



DB Cargo
Scandinavia A/S
Spotorno Allé 12, DK-2630 Høje-Taastrup

Annual Report
2020

CVR-nr. 26 09 24 85

The Annual Report is presented and adopted at the general meeting the

26 / 02 2021

Chairman

A handwritten signature in black ink, appearing to be 'H. J. Ørskov', is written over a horizontal line. The signature is slanted and includes a small arrow-like flourish at the end.

Table of contents

Management Statement	3
Independent Auditor's Report	4 - 5
Company Information	6
Financial Highlights	7
Review	8 - 10
Income Statement	11
Balance Sheet	12 - 13
Statement of changes in Equity	14
Cash Flow Statement	15
Notes to the Annual Report	16 - 24

Management Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DB Cargo Scandinavia A S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations and cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting

Taastrup, 26 02 2021

Executive Board



Oliver Gesche
Chief Financial Officer

Board of Directors



Ralf Günter Klob
Chairman



Christian Rudolf Rösler



Jørn Jessen



Michael Puggaard

Digital
unterschieden von
Sylke Hußmann
Datum: 2021.03.15
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Sylke
Hußmann
Sylke Elisabeth Hussmann



Steffi Kahl



Tom Allan Green

Independent Auditor's Report

To the Shareholders of DB Cargo Scandinavia A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DB Cargo Scandinavia A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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 on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

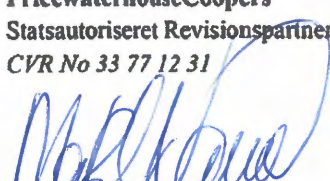
As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Copenhagen, 26 / 2 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31


Maj-Britt Nørskov Nannestad
State Authorised Public Accountant
mne32198


Henrik Aslund Pedersen
State Authorised Public Accountant
mne17120

Company Information

The company	DB Cargo Scandinavia A/S Spotorno Allé 12 DK-2630 Taastrup	
	Telephone:	+45 8830 0900
	Fax:	+45 3354 1853
	Homepage:	www.dk.dbcargo.com
	CVR-nr. :	26 09 24 85
	Financial year:	1. januar - 31. december
	Registered Office:	Høje Taastrup
Board of Directors	Ralf Günter Kloß	Chairman
	Sylke Elisabeth Hussmann	
	Christian Rudolf Rösler	
	Steffi Kahl	
	Tom Allan Green	Employee representation
	Jørn Jessen	Employee representation
	Michael Puggaard	Employee representation
Executive Board	Oliver Gesche	Chief Financial Officer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup	

Financial Highlights

The key figures of 2019 are not comparable with previous years, due to the merger of DB Cargo Scandinavia A/S as the surviving company and DB Cargo Danmark Services A/S, with effect from 01.01.2019.

DKK 1.000	2020	2019	2018	2017	2016
Net turnover	559.711	544.144	514.097	502.080	498.830
Operating profit/loss	-54.957	-89.452	-76.495	-67.924	-83.316
Profit/(loss) before financial items	-7.283	-26.007	10.415	24.906	1.909
Profit/(loss) of financial items	-1.938	-2.096	-6.347	-11.590	-12.083
Profit/(loss) for the year after tax	-8.297	-21.967	3.141	9.824	-7.419
Balance sheet total	531.198	524.814	516.104	643.359	683.062
Shareholders' equity	258.627	266.924	279.782	325.542	315.718
Investments	5.411	44.907	1.666	3.789	27.396
Average number of Full Time Employees (FTE)	268	262	248	234	234
Quantities:					
Million tons	6,82	6,33	6,97	7,07	6,85
Million ton km	2.231	2.180	2.176	2.215	2.151
Net profit ratio (Results before finance / turnover)	-1,3%	-4,8%	2,0%	5,0%	0,4%
Return on net assets (Results bef. finance/total assets)	-1,4%	-5,0%	2,0%	3,9%	0,3%
Solvency ratio (Shareholders' equity / total assets)	48,7%	50,9%	54,2%	50,6%	46,2%
Return on equity (Results after tax / EQ)	-3,2%	-7,4%	1,0%	3,1%	-2,3%

See definitions of key figures in accounting policies

Principal activities

DB Cargo Scandinavia A/S has operated as a pure production company with its own engines and rented terminals and buildings since 01.01.2009 to ensure an efficient rail freight corridor between the European continent and the Nordic Region.

