

# DSV Air & Sea Holding A/S

Hovedgaden 630, 2640 Hedehusene

CVR No. 26 36 63 56

## Annual Report

for the year ended 31 December 2020

20<sup>th</sup> financial year

Approved at the Company's Annual General Meeting on 29 April 2021.

Chairman:

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## Statement by Management on the Annual Report

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of DSV Air & Sea Holding A/S for the financial year 1 January - 31 December 2020.

The Annual Report has been 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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the result of the Company's operations and financial position.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hedehusene, 29 April 2021

Executive Board:

Carsten Trolle

Board of Directors:

Jens Bjørn Andersen  
Chairman

Jens H. Lund

Thomas Plenborg

Rene Falch Olesen

# ***Independent Auditor's Report***

To the Shareholders of DSV Air & Sea Holding 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 for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DSV Air & Sea Holding A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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.

## **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, 29 April 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

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Kim Tromholt

State Authorised Public Accountant

mne33251

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Poul P. Petersen

State Authorised Public Accountant

mne34503

## INFORMATION ABOUT THE COMPANY

<b>Name</b>	DSV Air & Sea Holding A/S
Address	Hovedgaden 630
Post Code	2640 Hedehusene
	Tel: +45 43 20 30 40
	Fax: +45 43 20 30 41
<b>CVR No.</b>	26 36 63 56
<b>Municipality of domicile</b>	Høje-Taastrup
<b>Board of Directors:</b>	Jens Bjørn Andersen, (Chairman) Jens H. Lund Thomas Plenborg Rene Falch Olesen
<b>Executive Board:</b>	Carsten Trolle
<b>Auditors:</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

## MANAGEMENT'S REVIEW

### Financial highlights

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Key figures (in thousands):</b>					
Operating loss/profit	-166.020	13.296	-12.058	-35.120	-28.792
Net financials	-234.516	-217.213	-234.327	-416.828	-162.980
Profit for the year	2.448.995	1.142.816	873.056	408.074	1.192.469
Shareholders' equity at year-end	4.439.077	3.133.122	2.776.229	1.922.590	2.615.907
Total assets	26.243.663	22.931.362	15.794.044	15.810.208	17.206.036
Investments for the year	4.127.885	5.897.309	944.478	2.769.185	10.282.951
<b>Ratios:</b>					
Return on equity	64,68%	36,48%	37,16%	17,98%	53,63%
Solvency ratio	16,91%	13,66%	17,58%	12,16%	15,20%

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015".

Return on equity	$\frac{\text{Profit/loss} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Total Assets}}$

## **MANAGEMENT REVIEW**

### **Business activities and mission**

The Company is a 100% owned subsidiary of DSV Panalpina A/S. The Company's financial statements are a part of the consolidated financial statements for DSV Panalpina A/S.

DSV Air & Sea Holding A/S invests in companies which offer freight forwarding and services with view to moving goods by air and sea to multinational and local customers.

### **Business review**

With the inclusion of Panalpina in 2019, we significantly strengthened the Air & Sea division and our market position within air freight and sea freight, becoming a global top three player in both markets. Our combined industry-specific solutions have been strengthened.

The year 2020 was very much about integration and COVID-19. With the integration of Panalpina completed, DSV has significantly strengthened the Air & Sea division, which holds a position as a top-three player in both markets.

Our organisation and IT systems have stood the test, and we have integrated more than 60 countries on time and in line with the integration plans, despite the COVID-19 impact. That is a remarkable achievement.

DSV and Panalpina are now one company, operating from the same offices and using one IT platform. However, there is still potential for improvement across the organisation and this is reflected in our new long-term financial targets.

We will continue our focus on optimising processes and ensuring that we use our systems the right way across the organisation. This includes our integrations with customers (EDI, API, myDSV), and we will continue to promote these solutions to customers and ensure that the booking data we receive from customers has the right quality.

The net result for the year is t.DKK 2.448.995, which is above the result for 2019. The reason for the higher result is higher return on investments in subsidiaries.

The result is considered satisfactory by the Management.

### **Investments**

In 2020 the Company had material investments in Group Enterprises amounting to t.DKK 4.140.567 due to restructuring within DSV Panalpina Group.

