

Scandlines Gedser-Rostock ApS

Havneholmen 25, 8.
DK-1561 Copenhagen
CVR no. 33260024

Annual report 2021

The Annual General Meeting adopted the annual report on 26 April 2022

Chairman of the General Meeting



Name: Carsten Nørland

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Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of Scandlines Gedser-Rostock ApS for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the management commentary gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 26 April 2022

Executive Board



Carsten Nørland
CEO



Per Johannesen Madsen
CFO



Michael Guldmann Petersen
COO

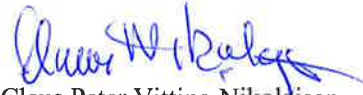
Supervisory Board



Frans Blanch Rossen
Chairman



Stig Dambmann



Claus Peter Vitting Nikolajsen



Henrik Birk Larsen



Jan Raymond Saksaa

Independent auditor's report

To the Shareholders of Scandlines Gedser-Rostock ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Scandlines Gedser-Rostock ApS for the financial year 1 January - 31 December 2021, 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' 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 Commentary

Management is responsible for Management's Commentary.

Our opinion on the financial statements does not cover Management's Commentary, 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 Commentary and, in doing so, consider whether Management's Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Commentary 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 Commentary.

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, 26 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
Mne28703

André Nielsen
State Authorised Public Accountant
Mne46624

Company details

Company

Scandlines Gedser-Rostock ApS
Havneholmen 25, 8.
DK-1561 Copenhagen

Central Business Registration No (CVR): 33260024
Registered in: Copenhagen
Financial year: 01.01.2021 - 31.12.2021

Phone: +4533151515
Fax: +4535290201
Website: www.scandlines.dk
E-mail: scandlines@scandlines.dk

Supervisory Board

Frans Blach Rossen, Chairman of the Board
Stig Dambmann
Claus Peter Vitting Nikolajsen
Henrik Birk Larsen
Jan Raymond Saksaa

Executive Board

Carsten Nørland, CEO
Per Johannesen Madsen, CFO
Michael Guldmann Petersen, COO

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management Commentary

	2021	2020	2019	2018	2017
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key figures					
Revenue	480.118	400.164	558.711	560.173	521.156
Gross profit/loss	178.684	97.568	214.893	258.366	119.728
Operating profit/loss	89.546	-540	129.106	174.900	54.193
Net financials	-17.143	-37.223	-43.007	-44.963	-4.930
Profit/loss for the year	71.376	-24.580	86.963	129.580	56.370
Total assets	1.180.412	1.231.127	1.260.602	1.518.696	1.340.311
Investments in property, plant and equipment	13.972	18.281	21.970	4.109	1.487.307
Equity	206.033	134.657	159.237	219.352	347.597
Average numbers of employees	73	76	83	87	87
Ratios					
Gross margin (%)	37,2	24,4	38,5	46,1	23,0
Net margin (%)	14,9	-6,1	15,6	23,1	10,8
Return on equity (%)	41,9	-16,7	45,9	45,7	17,8
Equity ratio (%)	17,5	10,9	12,6	14,4	25,9
Revenue per employee	6.577	5.265	6.731	6.439	5.990

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$

Management Commentary

Primary activities

The Company's primary activities are to operate ferries on the route Gedser-Rostock.

Development in activities and financial position

The financial year 2021 shows a profit for the year of DKK 71,376 thousands, which is DKK 95,956 thousands higher than 2020. As of 31 December 2021, total assets were DKK 1,180,412 thousands (2020: DKK 1,231,127 thousands) with a total equity of DKK 206,033 thousands (2020: DKK 134,657 thousands).

The performance is considered satisfactory.

For a detailed description of finances and activities, we refer to the Group Financial Statements of Scandlines Infrastructure ApS.

Outlook

COVID-19 continued to impact our business in large parts of 2021 as car and passenger traffic was significantly affected by travel restrictions and quarantine measures imposed by political decision makers in Germany and Denmark to limit the spread of COVID-19.

Traffic figures were most severely affected by the restrictions in the first half of 2021, and traffic rebounded swiftly during the summer on the back of the introduction of COVID-19 certificates until restrictions were reinstated in the autumn. Freight traffic grew despite the continued impact from COVID-19 and countermeasures.

We continued to take precautionary measures to protect our employees, customers and partners during the outbreak of COVID-19. We maintained contingency planning and ensured compliance with recommendations and regulatory demands through training sessions and other proactive initiatives.

The Company has during the financial year received Covid-19 compensation for fixed costs. We did not make use of the state salary compensation scheme in Denmark during 2021.

In 2022, we expect car and passenger traffic as well as shopping and bus travel to be significantly impaired by the effects of COVID-19. Freight traffic is expected to remain at a relatively stable and high level throughout the year.

