033	0	0
12	Deferred tax asset	0	0	0	66
	Other receivables	15.238	20.868	0	0
13	Prepayments	7.225	9.283	0	0
	Total receivables	**95.984**	**108.184**	**0**	**66**
	Cash	**13.984**	**2.347**	**0**	**0**
	Total current assets	**112.335**	**113.461**	**0**	**66**
	Total assets	**214.965**	**230.709**	**48.974**	**42.384**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.20 DKK '000	Group 31.12.19 DKK '000	Parent 31.12.20 DKK '000	Parent 31.12.19 DKK '000
14	Share capital	6.000	6.000	6.000	6.000
	Revaluation reserve	1.965	1.574	0	0
	Reserve for net revaluation according to the equity method	0	0	40.115	34.081
	Foreign currency translation reserve	-241	0	0	0
	Retained earnings	40.197	34.461	1.806	1.954
	Proposed dividend for the financial year	1.000	300	1.000	300
	Equity attributable to owners of the parent	**48.921**	**42.335**	**48.921**	**42.335**
15	Non-controlling interests	6.875	4.633	0	0
	Total equity	**55.796**	**46.968**	**48.921**	**42.335**
16	Provisions for deferred tax	8.074	10.377	0	0
	Total provisions	**8.074**	**10.377**	**0**	**0**
17	Mortgage debt	12.309	14.117	0	0
17	Payables to other credit institutions	4.402	0	0	0
17	Lease commitments	18.718	32.695	0	0
17	Other payables	1.807	663	0	0
	Total long-term payables	**37.236**	**47.475**	**0**	**0**
17	Short-term part of long-term payables	21.815	16.247	0	0
	Payables to other credit institutions	82	4.434	0	0
	Trade payables	63.718	74.916	0	0
	Payables to associates	5.101	4.932	0	0
	Income taxes	4.438	2.728	4	0
	Other payables	18.705	22.632	49	49
	Total short-term payables	**113.859**	**125.889**	**53**	**49**
	Total payables	**151.095**	**173.364**	**53**	**49**
	Total equity and liabilities	**214.965**	**230.709**	**48.974**	**42.384**

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19 Contingent liabilities
20 Charges and security
21 Related parties

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Equity of the parent company's capital owners	Non-controlling interests	Total equity
Group:									
Statement of changes in equity for 01.01.20 - 31.12.20									
Balance as at 01.01.20	6.000	1.574	0	0	34.461	300	42.335	4.633	46.968
Foreign currency translation adjustment of foreign enterprises	0	0	0	-241	0	0	-241	-160	-401
Dividend paid	0	0	0	0	0	-300	-300	-1.667	-1.967
Other changes in equity	0	391	0	0	0	0	391	0	391
Net profit/loss for the year	0	0	0	0	5.736	1.000	6.736	4.069	10.805
Balance as at 31.12.20	6.000	1.965	0	-241	40.197	1.000	48.921	6.875	55.796

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Equity of the parent company's capital owners	Non-controlling interests	Total equity
Parent:									
Statement of changes in equity for 01.01.20 - 31.12.20									
Balance as at 01.01.20	6.000	0	34.081	0	1.954	300	42.335	0	42.335
Foreign currency translation adjustment of foreign enterprises	0	0	-241	0	0	0	-241	0	-241
Distributed dividend from group enterprises	0	0	-833	0	833	0	0	0	0
Dividend paid	0	0	0	0	0	-300	-300	0	-300
Other changes in equity	0	0	391	0	0	0	391	0	391
Net profit/loss for the year	0	0	6.717	0	-981	1.000	6.736	0	6.736
Balance as at 31.12.20	6.000	0	40.115	0	1.806	1.000	48.921	0	48.921

Consolidated cash flow statement

Note		Group 2020 DKK '000	Group 2019 DKK '000
	Profit for the year	**10.805**	**7.635**
22	Adjustments	23.561	24.097
	Change in working capital:		
	Inventories	563	-245
	Receivables	12.882	-6.319
	Other payables relating to operating activities	-16.007	8.325
	Cash flows from operating activities before net financials	**31.804**	**33.493**
	Interest income and similar income received	520	1.361
	Interest expenses and similar expenses paid	-1.972	-2.396
	Income tax paid	-3.961	-1.527
	Cash flows from operating activities	**26.391**	**30.931**
	Purchase of intangible assets	-223	-1.126
	Purchase of property, plant and equipment	-7.777	-15.606
	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	**-4.387**	**-8.016**
	Raising of additional capital	0	2.028
	Dividend paid	-1.967	-600
	Repayment of mortgage debt	-1.726	-11.167
	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	**-6.015**	**-14.537**
	Total cash flows for the year	**15.989**	**8.378**
	Cash, beginning of year	2.347	14.584
	Short-term payables to credit institutions, beginning of year	-4.434	-25.049
	Cash, end of year	**13.902**	**-2.087**
	Cash, end of year, comprises:		
	Cash	13.984	2.347
	Short-term payables to credit institutions	-82	-4.434
	Total	**13.902**	**-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:

		Group		Parent	
Special items:	Recognised in the income statement in:	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
COVID-19 compensations	Other operating income	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
2. Revenue				
Revenue comprises the following activities:				
Revenue, activity	466.093	530.784	0	0
Revenue comprises the following geographical markets:				
Revenue, Denmark	16	61	0	0
Revenue, other countries	466.077	530.723	0	0
Total	466.093	530.784	0	0

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

3. Employee aspects

	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Wages and salaries	126.937	130.242	0	0
Pensions	2.950	2.884	0	0
Other social security costs	13.681	13.930	0	0
Total	143.568	147.056	0	0
Average number of employees during the year	726	747	0	0
Remuneration for the management:				
Remuneration for the Executive Board and Board of Directors	2.049	2.118	0	0

4. Fees to auditors appointed by the general meeting

	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Statutory audit of the financial statements	506	522	19	24
Other assurance engagements	59	28	0	0
Tax advice	0	119	0	9
Other services	319	514	20	16
Total	884	1.183	39	49

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	6.717	4.644
Total	0	0	6.717	4.644

6. Financial income

Interest, group enterprises	0	0	86	60
Other financial income	1.548	1.377	23	16
Total	1.548	1.377	109	76

7. Financial expenses

Other financial expenses	1.504	2.396	0	0
Total	1.504	2.396	0	0

8. Distribution of net profit

Reserve for net revaluation according to the equity method	0	0	6.717	4.644
Proposed dividend for the financial year	1.000	300	1.000	300
Non-controlling interests	4.069	2.977	0	0
Retained earnings	5.736	4.358	-981	-286
Total	10.805	7.635	6.736	4.658

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

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	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Cost as at 01.01.20	48.781	1.944	171.233	11.387
Additions during the year	280	0	5.919	1.580
Disposals during the year	0	0	-21.284	-1.938
Transfers during the year to/from other items	0	-509	-4.488	6.678
Cost as at 31.12.20	49.061	1.435	151.380	17.707
Revaluations as at 01.01.20	2.199	0	0	0
Revaluations during the year	502	0	0	0
Revaluations as at 31.12.20	2.701	0	0	0
Depreciation and impairment losses as at 01.01.20	-9.578	-1.683	-104.303	-8.821
Depreciation during the year	-910	-77	-16.832	-1.043
Reversal of depreciation of and impairment losses on disposed assets	0	0	17.413	1.781
Transfers during the year to/from other items	0	362	3.403	-5.528
Depreciation and impairment losses as at 31.12.20	-10.488	-1.398	-100.319	-13.611
Carrying amount as at 31.12.20	41.274	37	51.061	4.096
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.20	38.799	0	0	0
Interest for the year recognised in cost	2.739	0	0	0
Carrying amount of assets held under finance leases as at 31.12.20	0	0	34.220	1.520

Land and buildings, which comprise two separate properties, are measured at fair value.

For one of the group's properties fair value is based on the recoverable amount. The recoverable amount has been determined based on the sales value of the property, given that the property is put up for sale as at 31.12.2020, and based on the expected net sales value in connection with settlement of the sale after the balance sheet date.

For the second property, which is a commercial property used internally in the group, fair value is based on a return-based model. Determination of the fair value is based on an expected normalized operating profit of DKK 1,198k and a required rate of return of 6.25%. The required rate of return is based on the property's location, age, the maintenance condition and occupancy rate including terms and conditions in the lease. The operating costs are estimated based on the expected costs to operate the property in a normal year, including costs of repairs and maintenance to maintain the property in it's current state of maintenance.

No external assessor has been used in determining fair value of the group's properties.

11. Investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Other investments
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	5.506	0	0
Cost as at 31.12.20	5.506	0	0
Revaluations as at 01.01.20	34.081	0	0
Foreign currency translation adjustment of foreign enterprises	-241	0	0
Net profit/loss from equity investments	6.717	0	0
Dividend relating to equity investments	-833	0	0
Other equity adjustments relating to equity investments	391	0	0
Revaluations as at 31.12.20	40.115	0	0
Carrying amount as at 31.12.20	45.621	0	0

11. Investments - continued -

Name and registered office:	Ownership interest	Equity DKK '000	Net profit/loss for the year DKK '000	Recognised value DKK '000
Subsidiaries:				
Kim Johansen International Transport A/S, Greve	60%	43.803	10.164	36.922
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%	1.822	-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
Kim Johansen Ejendomme ApS, Greve	100%	8.699	619	8.699
K. & V. Johansen A/S, Greve	100%	3.003	184	3.003
Associates:				
Partner-Logistic ApS, Glostrup	50%	138	6	63

Equity investments in group entreprises include a dividend priority right related to the ownership of Kim Johansen Internation Transport A/S. Book value of the dividend priority right as at 31.12.2020 comprise DKK 24,555k.