### **Capital resources**

The Company has a solid capital resource due to the fact that the Company is a part of the cashpool in the DSV Group. The capital resource is supported by the Groups strategic goal to secure sufficient financial flexibility.

### **Outlook**

In 2021, our focus will be on organic growth. We have a strong value proposition and relationships with both large, global customers and customers in the SME segment, and we will focus on profitable growth within both segments.

Our target is growth above the market, and our ability to achieve this target will improve as 2021 progresses. During the year we will also focus on our internal processes to ensure we all benefit from our digital tools.

Our systems have enabled us to work from home during lock downs, but we hope for a normalisation soon. Winning new business and sharing best practices are easier when we can meet face to face.

It is anticipated that the net profit for 2021 will be at same or a little higher level than the result for 2020 due to that it seems to be better control of the Covid 19 virus.

### **Unusual risks**

There are no unusual matters during the year, which influence the measurement in the Annual Report.



## **MANAGEMENT REVIEW (continued)**

### **Statement of corporate social responsibility, cf. The Financial Statements Act §99a**

DSV Air & Sea Holding A/S is a subsidiary of the DSV Panalpina Group. The Group issues a separate report on corporate social responsibility, the DSV Panalpina CSR Report, which is the Group's progress report (COP) under UN's Global Compact.

The report is available at: <http://www.dsv.com/responsibility/CSR/CSR-reports>.

### **Statement of gender representation in Management, cf. The Financial Statements Act § 99b**

The Financial Statements Act § 99b requires Danish companies of a certain size to set targets for and report on gender representation in the Company's Top Management.

At present, DSV Air & Sea Holding A/S does not comply with the requirement of equal gender representation in the Company's Top Management. This is due to the fact that the Company's Board is made up of members from the DSV Panalpina Group's Management Team. Equal gender representation in DSV Air & Sea Holding A/S depends on who holds the strategic positions in the Group, but it is the intention of the Company that within 2022 at least one of four board members should be female. This intention is supported by Company Policy as described in the following:

Gender diversity takes its cue from the anti-discrimination paragraph in the DSV Panalpina Code of Conduct. The policy aims to ensure a balanced workforce as well as equal opportunity for all DSV Panalpina employees. This target has been pursued through a hiring and advancement practice and policy, focused on equal advancement possibilities for all talented and dedicated employees regardless of gender.

### **Events after the reporting date**

DSV Panalpina have the 27 April 2021 signed an agreement to acquire Global Integrated Logistics (GIL), which is the global logistics division of Kuwait-based Agility.

GIL is one of the world's top freight forwarding and contract logistics providers with annual revenue of USD ~4bn. GIL provides supply chain solutions via air, ocean and road freight forwarding, warehousing, distribution and special services in project logistics, chemical logistics, fairs and events.

GIL has more than 17,000 employees and offers services in more than 100 countries.

Our new company at a glance

- DSV Panalpina revenue will increase by approximately 23%
- DSV Panalpina will rank in the industry top three based on 2020 revenue
- The combined workforce will consist of more than 70,000 employees
- The combined company will have own operations in more than 90 countries
- Air & Sea will be substantially strengthened and consolidate its ranking among the largest providers globally with close to 2.8 million containers (TEUs) and more than 1.6 million tonnes of air freight transported annually.

The agreement is pending approval by the competition authorities. We expect to close the deal sometime during Q3 2021. Until then, it will be business as usual and DSV and GIL will operate separately. No contact with GIL is allowed.

A part from above no material events have occurred after 31 December 2020.

**Financial statements 1 January - 31 December**

**INCOME STATEMENT**

	Note	2020 DKK '000	2019 DKK '000
Other external expenses		<u>-34.407</u>	<u>-81.403</u>
<b>Gross profit</b>		<b>-34.407</b>	<b>-81.403</b>
Staff costs	2	-14.021	-12.912
Other operating income/cost (-)		<u>-117.592</u>	<u>107.611</u>
<b>Operating loss/profit</b>		<b>-166.020</b>	<b>13.296</b>
Income from investments in Group enterprises incl. impairment	3	2.837.115	1.338.730
Financial income	4	43.631	65.404
Financial expenses	5	<u>-278.147</u>	<u>-282.617</u>
<b>Profit before tax</b>		<b>2.436.579</b>	<b>1.134.813</b>
Tax on profit for the year	6	<u>12.416</u>	<u>8.003</u>
<b>NET PROFIT FOR THE YEAR</b>		<b><u>2.448.995</u></b>	<b><u>1.142.816</u></b>