Since the merger with DB Cargo Danmark Services A/S as of 01.01.2019 the company has also operated terminals in Denmark and offered non-rail transport services to the market.

In 2020 transport activities account for 93% of revenues. Terminal activities account for 6%, while other activities account for 1% of revenues.

DB Cargo Scandinavia A/S is owned 100% by DB Cargo AG.

DB Cargo Scandinavia A/S rents and operates two combined terminals in Denmark. One in Taulov and one in Høje Taastrup.

Rolling stock

DB Cargo Scandinavia A/S owns 13 EG engines and 17 BR185 engines, which are equipped to run on various power systems, i.e. they can be used for cross-border transports. These engines are particularly suitable for pulling very heavy freight trains.

DB Cargo Scandinavia A/S' engines :

Main line engines

13 EG, electrical, dual-system

17 BR185, electrical, dual-system

6 MZ, diesel

Shunting engines

11 MK, diesel

5 small diesel units

Development over the year

Organization and management

The management board consists of Oliver Gesche (Acting CEO and CFO). Dr. Silke Janser (CEO) left the company 31.10.2020. A successor will be appointed in the beginning of 2021.

Financial results

The result after tax amounts to DKK -8.3 million. Result before tax is DKK -9.2 million. In 2020, taxes amounted to an income of DKK 0.9 million.

Business Operations in 2020 have been mainly affected by the corona pandemic. Compared to prior years 2020 has seen a lower impact on turnover from heavy track works during the year, which has led to a higher turnover in 2020 compared to 2019, even with the negative impact to operations from the corona pandemic.

Environmental impact

The most substantial environmental contribution relates to the energy consumption for train operations. In 2020 DB Cargo Scandinavia A/S transported more than 6.8 million tons of goods.

Once again DB Cargo Scandinavia A/S contributed considerably to a better climate by facilitating more environmentally friendly transportation solutions. To achieve the same freight transport on road the carbon dioxide emissions would have been approximately 6 times higher compared to rail freight transportation. The energy consumption would have been more than 4 times higher.

Staff

In the course of 2020 the number of staff has increased from 271 by the end of 2019 to 275 by the end of 2020. At year-end 73 out of the 275 employees were civil servants seconded from DSB. The average number of full time employees was 268 in 2020.

Also in 2020 DB Cargo Scandinavia A/S has reacted to the demographical development within the company and hired new apprentices for the operations, in order to secure the future production needs. In so far, DB Cargo Scandinavia A/S has in close collaboration with EUC Lillebælt continued an educational programme for shunters which was first implemented in 2015.

Future prospects of DB Cargo Scandinavia A/S

DB Cargo Scandinavia A/S is experiencing a renewed interest in rail freight. The Danish government has invited leading industries and companies to a "climate partnership" to fulfill an ambition of reducing CO₂ emissions of the countries with 70 % compared to the 1970 levels. The partnerships were formed and kickstarted in the prime ministers' official residence and rail freight has its own working group. The Rail freight group with representatives from the academic institutions, industry confederations and large companies is headed by DB Cargo Scandinavia A/S and delivered its first recommendations to the government Friday 24th of January 2020.

A national land freight transportation analysis should be done. A specialized rail freight market department working with the Railway Undertakers and the their customers to change the modal split should be created under the ministry of transportation. And the Railway Undertakers should be offered wind-generated electricity on very favorable conditions. Finally the prices for crossing the bridges should be lowered. This because rail freight transportation in itself is much, much greener than road. Especially in a country like Denmark where the bigger part of all electricity is produced by windmills.

The planned roll out of ETCS-on-board equipment is still marked by great uncertainty. In order to ensure and to further promote rail freight, Banedanmark and the Danish Authorities need to set out a stable baseline for ETCS-implementation with longer retention of the Danish ATC and ideally aligned with Sweden. Even though the Danish authorities have meanwhile established funding schemes, the engaged supplier Alstom does not have sufficient capacity to provide both the hardware and the installation.

