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# ***Worldwide Flight Services Denmark A/S***

Kystvejen 32, DK-2770 Kastrup

## **Annual Report for 1 January - 31 December 2021**

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CVR No 28 48 82 62

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
6 /7 2022

Thomas Hjorth Egeland  
Chairman of the General  
Meeting



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Cash Flow Statement 1 January - 31 December	14
Notes to the Financial Statements	15

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Worldwide Flight Services Denmark A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations and cash flows for 2021.

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.

Copenhagen, 6 July 2022

## Executive Board

Thomas Hjorth Egeland  
Executive Officer

## Board of Directors

John Andrew Batten  
Chairman

Thomas Hjorth Egeland

Craig Allan Gibson Smyth

# Independent Auditor's Report

To the Shareholder of Worldwide Flight Services Denmark 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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Worldwide Flight Services Denmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement 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 misstate-

# Independent Auditor's Report

ment, 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 judgement and maintain professional scepticism 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

# Independent Auditor's Report

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.

Hellerup, 6 July 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bo Schou-Jacobsen  
State authorized public accountant  
mne28703

Sune Christensen Bjerre  
State authorized public accountant  
mne47832

## **Company Information**

### **The Company**

Worldwide Flight Services Denmark A/S  
Kystvejen 32  
DK-2770 Kastrup

Telephone: + 45 32465000  
E-mail: [cph-cargo@wfs.aero](mailto:cph-cargo@wfs.aero)

CVR No: 28 48 82 62  
Financial period: 1 January - 31 December  
Financial year: 17th financial year  
Municipality of reg. office: Tårnby

### **Board of Directors**

John Andrew Batten, Chairman  
Thomas Hjorth Egeland  
Craig Allan Gibson Smyth

### **Executive Board**

Thomas Hjorth Egeland

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	109.453	101.712	105.593	98.944	102.760
Operating profit/loss	18.361	8.726	4.461	2.046	6.606
Profit/loss before financial income and expenses	18.361	11.382	4.461	2.046	6.606
Net financials	-4.359	-3.903	-1.737	-8.011	-12.332
Net profit/loss for the year	11.230	3.745	13.121	-5.965	-5.726
<b>Balance sheet</b>					
Balance sheet total	372.698	321.472	133.428	110.858	117.129
Equity	72.966	61.735	57.990	44.869	5.834
<b>Cash flows</b>					
Cash flows from:					
- operating activities	21.233	2.582	9.597	4.105	-144.947
- investing activities	-22.059	-17.174	-13.910	-109	-4.840
including investment in property, plant and equipment	-22.059	-17.174	-13.910	-109	-4.840
- financing activities	40.525	20.224	3.038	-777	144.164
Change in cash and cash equivalents for the year	39.699	5.632	-1.275	3.219	-5.623
Number of employees	136	148	155	147	153
<b>Ratios</b>					
Return on assets	4,9%	3,5%	3,3%	1,8%	5,6%
Solvency ratio	19,6%	19,2%	43,5%	40,5%	5,0%
Return on equity	16,7%	6,3%	25,5%	-23,5%	30,1%

The comparative figures have been restated. Reference is made to note 18 "Accounting policies" for a description of the restatements made.



# Management's Review

## Key activities

The Company's primary activities are handling and transportation of cargo for airlines and freight forwarders.

## Development in the year

The income statement of the Company for 2021 shows a profit of DKK 11,230,288, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 72,965,664.

Management has reassessed the useful lives and the maturity of the lease liabilities regarding lease buildings on leased land, ie. the lease period is now assessed to be 30 years instead of 15 years. The financial impact is described in note 18 "Accounting policies".

## The past year and follow-up on development expectations from last year

2021 was continued a year of unpredictability for the transport industry and COVID19 had still impact on the company's business. Although the handled tonnage increased by 13.4% to 101,591.9 ton, which corresponds to an increase of 1.9% compared to 2019 and thus back to the level before Covid and nearly on the expected budget 2021.

The profit before tax ended at DKK 14.0 mio., which is 86.7% more than in 2020 and pretax at DKK 7.5 mio. This results from the increased handled tonnage and full impact of interest income from the liquidity from the sale and lease back at 31 March 2020.

2021 has been a good - and challenging - year for WFS Denmark. The Air Cargo supply chain in 2021 diverted from standard Air traffic schedules which Challenged our operational planning, we experienced significant number of adhoc flight in combination with scheduled flight cancellations challenging our resource planning in 2021. Our employees have worked hard to find solutions for our customers and significantly providing high standard of service quality. We are pleased to be able to present strong result for 2021.