**Financial statements 1 January - 31 December**

**BALANCE SHEET**

<b>ASSETS</b>	<b>Note</b>	<b>2020 DKK '000</b>	<b>2019 DKK '000</b>
<b>NON-CURRENT ASSETS</b>			
<b>Financial assets</b>			
Investments in Group enterprises	7	25.240.460	21.989.738
Investments in associated companies	7	16	16
Non-current receivables from Group companies		622.003	456.508
Other securities and other receivables		11.453	11.453
<b>Total financial assets</b>		<b><u>25.873.932</u></b>	<b><u>22.457.715</u></b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>25.873.932</u></b>	<b><u>22.457.715</u></b>
<b>CURRENT ASSETS</b>			
Trade receivables		693	4.386
Receivables from Group companies		272.731	399.092
Tax receivable		52.907	49.565
Deferred tax asset	8	1.890	1.381
Other receivables		41.510	19.223
<b>Total receivables</b>		<b><u>369.731</u></b>	<b><u>473.647</u></b>
<b>TOTAL CURRENT ASSETS</b>		<b><u>369.731</u></b>	<b><u>473.647</u></b>
<b>TOTAL ASSETS</b>		<b><u>26.243.663</u></b>	<b><u>22.931.362</u></b>

**Financial statements 1 January - 31 December**

**BALANCE SHEET**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2020 DKK '000</b>	<b>2019 DKK '000</b>
<b>EQUITY</b>			
Share capital	9	50.000	50.000
Proposed dividend	14	2.000.000	1.142.816
Retained earnings		<u>2.389.077</u>	<u>1.940.306</u>
<b>TOTAL EQUITY</b>		<b><u>4.439.077</u></b>	<b><u>3.133.122</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Payables to Group companies	10	<u>12.806.428</u>	<u>12.918.477</u>
<b>Total non-current liabilities</b>		<b><u>12.806.428</u></b>	<b><u>12.918.477</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Suppliers of goods and services		129	137
Payables to Group companies		8.962.673	6.849.868
Other debt		<u>35.356</u>	<u>29.758</u>
<b>Total current liabilities</b>		<b><u>8.998.158</u></b>	<b><u>6.879.763</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>21.804.586</u></b>	<b><u>19.798.240</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>26.243.663</u></b>	<b><u>22.931.362</u></b>
Contingent liabilities	11		
Related parties	12		
Consolidated financial statements	13		
Proposed distribution of profit	14		

**Financial statements 1 January - 31 December**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Dividend</b>	<b>Total</b>
<b>Shareholders' Equity at 1/1 2019</b>	<b>50.000</b>	<b>1.940.479</b>	<b>785.750</b>	<b>2.776.229</b>
Fair value adjustments relating to hedging instruments	-	-	-	0
Other adjustments	-	-173	-	-173
Dividend distributed	-	-	-785.750	-785.750
Transfer regarding proposed distribution	-	-	1.142.816	1.142.816
<b>Shareholders' Equity at 31/12 2019</b>	<b>50.000</b>	<b>1.940.306</b>	<b>1.142.816</b>	<b>3.133.122</b>
<b>Shareholders' Equity at 1/1 2020</b>	<b>50.000</b>	<b>1.940.306</b>	<b>1.142.816</b>	<b>3.133.122</b>
Other adjustments	-	-224	-	-224
Dividend distributed	-	-	-1.142.816	-1.142.816
Transfer regarding proposed distribution	-	448.995	2.000.000	2.448.995
<b>Shareholders' Equity at 31/12 2020</b>	<b>50.000</b>	<b>2.389.077</b>	<b>2.000.000</b>	<b>4.439.077</b>

## **Financial statements 1 January - 31 December**

### **Note 1. Accounting policies**

The 2020 Annual Report of DSV Air & Sea Holding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies are consistent with those of last year.