DB Cargo still believes that ETCS-on-board equipment needs to be considered as part of the infrastructure and moreover, the Danish authorities should implement an appropriate and non-discriminatory way of refinancing investments into ETCS, e.g. a "Bridge-Toll-Model".

It is therefore still important to sharpen the awareness in politics and the media that rail freight can actually strengthen the transport competition in Denmark and should rather be seen as a growth instrument.

With regard to the company's punctuality it is still crucial to sharpen the infrastructure manager's awareness of the influence they may have on DB Cargo Scandinavia A/S' punctuality with their prioritization decisions on the net. In addition, the infrastructure manager has been made aware of the consequences this has for the end customers' smooth, just-in-time production chains. Constructive dialogues with the infrastructure manager proved to be fruitful in the past and will be continued on a forward going basis.

Review 2020

Special risks

Special risks for the company are mainly lengthy interruptions of main line traffic, due to major infrastructure works.

DB Cargo Scandinavia A/S hires civil servants from DSB. This hire arrangement restricts the company's possibilities to vary its capacity in line with the level of activity. If DB Cargo Scandinavia A/S returns more than 45 civil servants per year, the company has to pay a considerable sum in compensation to DSB.

This arrangement means that DB Cargo Scandinavia A/S does not have equal negotiation rights over such important matters as hiring and releasing this class of employees. Moreover, it has the effect of limiting the company's ability to develop in line with the powerful dynamic that characterizes the transport industry.

DB Cargo Scandinavia A/S is primarily financed by intra-group loans. If DB Cargo Group's ownership share of DB Cargo Scandinavia A/S falls below 50.1%, the loan agreements provided might be terminated.

The present and planned level of activities for the company, do not impose any risk in particular and the liquidity situation is adequately secured.

Events after balance sheet date

There have been no significant events since the balance sheet date.

Statement of corporate social responsibility

The statutory statement is available on this website:

CSR: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/439829>

Statement on gender composition

The statutory statement is available on this website:

CSR: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/advanced/439829>

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Net turnover	1	559.710.670	544.144.063
Expenses for materials and consumables		-311.136.531	-328.908.741
Other external expenses		-83.091.943	-91.002.395
Gross Profit/loss		165.482.196	124.232.927
Staff expenses	2	-165.371.023	-161.893.304
Amortisation, depreciation and impairment losses		-55.068.029	-51.791.137
Operating profit/loss		-54.956.856	-89.451.514
Other operating income		47.673.935	63.444.193
Profit/(loss) before financial income/expenses		-7.282.921	-26.007.321
Financial income	3	2.596.247	3.484.367
Financial expenses	4	-4.533.863	-5.580.124
Profit/(loss) before tax		-9.220.537	-28.103.078
Tax on profit/(loss) for the year	5	923.833	6.136.355
Profit/(loss) for the year		-8.296.704	-21.966.723
 Distribution of profit	 6		

Balance Sheet 31 December - Assets

	Notes	2020 DKK	2019 DKK
Deposits		512.529	562.788
Financial fixed assets	7	512.529	562.788
Software		90.242	153.942
Intangible fixed assets	8	90.242	153.942
Properties		5.926.044	9.124.924
Technical fittings and machinery		283.341.603	324.246.287
Leasehold improvements		2.554.585	2.536.980
Fixtures and equipment		12.775.151	5.385.271
Payment on account for tangible fixed assets		3.019.147	0
Tangible fixed assets	9	307.616.530	341.293.462
Fixed assets		308.219.300	342.010.192
Noncurrent assets		308.219.300	342.010.192
Inventories		707.396	0
Trade debtors		15.407.071	16.264.794
Amounts owed by affiliated companies		166.037.458	135.358.330
Other debtors		19.536.906	23.150.947
Prepayments and accrued income	10	5.488.355	4.061.803
Debtors		206.469.790	178.835.874
Cash at bank and in hand		15.801.775	3.968.236
Current assets		222.978.961	182.804.110
Total assets		531.198.261	524.814.302

