

## **Scan-Shipping A/S**

Snorresgade 18  
2300 Copenhagen S  
CVR No. 32444199

### **Annual report 2020**

The Annual General Meeting adopted the  
annual report on 21.05.2021

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**John Hemming**

Chairman of the General Meeting

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# Entity details

## Entity

Scan-Shipping A/S

Snorresgade 18

2300 Copenhagen S

Business Registration No.: 32444199

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Phone number: +45 32668100

Fax: +45 32574900

URL: [www.scan-shipping.com](http://www.scan-shipping.com)

E-mail: [info@scan-shipping.com](mailto:info@scan-shipping.com)

## Board of Directors

Arne Simonsen, Chairman

Klaus Henry Jepsen

Ulrik Kamstrup Jespersen

Morten Jæpelt

Sune Simonsen

## Executive Board

Sune Simonsen, Chief Executive Officer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Scan-Shipping A/S for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 21.05.2021

## Executive Board

### **Sune Simonsen**

Chief Executive Officer

## Board of Directors

### **Arne Simonsen**

Chairman

### **Klaus Henry Jepsen**

### **Ulrik Kamstrup Jespersen**

### **Morten Jæpelt**

### **Sune Simonsen**

# Independent auditor's report

## To the shareholder of Scan-Shipping A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Scan-Shipping A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 21.05.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Anders Kreiner**

State-Authorised Public Accountant  
Identification No (MNE) mne26765

**Christian Sanderhage**

State-Authorised Public Accountant  
Identification No (MNE) mne23347

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Revenue	750,050	819,021	832,541	702,381	581,633
Gross profit/loss	71,926	63,358	50,230	59,601	66,781
EBITDA	(5,657)	(16,975)	(21,827)	(9,249)	(6,172)
Operating profit/loss	(7,077)	(18,492)	(23,764)	(11,167)	(8,312)
Net financials	(1,671)	1,857	(1,110)	(6,911)	(601)
Profit/loss before tax	(8,748)	(16,635)	(24,874)	(18,078)	(8,913)
Profit/loss for the year	(9,357)	(15,134)	(24,043)	(17,104)	(10,221)
Balance sheet total	222,241	218,953	290,218	208,737	191,048
Investments in property, plant and equipment	1,460	922	1,303	1,794	2,312
Equity	12,570	3,710	22,116	17,220	8,286
Average number of employees	242	249	252	244	243
<b>Ratios</b>					
Gross margin (%)	9.59	7.74	6.03	8.49	11.48
Net margin (%)	(1.25)	(1.85)	(2.89)	(2.44)	(1.76)
Return on equity (%)	(114.95)	(117.20)	(122.24)	(134.12)	(77.18)
Equity ratio (%)	5.66	1.69	7.62	8.25	4.34

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

### Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

### Equity ratio (%):

$\frac{\text{Equity}}{\text{Balance sheet total}} * 100$



### Primary activities

The Company's primary activities are logistics solutions, global transport and other related services in close cooperation with its subsidiaries and agents.

### Development in activities and finances

Loss for the year amounts to DKK 8,748 before tax.

Equity totals DKK 12,570 thousand at 31.12.2020.

The results for 2020 are negatively affected by COVID-19.

The results do not live up to expectations, and the Board of Directors considers the performance for the year unacceptable.

### Outlook

Even with the impact of the outbreak of coronavirus disease (COVID-19), the Group expects a higher level of activity (cargo volumes) and improved results, although a small loss is still expected.

### Particular risks

#### Price risks

The Group is to a limited extent dependent on the development in global shipping prices and in the USD exchange rate.

#### Currency exposure

Due to foreign activities, results, cash flows and equity are affected by the exchange rate movements in a number of foreign currencies. Exchange rate adjustments of investments in subsidiaries are recognised directly in equity. It is not company policy to hedge the above risks by means of financial instruments, as purchase and sale of shipping services to a wide extent take place in the same foreign currency.

#### Interest rate exposure

Reasonable changes in the interest rate level will have no material impact on the Group. Consequently, no agreements are made on hedging of the interest rate exposure.

### Group relations

Please refer to note 16 and 17 in the consolidated financial statements for a specification of the group relations.

### Statutory report on corporate social responsibility

Please refer to the management commentary in the annual report for 2020 of the Ultimate Parent, A. Simonsen Holding ApS, Business Registration No. 40129774, which can be found on cvr.dk.