The amounts in the Annual Report are stated in Danish kroner (DKK) and rounded to the nearest thousands.

#### **Consolidated financial statement**

In accordance with section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of DSV Air & Sea Holding A/S and its subsidiaries are included in the consolidated financial statements of DSV Panalpina A/S.

#### **Cash flow statement**

In accordance with section 86.4 of the Danish Financial Statements Act, no cash flow statement have been prepared. The cash flow statements of DSV Air & Sea Holding A/S and its subsidiaries are included in the consolidated financial statements of DSV Panalpina A/S.

#### **Fees to auditors appointed at the Annual General Meeting**

In accordance with section 96.3 of the Danish Financial Statements Act, no information about fees to appointed auditors at the Annual General Meeting are disclosed, due to the information is disclosed on group level in the consolidated financial statements of DSV Panalpina A/S.

#### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated at the exchange rate ruling at the transaction date. Exchange differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financial income and expenses.

Receivables, payables and other monetary items denominated in a foreign currency are translated at the exchange rate ruling at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date on which the receivable or payable was recorded or the exchange rate used in the latest annual report, is recognised in the income statement as financial income and expenses.

#### **Income statement**

##### **Staff costs**

Staff costs include wages and salaries, pensions, social security costs and other staff costs.

##### **Other external expenses**

Other external expenses comprise expenses incurred during the year related to management and administration of the company, including expenses for administrative personnel, management, office premises and expenses and office supplies.

##### **Other operating income and losses**

Other operating income is primarily related to invoicing of service fee to subsidiaries.

##### **Income from investments in Group enterprises and Associated companies**

Dividends from investments in Group enterprises and Associated companies are recognised in the Company's income statement in the financial year, in which the dividends are declared. If the dividends distributed exceed accumulated earnings after the date of acquisition, dividends are, however, not recognised as income in the income statement, but as an adjustment of the cost of the investment.

##### **Financial income and expenses**

Financial income and expenses include interest income and expense, capital gains and losses in respect of securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities as well as surcharges and refunds under the tax prepayment scheme etc.

## **Financial statements 1 January - 31 December**

### **Tax on profit/loss for the year**

DSV Air & Sea Holding A/S is subject to the Danish regulations relating to compulsory joint taxation of the Group's subsidiaries. The subsidiaries are included in the joint taxation from the time of entering the consolidation in the consolidated annual accounts and up to the time when they are deconsolidated.

The current Danish corporation tax is allocated by settlement of the jointly taxed companies compared with the taxable income of these companies. In this connection, the companies with tax losses receive joint taxation contribution from the companies which are able to apply these losses to reduce own taxable gains (full allocation).

Tax for the year, which comprises of the current corporation tax for the year, joint taxation contribution and changes in deferred tax are taken to the profit and loss account with the part which is attributable to the profit/loss for the year and directly taken to equity with the part which is attributable to entries directly in equity.

### **Balance sheet**

#### **Investments in Group enterprises and associated companies**

Investments in Group enterprises and associated companies are measured at cost. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

The cost is adjusted if dividends distributed exceed accumulated earnings after the date of acquisition.

#### **Other securities and investments**

Listed securities and equity investments recognised as fixed asset investments are measured at fair value on the balance sheet date.

Non-listed securities recognised under current assets are measured at current price based on calculated value in use at the balance sheet date.

#### **Impairment of non-current assets**

The carrying amounts of other non-current assets are calculated once a year to determine whether there is an indication of impairment. If so, their recoverable amounts are calculated. The recoverable amount is the higher of the fair value of the asset less the expected disposal costs and the value in use. The value in use is calculated as the present value of expected future cash flow from the asset or the cash-generating unit of which the asset forms part.

Impairment losses are recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses. Impairments of investments are included in share of income from investments.

Impairment of other assets is reversed if the assumptions and estimates on which the impairment is based have changed. Impairments are reversed if the new carrying amount of the asset exceeds the book value.

#### **Trade receivables**

Trade receivables are measured at amortised cost. Provision is made for expected losses on an individual basis.

#### **Other receivables**

Other receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

#### **Equity**

Proposed dividends are recognised as a liability when adopted at the Annual General Meeting (date of declaration). Expected dividends for the year are shown as a separate item under equity.