## Operating risks

Air cargo is depending on aircrafts but not especially on passenger aircrafts. The air cargo industry has been impacted by the reduced flights due to COVID-19. The need for air cargo is still present and we therefore see more airlines using regularly passenger flight to fly with cargo only. Over the last years the trend of E-commerce has been positive. This is a direct driver for air cargo.

# Management's Review

## ***Market risks***

World economy is controlling the purchasing power. The purchasing power is controlling the need for air cargo. Between 50-60% of our costs are staff related. This gives the company the possibility to adjust the main part of the costs according to the marked need and trend. This is according to the national union agreements and terms.

## ***Foreign exchange risks***

The Company's trading and financing is in EUR or DKK so the company is not exposed to currency risk.

## **Targets and expectations for the year ahead**

Although 2022 has only just begun, it already presents new challenges with the steadily rising energy prices, the prospect of labor shortages, capacity challenges and scarcity of materials increasing the prices. But the cargo is doing well after all. The fluctuation in the consumption pattern from 2020 seems to have normalized, and high demand for goods continues to drive global exports.

The Company expect an EBITDA before special items to be in the range of DKK 26-30 mio.. As part of our commercial and optimization strategy, the Company will finalize the construction of the new Terminal 3 in September 2022 as planned.

## **Knowledge resources**

The Company handles Cargo on behalf of its airlines and is responsible for handling this according to the contractual agreements. This requires specially trained staff. The company ensures constantly updating existing staff on the latest rules by attending courses internally and externally.

## **External environment**

The activities of the Company does not have material impact on the external environment. The Company makes an effort to use scanning instead of printing to avoid unnecessary waste of paper resources.

## **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## **Unusual events**

The financial position at 31 December 2021 of the Company and the results of the activities and cash flows of the Company for the financial year for 2021 have not been affected by any unusual events.

## **Management's Review**

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>109.452.917</b>	<b>101.711.677</b>
Staff expenses	1	-87.650.569	-86.468.158
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-3.441.006	-3.861.681
<b>Profit/loss before financial income and expenses</b>		<b>18.361.342</b>	<b>11.381.838</b>
Financial income	3	5.436.277	3.271.631
Financial expenses	4	-9.795.726	-7.174.716
<b>Profit/loss before tax</b>		<b>14.001.893</b>	<b>7.478.753</b>
Tax on profit/loss for the year	5	-2.771.605	-3.733.267
<b>Net profit/loss for the year</b>		<b>11.230.288</b>	<b>3.745.486</b>

# Balance Sheet 31 December

## Assets

	Note	2021 DKK	2020 DKK
Goodwill		0	0
<b>Intangible assets</b>	6	<b>0</b>	<b>0</b>
Land and buildings		95.648.023	101.102.475
Other fixtures and fittings, tools and equipment		1.112.218	925.048
Property, plant and equipment in progress		19.932.617	207.200
<b>Property, plant and equipment</b>	7	<b>116.692.858</b>	<b>102.234.723</b>
Receivables from group enterprises		135.859.781	136.267.091
Deposits		147.827	88.330
<b>Fixed asset investments</b>		<b>136.007.608</b>	<b>136.355.421</b>
<b>Fixed assets</b>		<b>252.700.466</b>	<b>238.590.144</b>
<b>Inventories</b>		<b>1.107.970</b>	<b>463.433</b>
Trade receivables		27.303.795	20.544.764
Receivables from group enterprises		196.594	643.032
Other receivables		1.405.572	18.330.000
Deferred tax asset	11	37.796.548	30.353.395
Prepayments	8	529.108	588.438
<b>Receivables</b>		<b>67.231.617</b>	<b>70.459.629</b>
<b>Cash at bank and in hand</b>		<b>51.658.085</b>	<b>11.958.789</b>
<b>Currents assets</b>		<b>119.997.672</b>	<b>82.881.851</b>
<b>Assets</b>		<b>372.698.138</b>	<b>321.471.995</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital	9	502.000	502.000
Retained earnings		72.463.664	61.233.376
<b>Equity</b>		<b>72.965.664</b>	<b>61.735.376</b>
Other provisions	12	4.258.800	4.221.760
<b>Provisions</b>		<b>4.258.800</b>	<b>4.221.760</b>
Lease obligations		249.064.783	217.643.663
Other payables		7.154.471	6.947.750
<b>Long-term debt</b>	13	<b>256.219.254</b>	<b>224.591.413</b>
Lease obligations	13	5.248.879	6.048.654
Trade payables		16.824.107	6.443.376
Payables to group enterprises		0	40.380
Corporation tax		6.290.533	3.489.067
Other payables	13	10.890.901	14.901.969
<b>Short-term debt</b>		<b>39.254.420</b>	<b>30.923.446</b>
<b>Debt</b>		<b>295.473.674</b>	<b>255.514.859</b>
<b>Liabilities and equity</b>		<b>372.698.138</b>	<b>321.471.995</b>
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	502.000	43.337.917	43.839.917
Opening adjustment	0	17.895.459	17.895.459
Adjusted equity at 1 January	502.000	61.233.376	61.735.376
Net profit/loss for the year	0	11.230.288	11.230.288
<b>Equity at 31 December</b>	<b>502.000</b>	<b>72.463.664</b>	<b>72.965.664</b>