Due to the high degree of uncertainty and very low visibility, management is currently not in a position to provide precise financial guidance for 2022.

Particular risks

The most material financial risks are currency, oil and credit risks, which only occur in relation to the operating activities.

To mitigate the potential impact of the financial risks, the Company has taken an active approach to risk management with a view to identifying and reviewing risk areas and determining how to manage these risks.

We refer to the "Risk management" in the Group financial statements of Scandlines Infrastructure ApS for a detailed description.

Intellectual capital resources

The Company continuously improves operational efficiency to maintain a strong competitive position against established competitors. In addition, qualified employees and management is critical to our success in the long term.

We refer to the "Risk management" in the Group financial statements of Scandlines Infrastructure ApS for a detailed description.

Staff

The company employed an average of 73 people in the financial year 2021, which is a decrease of three persons compared to 2020.

We continuously work to optimize the psychical and mental work environment. All work related to security is coordinated by the security group. Additionally, we have a constructive dialogue on the development.

Statutory report on corporate social responsibility and data ethics cf. 99a and 99d of the Danish Financial Statements Act

For our statutory statement on social responsibility in accordance with sections 99a of the Danish Financial Statements Act, we refer to the Sustainability report from our parent company Scandlines Infrastructure Aps (CVR: 38 10 32 45). The report can be found here:

[Annual report and Sustainability report | Scandlines](#) where our account on Scandlines' data ethics policy is also available in accordance with section 99d of the Danish Financial Statements Act.

Statutory report on the underrepresented gender cf. 99b of the Danish Financial Statements Act

The Supervisory Board of the Scandlines Gedser-Rostock ApS, currently do not have any female members elected by the general assembly. The reason is that there has not been any replacement in The Supervisory Board in 2021.

The objective of the Group is within a period of four years to have one female Board member, elected on a general assembly.

Scandlines operates in the maritime industry where many of the jobs are very gender specific due to the special working environment. The intake on the educations needed for a job in Scandlines is also very gender specific which makes it challenging to find candidates of the underrepresented gender in many areas. Further is the unemployment rate in Denmark very low for the time being which also brings down the number of suitable candidates. Scandlines does not work with quota but always employs the best-suited candidate for the job and works to make our advertisements as gender neutral as possible to attract both gender to all our open positions.

Scandlines has signed the Charter of Women in shipping and in 2021 participated in the UN Global Compact program “Target Gender Equality”.

Scandlines will continue to have focus on improving the balance of the underrepresented gender in the coming year.

Income statement for 2021

	Note	2021 DKK'000	2020 DKK'000
Revenue	1	480.118	400.164
Other operating income	2	31.324	5.934
Cost of raw materials and consumables		-162.292	-167.885
Other external expenses		-170.466	-140.645
Gross profit / loss		178.684	97.568
Salary expenses	3	-35.197	-35.250
Other operating costs		0	-12.118
Depreciation	4	-53.941	-50.740
Operating profit / loss		89.546	-540
Financial income	5	3.919	23.574
Financial expenses	6	-21.062	-60.797
Profit / loss before tax		72.403	-37.763
Tax on profit for the year	7	-1.027	13.183
Profit / loss for the year	8	71.376	-24.580

Balance sheet at 31-12-2021

	Note	31-12-2021 DKK'000	31-12-2020 DKK'000
Land and buildings		56.765	58.914
Plant and machinery		210.638	218.007
Vessels		868.480	911.862
Right-of-use assets		0	20
Assets under construction		13.620	670
Tangible assets	9	1.149.504	1.189.473
Fixed assets		1.149.504	1.189.473
Finished goods		1.675	1.159
Inventories		1.675	1.159
Trade receivables		27.298	23.459
Receivable from affiliated companies		0	2.054
Other receivables		1.804	917
Corporate tax receivables		0	13.903
Receivables		29.102	40.333
Cash		131	162
Current assets		30.908	41.654
Assets		1.180.412	1.231.127

Balance sheet at 31-12-2021

	Note	31-12-2021 DKK'000	31-12-2020 DKK'000
Share capital		30.000	30.000
Retained earnings		106.033	104.657
Proposed dividend		70.000	0
Equity		206.033	134.657
Other payables	10	945	0
Leasing debt		0	20
Long term liabilities		945	20
Trade payables		13.447	11.115
Payables to affiliated companies		953.504	1.077.136
Other payables	10	4.789	6.252
Deferred income	11	1.695	1.674
Short term liabilities		973.435	1.096.450
Liabilities		974.379	1.096.470
Equity and liabilities		1.180.412	1.231.127
Contingent liabilities	12		
Operating lease commitments	13		
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Statement of changes in equity for 2021

	Share capital	Retained earnings	Proposed dividend	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2020	30.000	104.657	0	134.657
Profit / loss for the year	0	1.376	70.000	71.376
Equity at 31 december 2020	30.000	106.033	70.000	206.033

The share capital consists of 30.000 share of DKK 1.000 nominal.