## **Financial statements 1 January - 31 December**

### **Incentive programmes**

The Company's incentive schemes include equity-settled share-based share option and warrants programmes which are settled in DSV Panalpina A/S shares.

The value of the services, which the staff delivers in return for granting of options and warrants are measured at the fair value of the options and warrants.

The equity-settled share-based payment arrangements are measured at fair value at the time of granting and are recognised in the profit and loss account under staff costs during the period where the final right to the options or warrants is achieved. The counter item is directly recognised in equity.

In connection with the first recognition of share-based arrangements, the number of options and warrants which the staff are expected to gain right to is estimated subsequently, changes are adjusted for related to the number of the right of acquisition of options and warrants so that the total recognition is based on the actual number of rights of acquisition of options and warrants.

The fair value of the granted options and warrants is estimated by the use of the Black-Scholes valuation method. By the estimation terms and conditions related to the granted options and warrants are taken into account.

### **Corporation tax and deferred tax**

Current tax liabilities and outstanding current tax are included in the balance sheet as tax calculated on the taxable income for the year adjusted for tax from previous years' taxable income and pre-paid taxes.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amounts and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to other items disallowed for tax purposes if, except at the acquisition of enterprises, such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different tax rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity or jurisdiction.

Deferred tax assets and tax liabilities are set off if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax assets are tested for impairment annually and are only recognised if they are likely to be utilised.

### **Current liabilities**

Other liabilities including amounts owed to suppliers, affiliates and associates and other debts are valued at net realisable value.



## Financial statements 1 January - 31 December

### NOTES

	2020 DKK'000	2019 DKK'000
<b>Note 2. Staff costs</b>		
Specification of staff costs:		
Salaries, wages, share options and warrants	13.189	12.153
Pension costs	770	771
Other expenses for social security	20	10
Other staff costs and income	42	-22
	<u>14.021</u>	<u>12.912</u>
Average number of employees	<u>11</u>	<u>11</u>

Information regarding remuneration to the company's management is excluded with reference to the Danish Financial Statements Act. Section 98 b, subsection 3.

The Board of Directors does not receive remuneration for their roles as members of the board.

DSV Panalpina A/S has established a share option and warrant programme for the Group's employees. The Executive Board in DSV Air & Sea Holding A/S has been granted share options from the programme. The Board of Directors have received options from the programme for their roles in DSV Panalpina A/S. DSV Air & Sea Holding A/S's part of costs regarding the share options and warrants program are included as staff costs on a continuing basis.

	2020 DKK'000	2019 DKK'000
<b>Note 3. Income from investments in Group enterprises incl. impairment</b>		
Dividend received from subsidiaries	3.519.649	1.446.198
Impairment of investments in subsidiaries	-682.534	-107.468
Gain from sale of investments in Group enterprises	-	-
	<u>2.837.115</u>	<u>1.338.730</u>

### Note 4. Financial income

Financial income from Group enterprises	13.100	16.892
Foreign currency translation adjustments	30.531	48.512
	<u>43.631</u>	<u>65.404</u>

### Note 5. Financial expenses

Financial expenses for Group enterprises	215.973	245.794
Foreign currency translation adjustments	62.174	36.823
	<u>278.147</u>	<u>282.617</u>

## Financial statements 1 January - 31 December

### NOTES

	2020 DKK'000	2019 DKK'000
<b>Note 6. Tax for the year</b>		
Current tax for the year	52.690	48.572
Adjustment of the deferred tax charge for the year	509	202
Withholding tax	-40.624	-40.806
Prior year adjustments	-159	35
	<u>12.416</u>	<u>8.003</u>

### Note 7. Financial assets

Investments in Group enterprises and Associated companies:

Cost	Associated companies	Group enterprises
<b>Balance at 1/1 2020</b>	16	28.727.343
Capital increase	-	12.682
Additions	-	4.127.885
Disposals	-	-207.311
<b>Cost at 31/12 2020</b>	<u>16</u>	<u>32.660.599</u>
<b>Write-offs and fair value adjustments</b>		
Write-offs and fair value adjustments at 1/1 2020	-	-6.737.605
Write-off and fair value adjustments for the year	-	-12.454
Reduction of dividend received which exceed accumulated earnings after the date of acquisition	0	-670.080
<b>Write-offs and fair value adjustments at 31/12 2020</b>	<u>-</u>	<u>-7.420.139</u>
<b>Carrying amount at 31/12 2020</b>	<u>16</u>	<u>25.240.460</u>