Balance Sheet 31 december
- Liabilities & Share holders' Equity

	Notes	2020	2019
		DKK	DKK
Share capital		42.100.000	42.100.000
Share premium fund		171.935.647	171.935.647
Retained profit/(loss)		44.591.453	52.888.157
Shareholders' equity	11	258.627.100	266.923.804
Provision for deferred tax	12	10.345.694	14.204.870
Other provisions	13	47.156.778	40.160.768
Provisions		57.502.472	54.365.639
Amounts owed to affiliated companies	14	46.235.490	69.200.958
Leasing liabilities	15	9.203.825	6.820.833
Other liabilities	16	6.704.820	5.492.451
Long-term liabilities		62.144.135	81.514.242
Trade creditors		69.872.419	60.031.778
Amounts owed to affiliated companies	14	26.190.717	27.799.396
Joint taxation contribution	5	3.782.652	210.937
Leasing liabilities	15	6.830.692	4.170.678
Other payables	16	46.248.074	29.797.828
Current liabilities		152.924.554	122.010.617
Liabilities		215.068.689	203.524.859
Total liabilities and shareholders' equity		531.198.261	524.814.302
Other notes	17-20		
Accounting Policies	21		

Statement of changes in Equity

	<u>Share capital</u>	<u>Share premium fund</u>	<u>Proposed dividend</u>	<u>Retained profit/(loss)</u>	<u>Total</u>
	DKK	DKK	DKK	DKK	DKK
Shareholders' equity 1 January	42.100.000	171.935.647	0	52.888.157	266.923.804
Profit/(loss) for the year	0	0	0	-8.296.704	-8.296.704
Shareholders' equity 31 December	42.100.000	171.935.647	0	44.591.453	258.627.100

Cash Flow Statement

	Notes	2020 DKK	2019 DKK
Profit/(loss) for the year before interest		-7.282.921	-26.007.321
Adjustments	19	54.628.810	51.351.917
IFRS16		-7.032.167	-4.093.896
Change in working capital	20	35.624.712	14.128.395
Cash flows from operating activities before financial items		75.938.433	35.379.095
Interest received, etc.	3	2.596.247	3.484.367
Interest paid	4	-4.533.863	-5.580.124
Cash flows from ordinary operating activities		74.000.817	33.283.338
Company Tax/Group joint taxation		636.372	-6.651.605
Cash flows from operating activities		74.637.189	26.631.733
Change in financial fixed assets		50.259	65.042
Purchase of intangible fixed assets		0	-191.100
Purchase of tangible fixed assets		-8.813.004	-45.315.603
Sale of tangible fixed assets		0	79.131
Cash flows from investing activities		-8.762.745	-45.362.530
Change in intercompany balances		-55.253.274	-22.088.648
Intercompany balances, merger effect		0	105.801
Change in grants received		0	0
Change in long term liabilities	15-16	1.212.369	5.492.451
Distributed dividend		0	0
Cash flows from financing activities		-54.040.905	-16.596.197
Change in cash and cash equivalents		11.833.539	-35.326.993
Cash and cash equivalents 1 January		3.968.236	39.295.229
Cash and cash equivalents per 31 December		15.801.775	3.968.236

Notes to the Annual Report

1 Segment information

The company's activities can be allocated to two main segments.

One is transport of goods by rail or road, both transports within Denmark, Transports to and from Denmark and transit traffics passing through Denmark.

The other is the operation of two combi-terminals in Denmark, one in Taulov and one in Høje Taastrup

	2020	2019
	DKK	DKK
Transport activities	520.345.418	512.188.196
Terminal activities	34.645.915	25.413.193
Other activities	4.719.337	6.542.674
	<u>559.710.670</u>	<u>544.144.063</u>

2 Staff expenses

Wages and salaries	151.827.899	147.598.539
Pensions	16.983.299	16.512.826
Other social security expenses (incl wage compensations)	-3.440.175	-2.218.061
	<u>165.371.023</u>	<u>161.893.304</u>

Including total remuneration to the Executive Board

3.052.182

3.840.805

Including total remuneration to the Board of Directors

135.000

135.000

3.187.182

3.975.805

Average number of Full Time Employees

268

262

3 Financial income

Exchange rate adjustments	2.575.619	3.484.367
Interest income from affiliated undertakings	0	0
Other financial income	20.628	0
	<u>2.596.247</u>	<u>3.484.367</u>