Notes

	31-12-2021	31-12-2020
	DKK'000	DKK'000
1 Revenue		
Ferry transport	480.118	400.164
Total	480.118	400.164

Revenue from ferry transport is generated as part of the crossing to and from Gedser (Denmark) and Rostock (Germany).

2 Other operating income		
Catering and other income	31.324	5.934
Total other operating income	31.324	5.934

The Company has during the financial year received Covid-19 compensation for fixed costs.

In total, the Company received compensations of DKK 21.6 million in 2021 (2020: DKK 22.8 million) which have been recognized under other operating income.

3 Salary expenses		
Salaries and wages	-30.802	-30.960
Pension costs	-3.735	-3.856
Other social security expenses	-660	-434
Total salary expense	-35.197	-35.250

Average number of employees	73	76
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Salary	16.970	11.149
Bonus	29.858	13.859
Pension	1.876	1.614
Total remuneration of management	48.704	26.622

Supervisory Board	36	36
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The figures stated relates to the Executive Board's remuneration for handling the whole Scandlines Infrastructure Group. Thus, the figures stated is not recognised in the income statement of the Company. Therefore, only a minor part of the total remuneration is directly related to the work performed in Scandlines Gedser-Rostock ApS.

Notes

	31-12-2021	31-12-2020
	DKK'000	DKK'000
4 Depreciation and amortisations		
Depreciation of tangible and intangible assets	-53.941	-50.740
Total depreciations and amortisations	-53.941	-50.740
5 Financial income		
Interest from affiliated companies	3.919	23.027
Exchange rate adjustments	0	547
Total financial income	3.919	23.574
6 Financial expenses		
Interest to affiliated companies	-19.424	-60.792
Other interest expenses	0	-5
Exchange rate adjustments	-1.638	0
Total financial expenses	-21.062	-60.797
7 Tax on profit for the year		
Current tax	-47	1.903
Current tax previous year	-980	11.280
Total tax on profit for the year	-1.027	13.183
<p>The Company is committed to tonnage tax until 2030. The company does not expect to withdraw from the scheme and therefore no deferred tax of tonnage tax assets and liabilities has been recognized.</p>		
8 Proposed distribution of profit / loss		
Proposed dividend	70.000	0
Retained earnings	1.376	-24.580
Total retained earnings	71.376	-24.580

Notes

9 Tangible assets	Land and buildings	Plant and machinery	Vessels
Cost at 1 January	130.323	367.825	1.031.968
Additions	0	0	0
Transfer from assets under construction	0	0	1.021
Disposals	-1.312	-43.381	-8.416
Cost at 31 December	129.011	324.444	1.024.573
Depreciation at 1 January	-71.409	-149.818	-120.106
Depreciation for the year	-2.149	-7.369	-44.403
Reversed depreciation on assets sold/ disposed	1.312	43.381	8.416
Depreciation at 31 December	-72.246	-113.806	-156.093
Carrying amount at 31 December	56.765	210.638	868.480
	Other fixtures and fittings, tools and equipment	Right-of-use assets	Assets under construction
Cost at 1 January	448	495	670
Additions	0	0	13.972
Construction completed	0	0	-1.021
Disposals	-448	-495	0
Cost at 31 December	0	0	13.620
Depreciation at 1 January	-448	-476	0
Depreciation for the year	0	0	0
Reversed depreciation on assets sold/ disposed	448	476	0
Depreciation at 31 December	0	0	0
Carrying amount at 31 December	0	0	13.260

Notes

	31-12-2021	31-12-2020
	DKK'000	DKK'000
10 Other payables		
VAT and duties	0	819
Wages and salaries etc.	2.887	2.797
Holiday pay obligations	2.847	2.888
Other costs payables	0	21
Total other payables	5.734	6.525

Other payables falls due as following:

Current portion of non-current payables within 1 year	4.789	6.525
Non-current payables between 1 and 5 years	143	0
Non-current payables over 5 years	802	0
Total non-current payables	5.734	6.525

11 Deferred income

- Deferred income consists of received payments for booked crossings and deferred EU grants.

12 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax due is stated in the financial statements of Scandlines Infrastructure ApS, which is the management company in relation to joint taxation.

The Group's Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation taxes and withholding taxes may result in the Company's liability constituting a larger amount.

The Company is jointly and severally liable for the subsidiaries intra-group accounts in the Scandlines ApS Group's cash pool arrangement.

Notes

13 Operating lease commitments

The Company has entered into operating lease agreements for Vessels where future minimum lease payments amounts to:

	31-12-2021	31-12-2020
	DKK '000	DKK '000
Within 1 year	54.593	55.455
Between 1 and 5 years	209.965	213.408
After 5 years	135.252	186.552
Total	399.810	455.415

14 Assets charged and collateral

The bank debt of Scandlines ApS is secured by collateral in the Company's receivables from Group entities, vessels and other assets as well as cash.