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Note 7. Financial assets - continued

Company name	Registered office	Ownership	Currency	CUR'000 Share Capital
DSV Air & Sea A/S	Denmark	100%	DKK	31.000
DSV Ocean Transport A/S	Denmark	100%	DKK	500
DSV Air & Sea AS	Norway	100%	NOK	1.096
DSV Air & Sea AB	Sweden	100%	SEK	5.500
DSV Air & Sea Oy	Finland	100%	EUR	103
DSV Air & Sea Limited	UK	100%	GBP	3.000
DSV Air & Sea Limited	Ireland	100%	EUR	30
DSV S.p.A.	Italy	100%	EUR	60.000
DSV Air & Sea NV	Belgium	100%	EUR	4.000
XB Luxembourg Holdings 1 SA	Luxemburg	100%	EUR	2.480
DSV Air & Sea A.S.	Turkey	100%	TRY	45.273
DSV Air & Sea Sp. z o.o.	Poland	66%	PLZ	1.050
DSV Air & Sea s.r.o.	Czech Republic	91%	CZK	500
DSV Air & Sea Co., Ltd.	China	100%	CNY	27.980
DSV Air & Sea Ltd.	Hong Kong	100%	HKD	2.552.000
PT. DSV Transport Indonesia	Indonesia	93%	IDR	54.001.045
DSV Air & Sea Ltd.	Thailand	49%	THB	10.000
DSV Holding (Thailand) Co., Ltd.	Thailand	100%	THB	100
DSV Air & Sea Pte. Ltd.	Singapore	100%	SGD	150
DSV Air & Sea Sdn Bhd	Malaysia	100%	MYR	1.000
DSV Air & Sea Inc.	Philippines	100%	PHP	54.316
DSV Air & Sea Ltd.	Bangladesh	100%	BDT	10.000
DSV Air & Sea Ltd.	Korea	100%	KRW	856.990
DSV Air & Sea Co., Ltd.	Taiwan	100%	TWD	62.060
DSV Solutions Co., Ltd	Vietnam	100%	USD	60.000
DSV Air & Sea Pvt. Ltd.	India	98%	INR	6.750
Swift Shipping and Freight Logistics Private Limited	India	100%	INR	60.699
ABX LOGISTICS Singapore PTE LTD	Singapore	100%	SGD	282
DSV Air & Sea Co., Ltd.	Japan	100%	JPY	54.000
DSV AIR & SEA (LLC)	United Arab Em.	100%	AED	300
DSV Air & Sea Pty Ltd.	Australia	100%	AUD	9.210
DSV Air & Sea Limited	New Zealand	100%	NZD	1.000
DSV Air & Sea Holding Inc	USA	100%	USD	287.750
DSV Air & Sea Inc.	Canada	100%	CAD	4.020
DSV Air & Sea, S.A. de C.V.	Mexico	100%	MXN	26.699
DSV Air & Sea S.A.S.	Colombia	41%	COP	930.000
DSV Air & Sea (Latin America) S.A.	Chile	100%	CLP	1.277.970
DSV Air & Sea OOD	Bulgaria	100%	BGN	20
DSV Freight International Limited	Nigeria	100%	NGN	323.247
DSV Air & Sea Limited	Rwanda	100%	RWF	3.000
Swift Freight International Burundi SA	Burundi	100%	BIF	10.000
DSV Air & Sea Limitada	Mozambique	98%	MZN	6
DSV Air & Sea Limited	Tanzania	100%	TZS	1.000
Swift Global Logistics	Togo	100%	XOF	5.103
DSV Air & Sea Limited	Uganda	100%	UGX	2.546.071
DSV Air & Sea Limited	Ghana	100%	GHS	46
Swift Freight International (Zambia) Limited	Zambia	100%	ZMK	20.192
DSV Air and Sea Limited	Kenya	100%	KES	1.000
DSV Swift SARL	DR Congo	100%	CDF	8.000