### Statutory report on the underrepresented gender

Scan-Shipping A/S supports gender equality - both in relation to career opportunities and salary conditions. Our equal opportunities policy is put into practice in the Company's employee manual, and we always encourage our female colleagues to apply for leadership positions. When we recruit for management positions we always strive to have both genders represented. Furthermore, we focus on developing leadership talents of both genders.

The current gender split in the other management levels is 20% females and 80% males. We strive to improve the gender balance by continuous awareness and promotion of our policy in this field.

**Events after the balance sheet date**

No events have occurred or been recorded between the balance sheet date and the date of presentation of these financial statements, which would influence the evaluation of this annual report.

# Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	750,050	819,021
Other operating income	2	11,386	5,651
Cost of sales		(635,562)	(699,536)
Other external expenses	3	(53,948)	(61,778)
<b>Gross profit/loss</b>		<b>71,926</b>	<b>63,358</b>
Staff costs	4	(77,583)	(80,333)
Depreciation, amortisation and impairment losses	5	(1,420)	(1,517)
<b>Operating profit/loss</b>		<b>(7,077)</b>	<b>(18,492)</b>
Other financial income	6	1,883	3,158
Other financial expenses	7	(3,554)	(1,301)
<b>Profit/loss before tax</b>		<b>(8,748)</b>	<b>(16,635)</b>
Tax on profit/loss for the year	8	(609)	1,501
<b>Profit/loss for the year</b>	9	<b>(9,357)</b>	<b>(15,134)</b>

# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Land and buildings		383	421
Other fixtures and fittings, tools and equipment		3,165	3,232
Leasehold improvements		187	322
<b>Property, plant and equipment</b>	10	<b>3,735</b>	<b>3,975</b>
<b>Fixed assets</b>		<b>3,735</b>	<b>3,975</b>
Trade receivables		134,690	127,073
Receivables from group enterprises		8,946	16,908
Deferred tax	11	3,998	4,068
Other receivables		6,392	6,665
Tax receivable		0	199
Prepayments	12	9,738	5,099
<b>Receivables</b>		<b>163,764</b>	<b>160,012</b>
<b>Cash</b>		<b>54,742</b>	<b>54,966</b>
<b>Current assets</b>		<b>218,506</b>	<b>214,978</b>
<b>Assets</b>		<b>222,241</b>	<b>218,953</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Contributed capital		1,000	1,000
Translation reserve		(1,412)	0
Retained earnings		12,982	2,710
<b>Equity</b>		<b>12,570</b>	<b>3,710</b>
Trade payables		92,194	94,662
Payables to group enterprises		93,813	105,725
Tax payable		361	0
Other payables		23,303	14,856
<b>Current liabilities other than provisions</b>		<b>209,671</b>	<b>215,243</b>
<b>Liabilities other than provisions</b>		<b>209,671</b>	<b>215,243</b>
<b>Equity and liabilities</b>		<b>222,241</b>	<b>218,953</b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Transactions with related parties	15		
Group relations	16		
Subsidiaries	17		

# Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	0	2,710	3,710
Exchange rate adjustments	0	(1,412)	0	(1,412)
Group contributions etc.	0	0	20,000	20,000
Other entries on equity	0	0	(371)	(371)
Profit/loss for the year	0	0	(9,357)	(9,357)
<b>Equity end of year</b>	<b>1,000</b>	<b>(1,412)</b>	<b>12,982</b>	<b>12,570</b>

# Notes to consolidated financial statements

## 1 Revenue

	2020 DKK'000	2019 DKK'000
Shipping services	750,050	819,021
<b>Total revenue by activity</b>	<b>750,050</b>	<b>819,021</b>

## 2 Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Group's primary activities, including rental income, gains from the sale of intangible assets, property, plant and equipment and investments in associates as well as compensation received from COVID-19 aid packages etc.

The Group has received total COVID-19 compensation of DKK 2,072 thousand in Denmark.

## 3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK'000	2019 DKK'000
Statutory audit services	983	1,095
Other assurance engagements	12	12
Tax services	128	194
Other services	114	87
	<b>1,237</b>	<b>1,388</b>

## 4 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	70,123	73,241
Pension costs	4,640	4,165
Other social security costs	2,820	2,927
	<b>77,583</b>	<b>80,333</b>

Average number of full-time employees	242	249
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The Board of Directors and the Executive Board are not remunerated by the Group.