## Cash Flow Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Net profit/loss for the year		11.230.288	3.745.486
Adjustments	14	10.572.061	11.498.033
Change in working capital	15	16.640.054	8.575.879
<b>Cash flows from operating activities before financial income and expenses</b>		<b>38.442.403</b>	<b>23.819.398</b>
Financial expenses		-9.795.726	-1.037.624
<b>Cash flows from ordinary activities</b>		<b>28.646.677</b>	<b>22.781.774</b>
Corporation tax paid		-7.413.292	-20.200.000
<b>Cash flows from operating activities</b>		<b>21.233.385</b>	<b>2.581.774</b>
Purchase of property, plant and equipment		-22.059.139	-17.173.588
<b>Cash flows from investing activities</b>		<b>-22.059.139</b>	<b>-17.173.588</b>
Repayment of long term loans		-14.474.950	-10.856.214
Proceeds from obtainment of lease debt		55.000.000	210.000.000
Decrease (increase) in intercompany		0	-178.920.074
<b>Cash flows from financing activities</b>		<b>40.525.050</b>	<b>20.223.712</b>
<b>Change in cash and cash equivalents</b>		<b>39.699.296</b>	<b>5.631.898</b>
Cash and cash equivalents at 1 January		11.958.789	6.326.891
<b>Cash and cash equivalents at 31 December</b>		<b>51.658.085</b>	<b>11.958.789</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		51.658.085	11.958.789
<b>Cash and cash equivalents at 31 December</b>		<b>51.658.085</b>	<b>11.958.789</b>



# Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	75.695.650	74.514.572
Pensions	8.824.726	9.027.860
Other social security expenses	1.829.263	1.879.384
Other staff expenses	<u>1.300.930</u>	<u>1.046.342</u>
	<b><u>87.650.569</u></b>	<b><u>86.468.158</u></b>
<b>Average number of employees</b>	<b><u>136</u></b>	<b><u>148</u></b>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	<u>3.441.006</u>	<u>3.861.681</u>
	<b><u>3.441.006</u></b>	<b><u>3.861.681</u></b>
<b>3 Financial income</b>		
Interest received from group enterprises	4.588.651	3.271.631
Other financial income	<u>847.626</u>	<u>0</u>
	<b><u>5.436.277</u></b>	<b><u>3.271.631</u></b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	0	495.737
Other financial expenses	<u>9.795.726</u>	<u>6.678.979</u>
	<b><u>9.795.726</u></b>	<b><u>7.174.716</u></b>

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	-4.671.555	23.689.667
Deferred tax for the year	7.443.160	-19.956.400
	<u><b>2.771.605</b></u>	<u><b>3.733.267</b></u>
<b>6 Intangible assets</b>		
		<u>Goodwill</u>
		DKK
Cost at 1 January		<u>7.087.981</u>
Cost at 31 December		<u>7.087.981</u>
Impairment losses and amortisation at 1 January		<u>7.087.981</u>
Impairment losses and amortisation at 31 December		<u>7.087.981</u>
<b>Carrying amount at 31 December</b>		<u><b>0</b></u>

## Notes to the Financial Statements

### 7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK
Cost at 1 January	151.756.298	20.902.186	207.200
Additions for the year	0	294.594	19.725.417
Disposals for the year	-2.077.759	0	0
Cost at 31 December	<u>149.678.539</u>	<u>21.196.780</u>	<u>19.932.617</u>
Impairment losses and depreciation at 1 January	50.696.933	19.977.139	0
Depreciation for the year	3.333.583	107.423	0
Impairment losses and depreciation at 31 December	<u>54.030.516</u>	<u>20.084.562</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>95.648.023</u></b>	<b><u>1.112.218</u></b>	<b><u>19.932.617</u></b>

### 8 Prepayments

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

### 9 Share capital

The share capital consists of 5,002 shares of a nominal value of DKK 100. No shares carry any special rights.