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**NOTES**

**Note 7. Financial assets - continued**

<b>Company name</b>	<b>Registered office</b>	<b>Ownership</b>	<b>Currency</b>	<b>CUR'000 Share Capital</b>
DSV Air & Sea S.A.	Costa Rica	100%	CRC	107.716
UTi Worldwide Inc.	British Virgin Islands	100%	USD	1.404.294
UTi (UK) Holdings Ltd.	UK	100%	GBP	3.278
UTi (Netherlands) Holding BV	Netherlands	100%	EUR	1.095
DSV Air & Sea Pakistan (SMC private) Limited	Pakistan	100%	PKR	22.000
UTi Pership (Pvt) Limited	Sri Lanka	51%	LKR	17.500
DSV Air & Sea (PR) Inc.	Puerto Rico	100%	USD	1
UTi Uruguay SA	Uruguay	100%	UYU	11.573
UTi Worldwide Vietnam Co. Ltd.	Vietnam	51%	VND	116.823.600
DSV Air & Sea Co., Ltd.	Cambodia	100%	USD	150
Panalpina AS	Norway	100%	NOK	3000
UTi Logistics (Finland) Oy	Finland	100%	EUR	8
DSV AFRICA HOLDING (Pty) Ltd.	South Africa	100%	ZAR	1
UT Worldwide (India) Pvt. Limited	India	91%	INR	234.873
DSV Air & Sea (PTY) Limited	Botswana	100%	BWP	200
DSV Air & Sea (Private) Limited	Zimbabwe	100%	USD	1.051
DSV Air & Sea PA Inc.	Panama	100%	USD	10
DSV UTI Air & Sea Agenciamiento de Transportes Ltda.	Brazil	100%	BRL	21.100
DSV Air & Sea Nordic AB	Sweden	100%	SEK	1.000
Panalpina Trasporti Mondiali S.p.A.	Italy	100%	EUR	2.000
DSV Air & Sea Germany GmbH	Germany	100%	EUR	10.226
Panalpina Luxembourg S.A.	Luxembourg	100%	EUR	31
Panalpina World Transport JSC	Russia	100%	RUB	2.100
Panalpina World Transport (Japan) Ltd.	Japan	100%	JPY	50.000
UTi Egypt/Jordan Ltd.	Jordan	100%	JOD	105
UTi Logistics Argentina S.A.	Argentina	95%	ARS	1.121
Panalpina Uruguay Transportes Mundiales S.A.	Uruguay	100%	UYU	1.996
DSV Road, S.A. de C.V.	Mexico	100%	MXN	26.739
DSV Real Estate S.p.A.	Italy	89%	EUR	5.000
DSV Air & Sea AG	Switzerland	100%	CHF	600
Prime Cargo A/S	Denmark	100%	DKK	1.800
DSV Air & Sea Hungary Kft.	Hungary	100%	HUF	3.000
DSV Air & Sea Slovakia s.r.o.	Slovakia	100%	EUR	23.236
DSV W.L.L.	Bahrain	90%	BHD	20
Panalpina Ltda.	Brazil	100%	BRL	186.474
Panalpina Ecuador S.A.	Ecuador	100%	USD	100
DSV Air & Sea, S.A. de C.V.	El Salvador	100%	USD	362
DSV Air & Sea Ltd.	Israel	100%	ILS	55
Panalpina World Transport (Kuwait) WLL	Kuwait	49%	KWD	20
DSV Air & Sea (Myanmar) Limited	Myanmar	100%	MMK	254.053
DSV Air & Sea Ltd.	Myanmar	100%	MMK	37.873
DSV Air and Sea Limited	Macao	100%	MOP	1.000
DSV Air & Sea Singapore Pte. Ltd.	Singapore	100%	SGD	2.500
DSV Air and Sea DWC-LLC	United Arab. Emirates	100%	AED	300
DSV Air and Sea Middle East DWC-LLC	United Arab. Emirates	100%	AED	300
DSV Air & Sea Limited	Zambia	100%	ZMW	5.000
African Investments BV	Netherlands	100%	EUR	16