**5 Depreciation, amortisation and impairment losses**

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Depreciation on property, plant and equipment	1,420	1,517
	<b>1,420</b>	<b>1,517</b>

**6 Other financial income**

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial income from group enterprises	38	34
Other financial income	1,845	3,124
	<b>1,883</b>	<b>3,158</b>

**7 Other financial expenses**

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial expenses from group enterprises	149	209
Other financial expenses	3,405	1,092
	<b>3,554</b>	<b>1,301</b>

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

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	572	788
Change in deferred tax	(16)	(1,947)
Adjustment concerning previous years	53	(342)
	<b>609</b>	<b>(1,501)</b>

**9 Proposed distribution of profit/loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Retained earnings	(9,357)	(15,134)
	<b>(9,357)</b>	<b>(15,134)</b>



## 10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	626	16,797	2,393
Exchange rate adjustments	(43)	(818)	(170)
Additions	0	1,360	100
Disposals	0	(1,135)	0
<b>Cost end of year</b>	<b>583</b>	<b>16,204</b>	<b>2,323</b>
Depreciation and impairment losses beginning of year	(205)	(13,565)	(2,071)
Exchange rate adjustments	15	672	147
Depreciation for the year	(10)	(1,198)	(212)
Reversal regarding disposals	0	1,052	0
<b>Depreciation and impairment losses end of year</b>	<b>(200)</b>	<b>(13,039)</b>	<b>(2,136)</b>
<b>Carrying amount end of year</b>	<b>383</b>	<b>3,165</b>	<b>187</b>

## 11 Deferred tax

	2020 DKK'000
<b>Changes during the year</b>	
Beginning of year	4,068
Recognised in the income statement	16
Adjustment concerning previous years	(86)
<b>End of year</b>	<b>3,998</b>

The tax asset has been recognised because expectations are that it will be possible to deduct it from the Group's future taxable income.

## 12 Prepayments

Prepayments comprise various prepaid expenses. Prepayments are measured at cost.

## 13 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	8,787	9,055

## 14 Contingent liabilities

	2020 DKK'000	2019 DKK'000
Recourse and non-recourse guarantee commitments	2,742	1,916
<b>Contingent liabilities</b>	<b>2,742</b>	<b>1,916</b>

The Company participates in a Danish joint taxation arrangement in which A. Simonsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### **15 Transactions with related parties**

Transactions with related parties are made on an arm's length basis.

### **16 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

A. Simonsen Holding ApS, Snorresgade 18-20, 2300 Copenhagen S

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S

**17 Subsidiaries**

	<b>Ownership %</b>
Scan-Shipping AB, Sweden	100
Scanway Shipping AS, Norway	100
OY Scan-Shipping AB, Finland	100
Scan-Shipping GmbH, Germany	100
Scan-Group Agencies Sp.z.o.o, Poland	100
Scan-Shipping (Pte.) Ltd., Singapore	100
Scanway Shipping LLC, Russia	100
Shipco-Shipping Jylland A/S, Denmark	100
Scan-Shipping Inc., USA	100
Scan-Shipping LLC, Ukraine	100
Scan-Shipping OU, Estonia	100
Shipco-Shipping AB, Sweden	100
Expa-Services (Pte.) Ltd., Singapore	100
Seaway Shipping AS, Norway	100
Scanway Shipping AB, Sweden	100
Scanway Shipping Real Estate AB, Sweden	100
Scan-Shipping d.o.o, Slovenia	100
Scan-Shipping Hong Kong Ltd., Hong Kong	100
Scan-Shipping (Thailand) Ltd., Thailand	100
Scan-Shipping (Turkey) Ltd., Turkey	100
Scan-Shipping Norway AS, Norway	100
PT Scan-Shipping, Indonesia	100
Scan-Shipping LLC, United Arab Emirates	100
Scan-Shipping (Shanghai) Ltd., China	100
Scan-Shipping Colombo (Pte.) Ltd., Sri Lanka	100
Scan Group DMCC, United Arab Emirates	100
Scan-Shipping srl, Romania	100

## Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	239,659	217,814
Other operating income	2	7,508	5,572
Cost of sales		(199,934)	(178,138)
Other external expenses	3	(16,881)	(17,254)
<b>Gross profit/loss</b>		<b>30,352</b>	<b>27,994</b>
Staff costs	4	(36,602)	(37,733)
Depreciation, amortisation and impairment losses	5	(318)	(335)
<b>Operating profit/loss</b>		<b>(6,568)</b>	<b>(10,074)</b>
Income from investments in group enterprises		(1,438)	(8,325)
Other financial income	6	334	1,886
Other financial expenses	7	(1,747)	(457)
<b>Profit/loss before tax</b>		<b>(9,419)</b>	<b>(16,970)</b>
Tax on profit/loss for the year	8	62	1,836
<b>Profit/loss for the year</b>	9	<b>(9,357)</b>	<b>(15,134)</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Other fixtures and fittings, tools and equipment		759	639
<b>Property, plant and equipment</b>	10	<b>759</b>	<b>639</b>
Investments in group enterprises		27,407	28,156
Receivables from group enterprises		7,120	24,618
<b>Financial assets</b>	11	<b>34,527</b>	<b>52,774</b>
<b>Fixed assets</b>		<b>35,286</b>	<b>53,413</b>
Trade receivables		44,301	42,025
Receivables from group enterprises		41,151	27,274
Deferred tax	12	3,137	3,666
Other receivables		430	705
Prepayments	13	2,135	221
<b>Receivables</b>		<b>91,154</b>	<b>73,891</b>
<b>Cash</b>		<b>4,053</b>	<b>4,960</b>
<b>Current assets</b>		<b>95,207</b>	<b>78,851</b>
<b>Assets</b>		<b>130,493</b>	<b>132,264</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Contributed capital		1,000	1,000
Translation reserve		(1,412)	0
Retained earnings		12,982	2,710
<b>Equity</b>		<b>12,570</b>	<b>3,710</b>
Provisions for investments in group enterprises	14	0	6,269
<b>Provisions</b>		<b>0</b>	<b>6,269</b>
Trade payables		31,536	27,524
Payables to group enterprises		73,598	85,422
Other payables		12,789	9,339
<b>Current liabilities other than provisions</b>		<b>117,923</b>	<b>122,285</b>
<b>Liabilities other than provisions</b>		<b>117,923</b>	<b>122,285</b>
<b>Equity and liabilities</b>		<b>130,493</b>	<b>132,264</b>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

# Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	0	2,710	3,710
Exchange rate adjustments	0	(1,412)	0	(1,412)
Group contributions etc.	0	0	20,000	20,000
Other entries on equity	0	0	(371)	(371)
Profit/loss for the year	0	0	(9,357)	(9,357)
<b>Equity end of year</b>	<b>1,000</b>	<b>(1,412)</b>	<b>12,982</b>	<b>12,570</b>

# Notes to parent financial statements

## 1 Revenue

	2020 DKK'000	2019 DKK'000
Shipping services	239,659	217,814
<b>Total revenue by geographical market</b>	<b>239,659</b>	<b>217,814</b>

## 2 Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income, gains from the sale of intangible assets, property, plant and equipment and investments in associates as well as compensation received from COVID-19 aid packages etc.

The Group has received total COVID-19 compensation of DKK 2,072 thousand in Denmark.

## 3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK'000	2019 DKK'000
Statutory audit services	154	151
Tax services	10	0
Other services	29	37
	<b>193</b>	<b>188</b>

## 4 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	33,844	35,457
Pension costs	2,011	1,811
Other social security costs	747	465
	<b>36,602</b>	<b>37,733</b>

Average number of full-time employees	71	65
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The Board of Directors and the Executive Board are not remunerated by the Company.

## 5 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Depreciation on property, plant and equipment	318	335
	<b>318</b>	<b>335</b>



**6 Other financial income**

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	314	244
Other financial income	20	1,642
	<b>334</b>	<b>1,886</b>

**7 Other financial expenses**

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	126	199
Other financial expenses	1,621	258
	<b>1,747</b>	<b>457</b>

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

	2020 DKK'000	2019 DKK'000
Change in deferred tax	(68)	(1,833)
Adjustment concerning previous years	6	(3)
	<b>(62)</b>	<b>(1,836)</b>

**9 Proposed distribution of profit and loss**

	2020 DKK'000	2019 DKK'000
Retained earnings	(9,357)	(15,134)
	<b>(9,357)</b>	<b>(15,134)</b>

**10 Property, plant and equipment**

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	2,988
Additions	438
Disposals	(207)
<b>Cost end of year</b>	<b>3,219</b>
Depreciation and impairment losses beginning of year	(2,349)
Depreciation for the year	(318)
Reversal regarding disposals	207
<b>Depreciation and impairment losses end of year</b>	<b>(2,460)</b>
<b>Carrying amount end of year</b>	<b>759</b>