4 Financial expenses

Exchange rate adjustments	237.951	4.108.501
Interest expenses to affiliated undertakings	4.295.912	1.471.623
	<u>4.533.863</u>	<u>5.580.124</u>

Notes to the Annual Report

5 Tax on profit/(loss) for the year		<u>2020</u>	<u>2019</u>		
		DKK	DKK		
	Current tax for the year	-3.782.652	-210.937		
	Deferred tax for the year	3.859.174	6.347.292		
	Adjustment prior year	847.311	0		
		<u>923.833</u>	<u>6.136.355</u>		
	which breaks down as follows				
	Tax on profit/(loss) for the year	<u>923.833</u>	<u>6.136.355</u>		
		<u>923.833</u>	<u>6.136.355</u>		
6 Distribution of profit					
	Dividend	0	0		
	Retained profit or loss	<u>-8.296.704</u>	<u>-21.966.723</u>		
		<u>-8.296.704</u>	<u>-21.966.723</u>		
7 Financial fixed assets					
		Deposits	Deposits		
		<u>2020</u>	<u>2019</u>		
		DKK	DKK		
	Acquisition cost 1 January	562.788	627.830		
	Additions for the year	5.241	123.738		
	Disposals for the year	<u>-55.500</u>	<u>-188.780</u>		
	Acquisition cost 31 December	<u>512.529</u>	<u>562.788</u>		
	Net book value 31 December	<u>512.529</u>	<u>562.788</u>		
8 Intangible Fixed assets					
			Software		
			DKK		
	Acquisition cost 1 January		191.100		
	Additions for the year		0		
	Disposals for the year		0		
	Acquisition cost 31 December		<u>191.100</u>		
	Depreciation 1 January		-37.158		
	Depreciation for the year		-63.700		
	Reversal of depreciation of disposals for the year		0		
	Depreciation 31 December		<u>-100.858</u>		
	Net book value 31 December		<u>90.242</u>		
9 Fixed assets					
		Properties	Technical fittings and machinery	Leasehold improvements	Fixtures and equipment
		DKK	DKK	DKK	DKK
	Acquisition cost 1 January	12.211.561	860.040.328	4.625.488	10.578.364
	Additions for the year	0	5.202.761	208.501	12.457.768
	Disposals for the year	0	0	0	-592.298
	Acquisition cost 31 December	<u>12.211.561</u>	<u>865.243.089</u>	<u>4.833.988</u>	<u>22.443.835</u>
	Depreciation 1 January	-3.086.637	-535.794.041	-2.088.508	-5.193.093
	Depreciation for the year	-3.198.880	-46.107.445	-190.895	-5.067.889
	Reversal of depreciation of disposals for the year	0	0	0	592.298
	Depreciation 31 December	<u>-6.285.517</u>	<u>-581.901.486</u>	<u>-2.279.403</u>	<u>-9.668.684</u>
	Net book value 31 December	<u>5.926.044</u>	<u>283.341.603</u>	<u>2.554.585</u>	<u>12.775.151</u>
	<i>Hereof leased assets</i>	<u>5.926.044</u>	<u>0</u>	<u>0</u>	<u>10.029.745</u>
	<i>Payment on account for tangible fixed assets</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3.019.147</u>

Notes to the Annual Report

10 Prepayments

Prepayments primarily consist of prepaid expenses for rent, insurance premiums and subscriptions.

11 Shareholders' equity

The share capital consists of 421,000 shares of a nominal value of DKK 100. No shares carry any special rights

	2020	2019
	DKK	DKK
12 Deferred tax		
Licenses etc	76.220	186.862
Technical fittings and machinery	30.440.267	34.969.976
Leasehold improvements	394.019	317.761
Fixtures and equipment	-68.087	-35.549
Leasing assets	3.510.274	2.410.850
Trade debtors	-23.103	-12.030
Other provisions	-10.894.838	-9.712.296
Leasing liabilities	-3.528.523	-2.419.062
Tax losses	-9.560.534	-11.501.641
	<u>10.345.694</u>	<u>14.204.871</u>

Tax losses consists of the effect from EBIT interest carry-forwards. It is expected to be utilized under the rules of EBITDA going forward.