The Company has joint and several liability with other group entities for the Scandlines ApS' financing arrangement.

15 Transactions with related parties

There have not been transactions between the company and its related parties which are not carried out under normal market conditions.

16 Group relations

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

Scandlines Infrastructure ApS, Copenhagen

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

Scandlines Infrastructure ApS, Copenhagen

17 Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the annual report.

Summary of significant accounting policies

Reporting class

The Financial Statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large) and the Company has adopted International Financial Reporting Standards IFRS 9 and 15.

The accounting policies applied are consistent with those applied last year.

The Financial Statement has been presented in TDKK.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation because of a prior event, and it is probable that future economic benefits will flow out of the Company, 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 Financial Statements 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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. 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 one 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. Fixed assets purchased in foreign currencies are translated using historical rates.

Leases

Leases where the Group has all significant risks and rewards of ownership (Finance lease) are recognized in the balance sheet at the lower of the fair value of the asset and the present value of the lease payments, calculated using the lease's internal interest rate or an approximate value thereof as a discount factor.

The finance leased assets are depreciated and written down according to the same practice as established for the Group's other fixed assets. The capitalized residual lease liability is recognized in the balance sheet as a debt liability and the interest portion of the lease payment is expensed on an ongoing basis in the income statement. All other leases are considered operating leases. Benefits in connection with operational leasing are recognized on a straight-line basis in the income statement over the leasing period.

Income statement**Revenue**

Revenue relating to passenger and cargo ferrying is recognised in the income statement when the control of the service has passed to the customer at the departure time of the vessel.

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

Other operating income

Other operating income and other operating expenses comprises income and cost of a secondary nature to the Company's primary activities.

Costs of raw materials and consumables

The operating expenses for vessels comprise consumables applied for current operations of vessels, expenses of unplanned shipyard and expenses of current maintenance of safety level on the vessels. Furthermore expenses for changes to the hulls of the vessels or for accommodation construction which did not increase the value in use are included.

Dry docking costs are recognised in the carrying amount of vessels when incurred and depreciated over the period until the next dry docking.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for it-costs, marketing costs, premises and various corporate costs, etc. This item also includes write-downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for Company's staff.

Depreciation, amortisation and impairment losses

Intangible assets and property, plant and equipment are amortized or depreciated straight-line on the basis of the individual estimate of their useful lives.

Financial income

Financial income comprises interest income, currency gains etc. as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses

Financial expenses comprise interest expenses, bank charges, currency losses etc. 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 all Danish in the Scandlines Group. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

The Company joined the tonnage tax scheme with effect from 1 January 2002. Accordingly, the taxable income related to passenger and cargo ferrying has been calculated based on the tonnage for the year. Income related to other activities is taxed under the ordinary rules of corporate tax law.

The Company is committed to tonnage tax until 2030. The company does not expect to withdraw from the scheme and therefore no deferred tax of tonnage tax assets and liabilities has been recognised.

Balance sheet**Property, plant and equipment**

Vessels, land and buildings, harbour plant and harbour installations as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Vessels	35-45 years
Docking assets	2-5 years
Buildings	40 years
Harbor facilities and harbor installations	40 years
Other fixtures and fittings, tools and equipment	3-5 years

The carrying amounts of property, plant and equipment are reviewed regularly, at least once a year, to determine any indication of impairment. If such indication exists, the recoverable amount of the asset is determined.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Recoverable amount is the higher of value in use (present value of the future net payments) and selling price (broker assessment) less expected selling costs.

Management have in 2021 reassessed the useful life and residual values of vessels. The reassessment has no material impact on 2021 and the depreciation in 2022 will decrease with 9.7 mio. DKK .

Gains and losses from the sales of property, plants and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains and losses are recognised in the income statement under other operating income/other operating expenses.

Costs related to planned periodical repairs and maintenance work (docking costs) are capitalized and depreciated straight-line over the period until the next anticipated docking, typically two-five years.

Inventories

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

The cost of inventory consists of the acquisition price plus delivery costs.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad debts.

Receivables / Payables from affiliated companies

Receivables or payable from affiliated companies comprises intercompany trade balances, deposits and debt in the intercompany Cash pool managed by affiliated Company. The Cash pool comprises cash in various currencies and interest is applied on the cash position by arm-lengths principle.

Cash

Cash comprises cash in hand and bank deposits.

Long term liabilities

Long term liabilities comprise long term holiday allowance.

Other financial liabilities

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

Income tax receivable or payable

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The Company has according to the Danish Financial Statements Act §86, paragraph 4 omitted to produce a cash flow statement.