## 11 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000
Cost beginning of year	141,691	24,618
Exchange rate adjustments	0	(1,269)
Additions	1,116	2,099
Disposals	0	(18,328)
<b>Cost end of year</b>	<b>142,807</b>	<b>7,120</b>
Revaluations beginning of year	(113,535)	0
Exchange rate adjustments	(143)	0
Share of profit/loss for the year	(1,438)	0
Dividend	(150)	0
Other adjustments	(134)	0
<b>Revaluations end of year</b>	<b>(115,400)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>27,407</b>	<b>7,120</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 12 Deferred tax

	2020 DKK'000
<b>Changes during the year</b>	
Beginning of year	3,666
Recognised in the income statement	68
Other changes	(597)
<b>End of year</b>	<b>3,137</b>

The tax asset has been recognised because expectations are that it will be possible to deduct it from the Company's future taxable income.

## 13 Prepayments

Prepayments consist of prepaid costs.

## 14 Provisions for investments in group enterprises

Provisions for investments in group enterprises relate to group enterprises with negative equity.

## 15 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	5,615	4,919

## 16 Contingent liabilities

	2020 DKK'000	2019 DKK'000
Recourse and non-recourse guarantee commitments	1,141	1,348
<b>Contingent liabilities</b>	<b>1,141</b>	<b>1,348</b>

The Parent has issued letters of support to several subsidiaries.

The Company participates in a Danish joint taxation arrangement in which A. Simonsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 17 Related parties with controlling interest

Related parties are the A. Simonsen Holding ApS Group as well as the Board of Directors and the Executive Board of the Company.

Related parties with control of Scan-Shipping A/S: Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S, the immediate parent company of Scan-Shipping A/S, A.S. Scan Holding A/S, Snorresgade 18-20, 2300 Copenhagen S, the higher-level parent company of Scan Group A/S, A. Simonsen Holding ApS, Snorresgade 18-20, 2300 Copenhagen S, the ultimate parent company of Scan-Shipping A/S, and Arne Simonsen, the beneficial owner of the Group.

## 18 Transactions with related parties

Transactions with related parties are made on an arm's length basis.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements include Scan-Shipping A/S (Parent) and subsidiaries in which Scan-Shipping either directly or indirectly holds more than 50% of the voting rights or in any other way have controlling influence. Jointly controlled entities are consolidated on a pro rata basis.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

### **Business combinations**

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement, when such adverse development is realised.

### **Profit or loss from divestment of enterprises**

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively, including any non-amortised goodwill and estimated selling or winding-up expenses.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

If the foreign subsidiaries meet the criteria of independent entities, their income statements and balance sheets are translated applying the exchange rates at the balance sheet date. Exchange differences that arise from translation of foreign subsidiaries' equity at the beginning of the year, applying the exchange rates at the balance sheet date, are recognised directly in equity.

## Income statement

### Revenue

Revenue is recognised in the income statement if delivery to the Group's cooperators has taken place before year-end and if the income can be computed reliably. Revenue is recognised net of VAT, duties and sales discounts.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including compensation received from COVID-19 aid packages.

### Cost of sales

Costs relating to revenue are accrued according to the method of revenue recognition. Other costs relating to the financial year in terms of time are charged to the income statement.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

### Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with its Ultimate Parent, A. Simonsen Holding ApS, and all of the Ultimate Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	15-50 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

On initial recognition, lease contracts regarding property, plant and equipment in which the Company holds all material risks and advantages related to the ownership (finance leasing) are measured in the balance sheet at fair value or present value, if lower, of future lease payments. At the computation of present value, the internal interest rate of the lease contract or an approximate value is used as discount factor. Assets held under finance leases are then treated as the Company's other property, plant and equipment.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in subsidiaries are recognised in the balance sheet at the pro rata share of the enterprises' equity in accordance with the Parent's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus the residual value of positive, or negative, goodwill calculated according to the purchase method.

Subsidiaries with negative equity are measured at zero value, and any receivable from these enterprises is written down by the Parent's share of such negative equity. If the negative equity exceeds the amounts receivable, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost less amortisation of goodwill.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value. Provisions for bad and doubtful debts are made at net realisable value.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Other provisions**

Other provisions comprise subsidiaries with negative equity. If the negative equity exceeds the amounts receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Cash flow statement**

Referring to section 86(4) of the Danish Financial Statements Act, the Group has not prepared any cash flow statement as such statement is prepared by the higher-level group.

**Segment information**

The Group's activities only comprise sea freight, shipping and logistics on the world market. Consequently, it is not relevant to provide disclosures on business segments and geographical markets.