
Umove A/S

Faverland 7, DK-2600 Glostrup

Annual Report for 2022

CVR No. 35 37 99 75

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 4/5 2023

Ole Steensbro
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Umove A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Glostrup, 4 May 2023

Executive Board

Annelise Arboe Sommer
CEO

Ole Steensbro
CFO

Tim Valbøll
COO

Board of Directors

Johnny Børge Hansen
Chairman

Jérôme Maurice Olivier Emile
Joseph Jeauffroy

Stefan Konrad Weis

Kjell Gunnar Schön

Independent Auditor's report

To the shareholder of Umove A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Umove A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's report

- 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient 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.

Hellerup, 4 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorised Public Accountant

mne28703

Kenneth Østergaard

State Authorised Public Accountant

mne47262

Company information

The Company	Umove A/S Faverland 7 DK-2600 Glostrup CVR No: 35 37 99 75 Financial period: 1 January - 31 December Incorporated: 12 June 2013 Financial year: 10th financial year Municipality of reg. office: Albertslund
Board of Directors	Johnny Børge Hansen, chairman Jérôme Maurice Olivier Emile Joseph Jeauffroy Stefan Konrad Weis Kjell Gunnar Schön
Executive board	Annelise Arboe Sommer Ole Steensbro Tim Valbøll
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,002,289	729,791	694,827	686,797	580,799
Gross profit/loss	705,180	535,474	514,741	501,641	413,329
Profit/loss before financial income and expenses	38,643	28,009	25,222	25,108	12,711
Profit/loss of financial income and expenses	-15,732	-11,115	-11,095	-9,886	-6,781
Net profit/loss	17,670	10,865	18,779	12,923	2,987
Balance sheet					
Balance sheet total	1,015,591	771,373	663,854	665,499	568,615
Investment in property, plant and equipment	292,329	-196,935	-66,964	-93,075	-67,566
Equity	107,530	100,725	108,639	102,783	93,026
Cash flows					
Cash flows from:					
- operating activities	119,777	78,414	99,190	86,718	47,950
- investing activities	-287,677	-190,770	-61,216	-162,001	-65,216
- financing activities	189,640	69,219	-66,964	105,696	983
Change in cash and cash equivalents for the year	21,740	-43,137	12,323	30,413	-16,283
Number of employees	1,138	949	946	974	890
Ratios					
Profit margin	3.9%	3.8%	3.6%	3.7%	2.2%
Solvency ratio	10.6%	13.1%	16.4%	15.4%	16.4%
Return on equity	17.0%	10.4%	17.8%	13.2%	3.1%
Solvency Ratio incl. Subordinated loan	21.9%	23.1%	28.0%	27.1%	22.9%

Management's review

Key activities

The main activity of the Group is to provide public transport services for the Public Transport Authorities of the Regions and Municipalities in Denmark.

Development in the year

The income statement of the Group for 2022 shows a profit of TDKK 17,670, and at 31 December 2022 the balance sheet of the Group shows positive equity of TDKK 107,530.

Umove provides transport services for 4 out of 5 regional Public Transport Authorities (PTA) and 2022 was characterized by continued growth.

During 2022 Umove increased the operation in the Copenhagen area in Bagsværd (Gladsaxe) with 33 electrical buses and opened a small new site in Ringsted. In Mid Jutland, Umove started a new contract for 36 electric vehicles and 6 CNG buses in the summer of 2022.

During 2022 Umove has also been awarded new contracts with electrical buses in Movia A21 tender and ST18. A total of more than 120 new electrical vehicles with a contract period of minimum 12 years. Both contracts will begin in 2023. Umove thereby maintain its position as a market leader in Denmark with operation of buses, where the share of electrical buses continues to increase.

The Profit before tax of the year is in line with management's expectations.

Special risks - operating risks and financial risks

Operating risks

The Group is not assessed to be exposed to any special risks. The Group's most important customers are the Public Transport Authorities (PTA), and the service contracts are typically concluded for a long period of time with the possibility of extension; thus, the service contracts match the useful lives of the buses. In connection with the delivery of new buses, Umove ensures a repurchase guarantee from the manufacturer/supplier which matches the terms of the service contracts whenever relevant.

Market risks

The Group is not subject to any special price risks as the indexation of contract payments from the Public Transport Authorities includes general fluctuations in wage levels, interest rate levels and fuel prices.

Interest rate risks

The interest-bearing debt constitutes a material amount in the Group. Changes to the interest rate level are, however, included in the indexation of the service contracts with the Public Transport Authorities and, therefore, increases in interest rates do not constitute any significant risk for the Group.

Credit risks

The debtor risk is considered very limited as the Group's major customers are the Public Transport Authorities.

Strategy

The group is mainly focused on expanding the business through successful tendering in the public transport bus market but is also open for M&A opportunities if they support the positive development of the group.