## Notes to the Financial Statements

	2021 <u>DKK</u>	2020 <u>DKK</u>
<b>10 Distribution of profit</b>		
Retained earnings	11.230.288	3.745.486
	<b>11.230.288</b>	<b>3.745.486</b>

### 11 Deferred tax asset

Deferred tax asset at 1 January	30.353.395	10.396.995
Amounts recognised in the income statement for the year	<u>7.443.153</u>	<u>19.956.400</u>
<b>Deferred tax asset at 31 December</b>	<b>37.796.548</b>	<b>30.353.395</b>

### 12 Other provisions

Other provisions comprise of demolition provision related to building on leased land. The provision expires after 30 years.

Other provisions	<u>4.258.800</u>	<u>4.221.760</u>
	<b>4.258.800</b>	<b>4.221.760</b>

### 13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2021 <u>DKK</u>	2020 <u>DKK</u>
<b>Lease obligations</b>		
After 5 years	226.050.404	195.451.791
Between 1 and 5 years	<u>23.014.379</u>	<u>22.191.872</u>
Long-term part	249.064.783	217.643.663
Within 1 year	<u>5.248.879</u>	<u>6.048.654</u>
	<b>254.313.662</b>	<b>223.692.317</b>

## Notes to the Financial Statements

### 13 Long-term debt (continued)

	2021	2020
	DKK	DKK
<b>Other payables</b>		
After 5 years	7.154.471	6.947.750
Long-term part	7.154.471	6.947.750
Other short-term payables	10.890.901	14.901.969
	<b>18.045.372</b>	<b>21.849.719</b>

### 14 Cash flow statement - adjustments

Financial income	-5.436.277	-3.271.631
Financial expenses	9.795.726	7.174.716
Depreciation, amortisation and impairment losses, including losses and gains on sales	3.441.007	3.861.681
Tax on profit/loss for the year	2.771.605	3.733.267
	<b>10.572.061</b>	<b>11.498.033</b>

### 15 Cash flow statement - change in working capital

Change in inventories	-644.537	12.862
Change in receivables	10.671.167	9.127.008
Change in other provisions	37.040	-1.798.364
Change in trade payables, etc	6.576.384	1.641.273
Other adjustments	0	-406.900
	<b>16.640.054</b>	<b>8.575.879</b>

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
<b>16 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with mortgage lease obligations:		
Land and buildings with carrying amount of	95.648.023	98.312.997
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	8.523.493	8.913.000
Between 1 and 5 years	6.187.378	17.389.000
After 5 years	0	19.000
	<u>14.710.871</u>	<u>26.321.000</u>

# Notes to the Financial Statements

## 17 Related parties

### Basis

#### Controlling interest

Worldwide Flight Services Holding SA

Controlling shareholder

#### Transactions

Transactions with related parties has been carried out at arm's length terms.

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of:

#### Name

#### Place of registered office

Promontoria Holding 264 B.V.

Oude Utrechtseweg 32  
3743 KN BAARN

The Group Annual Report of Promontoria Holding 264 B.V. may be obtained at the following address:

<https://companyinfo.nl/>

# Notes to the Financial Statements

## 18 Accounting Policies

The Annual Report of Worldwide Flight Services Denmark A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2021 are presented in DKK.

### Opening adjustment

Management has reassessed the useful lives and the maturity of the lease liabilities regarding leased buildings on leased land, ie. the lease period is now assessed to be 30 years instead of 15 years. Due to this the comparative figures for 2020 have been restated. The equity as of 31 December 2020 has been increased with DKK 17.9 million after tax, property plant and equipment has been increased by DKK 2.8 million, leasing liabilities have been increased by DKK 5.7 million and deferred tax asset has been increased with DKK 20.8 million. The reassessment has impacted the profit and loss positively with DKK 17.9 million in 2020.

### 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 alternative borrowing rate 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 inte-



# Notes to the Financial Statements

## 18 Accounting Policies (continued)

rest 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.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

The company provides handling and transportation related services to customers for inbound and outbound cargo. Income from the rendering of services is recognised as revenue as the transport services are rendered to the customers. The revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Staff expenses

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, 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 main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20-40 years
Plant and machinery	5-7 years

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Fixed asset investments consist of receivables from group enterprises.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

### 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 rent, insurance premiums, subscriptions and interest.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### 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.

Other provisions include warranty obligations in respect of repair work within the warranty period of 15 years. Provisions are measured and recognised based on experience with guarantee work.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

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

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

### Financial Highlights

#### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$