**Associated companies**

ABX Logistics (Bangladesh) Ltd.	Bangladesh	33%	BDT	15.000
DSV Pership (Private) Limited	Sri Lanka	40%	LKR	1.000

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<b>Note 8. Deferred tax asset</b>	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Deferred tax asset at 1/1	1.381	1.179
Deferred tax for the year	<u>509</u>	<u>202</u>
<b>Deferred tax asset at 31/12</b>	<b><u>1.890</u></b>	<b><u>1.381</u></b>

Deferred tax asset relates to:

Other liabilities	<u>1.890</u>	<u>1.381</u>
<b>Deferred tax asset</b>	<b><u>1.890</u></b>	<b><u>1.381</u></b>

### Note 9. Share capital

Contributed capital consist of 1 share to nominal value t.DKK 50.000 and no changes for the last 5 years.

### Note 10. Non current liabilities

The payables to Group Companies are all due within 3 years.

### Note 11. Contingent liabilities

The Company is jointly registered for VAT with the Group's other Danish Companies. The Company is thus jointly and severally liable for VAT as regards the jointly registration.

The Company is assessed jointly for tax purposes together with the other domestic DSV Panalpina Group entities. The Company is a wholly-owned subsidiary of DSV Panalpina A/S and is under an unlimited and joint liability regime for Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. The total amount is disclosed in the annual financial statements of DSV Panalpina A/S, which is the administration company of the joint taxation arrangement. Any subsequent adjustments of the taxable consolidated profit or withholding taxes may result in an increase in the Company's tax liability.

The Company has issued letter of support for individual Group enterprises to provide financial support to the extent necessary, allowing the Group enterprises to continue their activities and meet their obligations towards third parties.

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Guarantees for rent commitments, indemnification and subordination agreements re. subsidiaries.	<u>738.596</u>	<u>319.682</u>

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#### Note 12. Related parties and ownership

DSV Air & Sea Holding A/S related parties comprise the following:

##### Parties exercising control

DSV Panalpina A/S, Hovedgaden 630, DK-2640 Hedehusene

##### Other

The Company's related parties are the companies in the DSV Panalpina Group and the companies' daily management.

Transactions with related parties has been conducted on arms length principles.

There are not entered agreements or other transactions with companies where the Board of Directors or the Executive Board have had any financial interest except from transactions related to the conditions of employment.

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Transactions with related parties:		
Sale of service fee	87.893	88.076
Sale of administration fee	188	276
Purchase of service fee	14.012	9.722
Purchase of administration fee	107.249	69.063
Financial income	13.100	16.892
Financial expenses	215.973	245.794

The Company has bought shares from Group companies with a value of t.DKK 4.127.885 in 2020 (2019 t.DKK 5.897.309) and made capital increases of t.DKK 12.682 in 2020 (2019 t.DKK 1.773.305), and have sold shares to Group companies with a value of t.DKK 207.311 in 2020 (2019 t.DKK 0).

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
The Company has following receivables and payables as of 31 December:		
Non-current receivables from Group companies	622.003	456.508
Current receivables from Group companies	272.731	399.092
Non-current liabilities to Group companies	12.806.428	12.918.477
Current liabilities to Group companies	8.962.673	6.849.868

#### Ownership

Shareholders holding 5% or more of the share capital or the voting rights:

DSV Panalpina A/S, Hovedgaden 630, DK-2640 Hedehusene owns 100% of the shares in DSV Air & Sea Holding A/S.

#### Note 13. Consolidated financial statements

The financial statements of DSV Air & Sea Holding A/S and its subsidiaries are included in the consolidated financial statements of DSV Panalpina A/S, Hedehusene, Denmark. The consolidated financial statements of DSV Panalpina A/S can be requested at the following address:

DSV Panalpina A/S  
Hovedgaden 630  
DK-2640 Hedehusene  
Denmark

or: [www.investor.dsv.com](http://www.investor.dsv.com)

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Note 14. Proposed distribution of profit

	2020 DKK '000	2019 DKK '000
Dividend	2.000.000	1.142.816
Retained earnings	<u>448.995</u>	<u>-</u>
<b>Total distribution</b>	<b><u>2.448.995</u></b>	<b><u>1.142.816</u></b>