Management's review

Targets and expectations for the year ahead

2023 will be focused on mobilization of new operations in the Copenhagen area (Movia A21) and in Fredericia (ST18). At the same time a lot of operations is being tendered and Umove expects, every next 4-5 years, to bid for tenders covering more than 300 vehicles, and an annual turnover of more than 1 bDKK per year.

Profit before tax in 2023 is expected to be at the level of mDKK 26-28, reflecting the latest tender wins.

Statement of corporate social responsibility

For a short description of our business model, see the section "Key activities" on page 7.

It is Umove's policy to consider social and environmental issues as well as corporate governance when making decisions and in its day-to-day operations. We adhere to the UN Global Compact initiative and support a set of basic values within human rights, employee rights, environment, and anti-corruption:

Human rights

- 1) Umove supports and respects the protection of internationally proclaimed human rights; and
- 2) we ensure that we do not participate in the infringement of human rights.

Umove has moreover implemented the following diversity policy:

"We see diversity as a strength for our Company. We appreciate working together across differences in age, gender, religion, sexuality, and ethnicity. We believe that diversity inspires and builds strength, and we provide equal opportunities for everyone by being flexible and showing individual considerations. We have room for diversity, and any attempt at discrimination and bullying, etc. is prohibited and will result in dismissal. If you need special attention or special conditions, please talk to your manager. We will be pleased to accommodate your wishes if possible, taking into consideration the overall interests of the Company".

The Company activities are continuously reviewed by senior management, employee representatives and the various works council functions as described in Danish law. The company also has a whistle blower arrangement in place which gives all employees an opportunity to report any deviating behavior anonymously. Based on that, risk of breach of the human rights policies of the company are regarded as low.

Actions in 2022:

1. Considering the continuous organic growth, Umove has during 2022 strengthened focus on the People agenda and initiated various initiatives to improve engagement, satisfaction, and competence upgrades.
2. Update of our purchase agreements with the main suppliers to secure that they meet our standards in terms of staff conditions and environmental protection. The process is ongoing as agreements are renewed but the initiative has not yet given reason to any disputes with suppliers.
3. Visits to our main suppliers (i.e., vehicle manufacturers) to check relevant conditions are met. The pandemic has stopped this initiative, but we expect to be able to reactivate traveling in 2023.

Employee rights

Umove

- 1) ensures the freedom of association of its employees and recognizes their right to and need for collective bargaining.
- 2) supports the elimination of any type of forced labor.
- 3) rejects child labor; and
- 4) eliminates any discrimination in conditions of work and employment.

Management's review

Moreover, Umove has implemented the following occupational health and safety policy:

"A good working environment is an important condition for being able to provide the right services to our passengers. Naturally, the physical environment and tools must be in working order, but we also look positively at our cooperation in our environmental organization, with trade organizations and external partners who help us map employee satisfaction. Such initiatives are always backed up by action plans that can contribute to improving our working environment."

Actions in 2022:

The first full scale employee engagement survey was carried out among all employees in Umove. In general, the engagement results are satisfying and were used to launch various new initiatives to improve the general employee satisfaction. In 2023 the next survey will be made to track improvements and highlight new focus areas of people engagement.

The HR function has been strengthened to support the growth of the group and strengthen people engagement activities, pre-, on- and offboarding processes as well as upgrading leadership capabilities.

Environment and work environment

Umove

- 1) supports a precautionary approach to environmental challenges.
- 2) takes initiatives to promote a high level of environmental responsibility; and
- 3) encourages the development and dissemination of environmentally sound technologies.

Moreover, Umove is ISO 14001 and ISO 45001 certified and has implemented the following environmental policy:

"Even though public transport contributes to an overall reduction of transport emissions into the environment, we do have an impact on the environment. We use fossil fuel, chemicals and generate waste. We produce noise and have an overall impact on the surroundings. Both locally and globally. Therefore, it is a matter of the heart for us to minimize our impact on the environment by always being prepared to experiment with alternative technologies and energy sources when requested by the Public Transport Authorities. We are pleased to lead the way and to assume a calculated risk daily assisted by our environmental management system ISO 14001, which ensures that we work systematically with our environmental impact. We aim continuously at reducing our consumption of resources and our environmental impact through, for example, our systems and follow up on fuel consumption. On locations where new buses operate, we have invested in technology that assist the drivers in "green driving". If we can reduce our fuel consumption, we reduce both the environmental impact and save money.

Actions in 2022:

Denmark as a country is on the road to full electrification of bus operations. We are investing heavily in electric vehicles and charging infrastructure and expect this process to continue until around 90% of the market has been tendered (during the coming 4-7 years). Only very few tenders allow for the use of fossil fuels, and where electrification is not yet possible (if high speed is required), the Public Transport Authorities typically require the use of HVO. Umove have ordered more than 120 electric vehicles to be delivered in 2023 and 2024.