Deferred tax is provided with 22%, corresponding to the estimated average utilization tax rate.

Provision for deferred taxes, 1 January	14.204.871	21.236.233
Deferred tax recognized in the income statement	-3.859.176	-6.347.291
Deferred tax recognized from merger	0	-684.071
Provision for deferred taxes, 31 December	<u>10.345.694</u>	<u>14.204.871</u>

13 Other provisions

Other provisions and accruals consist of provisions for damages caused on locomotives, waggons and fixtures of others and commercial liabilities, for which the size of the liability and the time of payment is uncertain.

Provision for damages and other accruals 1 January	40.160.768	24.093.908
Effects from merger	0	3.416.659
Applied for the year	-6.170.177	-12.769.101
Provision for the year	<u>13.166.187</u>	<u>25.419.302</u>
Provision for damages and other accruals 31 December	<u>47.156.778</u>	<u>40.160.768</u>

Time of payment is expected to be:

Within a year	4.326.052	24.554.902
From one to five years	<u>42.830.727</u>	<u>15.605.867</u>
	<u>47.156.778</u>	<u>40.160.768</u>

14 Amounts owed to affiliated companies

After 5 years	0	0
Between 1 and 5 years	<u>46.235.490</u>	<u>69.200.958</u>
Long-term part	46.235.490	69.200.958
within 1 year	<u>26.190.717</u>	<u>27.799.396</u>
	<u>72.426.207</u>	<u>97.000.354</u>

Notes to the Annual Report

15 Contractual liabilities and other contractual obligations

Contractual obligations	2020	2019
	DKK	DKK
The company has entered		
Payments due after 5 years	0	0
Payments due between 1 and 5 years	9.203.825	4.170.678
Long-term part	9.203.825	4.170.678
Payments due within 1 year	6.830.692	6.820.833
	<u>16.034.517</u>	<u>10.991.511</u>

Contractual liabilities

The Danish Group are jointly and severally liable for tax on the Group's jointly taxed income etc. The total amount is shown in the Annual Report for Arriva Danmark A/S, which is the management company of the joint taxation group.

16 Other Payables

After 5 years	0	5.192.903
Between 1 and 5 years	6.704.820	299.548
Long-term part	6.704.820	5.492.451
within 1 year	46.248.074	29.797.828
	<u>52.952.894</u>	<u>35.290.279</u>

17 Related parties and ownership

	Basis
DB Cargo Aktiengesellschaft, Germany	Principal shareholder
The Deutsche Bahn AG, Germany	Group company

Transactions

DB Cargo Scandinavia A/S is a part of the Deutsche Bahn AG Group. During the year there have been intercompany transactions with related companies in the Deutsche Bahn AG Group. The transactions have been effected at arm's length principle.

18 Group matters

The company's ultimate parent company, which prepares consolidated financial statements in which the company is included as a subsidiary, is Deutsche Bahn AG, Berlin, Germany.

The consolidated financial statements for the foreign parent can be obtained at the following address:
Deutsche Bahn AG, Potsdamer Platz 2, 10785 Berlin, Germany.

19 Adjustments (cash flow statement)

Amortisation and depreciation of tangible fixed assets for the year including profit and loss on sale of fixed assets	54.628.810	51.351.917
	<u>54.628.810</u>	<u>51.351.917</u>

20 Change in working capital (cash flow statement)

Change in debtors	4.471.764	8.235.526
Change in inventories	-707.396	0
Change in accruals and provisions	-1.426.552	2.415.767
Change in other provisions	6.996.010	16.066.860
Change in current liabilities	26.290.887	-12.589.757
	<u>35.624.712</u>	<u>14.128.395</u>

Notes to the Annual Report

21 Accounting Policies

Basis of accounting

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (class C). Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

The accounting policies applied remain unchanged from last year.

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Audit fee

With reference to section 96(3) of the Danish Financial Statements Act, the Company has not disclosed fees to the elected auditor.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Variable lease payments that do not depend on an index or a rate and payments associated with leases with a lease term of 12 months or less and low-value assets are recognised as an expense in the income statement, included in other operating expenses

Notes to the Annual Report

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Profit and loss account

Recognition of income

Traffic revenues are recognised as income at the time of transport. Discounts in connection with the sale are deducted from net revenues.