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	Other receivables
Group:			
Cost as at 01.01.20	0	1.382	830
Additions during the year	0	41	23
Disposals during the year	0	-238	-100
Cost as at 31.12.20	0	1.185	753
Carrying amount as at 31.12.20	0	1.185	753
Parent:			
Cost as at 01.01.20	1.901	0	830
Additions during the year	1.088	0	23
Disposals during the year	-389	0	-100
Cost as at 31.12.20	2.600	0	753
Carrying amount as at 31.12.20	2.600	0	753

	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	7.225	9.283	0	0
Total	7.225	9.283	0	0

14. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	6.000	6.000.000
Total		6.000.000

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

15. Non-controlling interests

Non-controlling interests, beginning of year	4.633	0	0	0
Foreign currency translation adjustment of foreign enterprises	-160	28	0	0
Dividend paid	-1.667	-400	0	0
Purchase of non-controlling interests	0	2.028	0	0
Net profit/loss for the year (distribution of net profit)	4.069	2.977	0	0
Total	6.875	4.633	0	0

16. Deferred tax

Deferred tax as at 01.01.20	10.377	11.647	-66	-81
Deferred tax recognised in the income statement	-2.413	-1.260	66	15
Deferred tax recognised in equity	110	-10	0	0
Deferred tax as at 31.12.20	8.074	10.377	0	-66

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	0	0	0	-66
Provisions for deferred tax	8.074	10.377	0	0
Total	8.074	10.377	0	-66

Deferred tax is distributed as below:

Intangible assets	224	310	0	0
Property, plant and equipment	7.632	8.212	0	0
Inventories	217	347	0	0
Receivables	747	1.150	0	0
Liabilities	607	654	0	0
Tax losses	-1.353	-296	0	-66
Total	8.074	10.377	0	-66

17. 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:				
Mortgage debt	1.810	6.577	14.119	15.845
Payables to other 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	21.815	6.630	59.051	63.722

18. Fair value information

Figures in DKK '000	Unlisted securities and equity investments	Land and buildings	Total
Group:			
Fair value as at 31.12.20	2.425	41.274	43.699
Changes for the year of fair value recognised in the income statement	1.090	0	1.090
Changes for the year of fair value recognised in equity	0	502	502

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

The method for fair value measurement of land and buildings is described in note 10.

19. Contingent liabilities

Group:

Lease commitments

The group has entered into 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 into 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 5.519k (2019: DKK 11.483k).

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 trialled 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 extend. 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:

Recourse guarantee commitments

The company has provided an unlimited absolute guarantee for debt to credit institutions raised by the group enterprise, Kim Johansen International Transport A/S. The group enterprise's debt to the credit institutions concerned amounts to DKK 355k at the balance sheet date (2019: DKK 1,911k).

Guarantee commitments

The company has provided a payment guarantee on operating and financial leases on plant and machinery in Kim Johansen International Transport A/S. Annual payments for operating leases (2021 amounts) are DKK 386k (2019: DKK 3,007k). The included lease commitment is DKK 13,443k as at 31st December 2020 (DKK 19,984k as at 31st December 2019) and the carrying amount of the included plant and machinery is DKK 16,724k as at 31st December 2020 (DKK 22,204k as at 31st December 2019).

19. Contingent liabilities - continued -

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:

Land and buildings with a carrying amount of DKK 38,174k have been provided as security for mortgage debt of DKK 14.119k.

The group has issued mortgage deeds registered to the mortgagor on land and buildings of DKK 16,600k nominal (2019: DKK 16,600k). The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions.

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).

Parent:

The company has not provided any security over assets.

21. Related parties

Controlling influence	Basis of influence
Kim Leidersdorff Johansen, 12 Rue Saint-Etienne, F-60300 Senlis, France	Principal shareholder, owns 100% of the shares

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

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

	Group	
	2020 DKK '000	2019 DKK '000
22. Adjustments for the cash flow statement		
Depreciation and impairments losses of property, plant and equipment	20.252	20.365
Financial income	-1.548	-1.377
Financial expenses	1.504	2.396
Tax on profit or loss for the year	3.353	2.713
Total	23.561	24.097

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.

23. Accounting policies - continued -

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

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.

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.

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.

23. Accounting policies - continued -

INCOME STATEMENT

Revenue

Income 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.

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and 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
Buildings	50	0
Leasehold improvements	7	0
Plant and machinery	3-10	0-15
Other plant, fixtures and fittings, tools and equipment	3-20	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.

Land is not depreciated.

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.

23. Accounting policies - continued -

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 other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

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. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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.

23. Accounting policies - continued -

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 losses.

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

Gains or losses on the disposal of intangible assets

Gains or 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 land and buildings, 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, for land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

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

23. Accounting policies - continued -

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.

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.

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.

23. Accounting policies - continued -

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.

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.

23. Accounting policies - continued -

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.

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.

Revaluation reserve comprises in the financial statements of the parent revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

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.

23. Accounting policies - continued -

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 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 or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates 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.

23. Accounting policies - continued -

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 repayment 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.