As a general rule, revenue from transports carried out by more than one railway company is recognized with the share belonging to DB Cargo Scandinavia A/S.

Revenue from the sale of service is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined;
- and payment has been received or may with reasonable certainty be expected to be received.

The revenue recognition for other goods and services is the time of delivery.

Expenses for materials and consumables

Expenses for materials and consumables comprise the materials and consumables consumed to achieve revenue for the year.

Other external expenses

External costs comprises costs of mainly services incurred to achieve revenue for the year.

Cost comprises legal advise and consultancy, advertising and marketing expenses as well as IT expenses, operation of motor vehicles etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and

In general, environmental subsidies are recognised as income in the period to which they relate.

Gain and loss from individual major sale of assets is placed in "Other operating income".

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Notes to the Annual Report

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

The Company is jointly taxed with the Danish group companies. Foreign group companies are not included in the joint taxation.

Arriva Danmark A/S acts as the administrative company. The total Danish tax from the Danish Companies taxable income is allocated and paid by Arriva Danmark A/S.

The tax effect of the joint taxation with the Danish group companies is allocated in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance sheet

Financial fixed assets

Financial fixed assets consist of deposits.

Intangible fixed assets

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 3 years

Tangible fixed assets

Transport equipment, machinery, tools and equipment are valued at cost price minus accumulated

Cost includes the purchase price and expenses directly related to the purchase as well as expenses for the set-up of the asset.

Depreciations are linear over the expected useful lives of the assets and down to scrap value, which is between 0% and 5% of the original price. Purchases during the financial year are depreciated proportionally from the date of the initial operation.

Provided that a tangible fixed asset comprises several independent components with varying useful lives, each component is depreciated separately.

The expected useful lives are as follows:

Transport equipment:

Engines 20-25 years

Machinery, tools and equipment:

Lifting equipment 10 years

Tools and equipment 3-15 years

Leasehold improvements 3-5 years

Payment on account for tangible fixed assets which have not yet been delivered is recognised in the balance sheet under the item "Payment on account for tangible fixed assets".

Expenses paid for replacement or renovation of major individual components are included under assets as well as expenses paid for regular maintenance works are recognised separately.

Expenses are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the original standard of performance of the existing assets, will flow to the enterprise.

All other expenditures are recognised as an expense in the period in which it is incurred.

If the net book value of tangible fixed assets exceeds the recovery value, the asset is written down to the higher of net sales price and capital value.

Notes to the Annual Report

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning salary, rent, insurance premiums and subscriptions.

Equity

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Corporate tax

Current tax payable and receivable is recognised in the balance sheet at the computed tax on the taxable income for the year adjusted for taxes paid on account.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities and deferred tax assets are calculated based on all temporary differences between booked values and tax values of assets and liabilities.

Deferred tax is recognised in the balance sheet according to the tax rules and at the tax rate applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax assets and liabilities.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Annual Report

Other debts

Are measured at amortised cost, substantially corresponding to nominal value.

Cash flow statement

The cash flow statement of the company has been presented under the indirect method on the basis of the income for the year.

The cash flow statement shows the company's cash flows for the year classified as operating, investing and financing activities as well as the impact of these inflows on cash and cash equivalents for the year.

Cash flows from operating activities are stated as the income for the year adjusted for non-cash transactions such as depreciation and write-downs, reserves as well as changes in working capital, interest paid and received and paid taxes.

Cash flows from investing activities comprise cash flows from acquisitions and sales of intangible, tangible and financial fixed assets.

Cash flows from financing activities include cash flow from raising and repayment of long-term debt as well as dividends to shareholders.

Cash and cash equivalents comprise cash at hand, cash in bank and inter company cash deposits.

Definition of financial key figures

Net profit ratio: $\frac{\text{Profit/(loss) before financial items}}{\text{Net turnover}}$

Return on net assets: $\frac{\text{Profit/(loss) before financial items}}{\text{Total assets}}$

Solvency ratio: $\frac{\text{Shareholders' equity 31 December}}{\text{Total assets}}$

Return on equity: $\frac{\text{Profit/(loss) for the year after tax}}{\text{Average equity}}$