Anti-corruption and bribery

The company is engaged with a significant low number of customers (4 public transport authorities and a limited number of municipalities) in a very regulated tendered marketplace with objective and transparent criteria for assignment of contracts. Representatives of management are fully informed of the company's rules in respect of gift's etc. It is the company's policy that no employees are allowed to receive gifts. All commercial activities towards our clients are managed by senior management. Commercial agreements are not agreed or signed by any employee, but senior management. In respect of supplier agreements, the same rules apply. It is part of the scope of the external auditors' activities to report any occurring or suspected occurrence to senior management and ultimately the company board of directors.

Management's review

In 2022, no suspected occurrences were reported.

The company always adheres to relevant local and international legislation and follows development in this area closely and will continuously assess if further initiatives regarding anti-corruption are necessary.

Statement on gender composition

Target figure for the underrepresented gender on the Board of Directors

The Board of Directors of Umove A/S comprises 4 members elected at the General Meeting none of whom are women. Representation of men/women on the Company's Board of Directors: 4/0.

Umove A/S has a target of 20% female board members by 2025. Currently we have not met this target as no female board members were elected in 2022.

The management board of the company and its subsidiaries comprises 3 executive directors, 2 men and 1 woman.

Target figure for the underrepresented gender on the Board of Directors in Umove Øst A/S and Umove Vest A/S

Umove Øst A/S and Umove Vest A/S have the same Board of Directors, consisting of 2 male and 1 female member. Both companies have a target of 33% female board members and hence we meet the target.

Policy for the underrepresented gender at other management levels

The Group's policy is for several initiatives and guidelines to be set out on a current basis to ensure that everyone, irrespective of gender, is assessed based on a combination of professional qualifications and the competencies required for holding an executive position in the Group. The recruitment of employees in the Group is moreover to take place in accordance with this policy.

While it is strictly against the Group's policy to discriminate based on gender, the Group acknowledges that women are underrepresented. This is mainly due to the industry, which has traditionally been overrepresented by men. Consequently, the Group is striving for increasing the share of women at all levels of the organization, although the candidate with the best professional qualifications always will be chosen. This goes for recruitments as well as promotions. To increase awareness and interest from female applicants, the Group participates in job fairs throughout the country, where colleagues share information about how it is to work as a driver, mechanic, etc. Whenever possible, female colleagues participate as well. In addition, the company culture encourages frequent 1:1 meeting between employee and manager, where personal development as well as management responsibility can be discussed. Based on these initiatives, the Group is currently satisfied with the gender split at other management levels and hope to see progress on this front in the coming years.

Other Policies

Besides the above, Umove has laid down guidelines for the Company's day-to-day staff management (values for being a good colleague and rules for a good management style) and staff policy principles in staff manuals.

Umoves vision is to connect people by building a better future through sustainable mobility solutions, and we aim to achieve this by becoming the best mobility operator in Denmark. We believe that we can help take a very important social responsibility as well as environmental responsibility by providing sustainable mobility solutions that contribute to a greener future.

Umove have four core values that guide our operations: integrity, vigour, business acumen, and ownership. These values represent our commitment to providing top-notch services to our customers and passengers, are guiding principles to all colleagues in Umove while conducting ourselves with honesty, energy, and accountability.

Management's review

Our staff policy includes, among other things, the following in day-to-day cooperation:

- We do our best and take responsibility for our actions.
- We treat each other with respect and talk nicely to each other.
- We ask if there is something that we do not understand and expect a proper answer.
- We help each other as best we can.
- We stop rumors before they become a problem.
- We have humour but make sure that it is understood and is not hurtful.
- We appreciate our differences and see it as a strength.
- We do what we can to keep each other informed, and our working language is Danish.

Rules for good Umove leadership:

- Tell your employees what you expect from them
- Expect that your employees do their best and provide feedback to make clear if that is not the case
- Don't ask for suggestions when you have decided
- Appreciate a good effort
- Practice as you preach
- Be well mannered and organised
- Have focus on the ball never the man/woman
- Always state reasons for refusals

ESG and target figures

The company keeps track of agreed targets on all relevant parameters, such as energy consumption, waste and emissions and staff related issues such as absence, work injuries etc.

Yearly, Umove conduct a Co2 analyses that demonstrates our ability to reduce the impact on society and hence our social responsibility.

Statement on data ethics

Umove doesn't use advanced technologies such as artificial intelligence or machine learning. The company handles general data such as customer data and employee data. Data are processed in accordance with GDPR. With the limited processing of data, it is the company's assessment that there is no need for a specific policy on data ethics. The company will continuously assess whether a policy is necessary.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022 have not been affected by any unusual events.

Subsequent events

We refer to note 19.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Revenue	1	1,002,289	729,791	12,587	11,526
Other operating income		4,688	1,559	0	0
Expenses for raw materials and consumables		-245,653	-152,318	0	0
Other external expenses		-56,144	-43,558	-2,548	-3,058
Gross profit		705,180	535,474	10,039	8,468
Staff expenses	2	-575,124	-437,022	-9,944	-8,428
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-91,413	-70,443	-25	-41
Profit/loss before financial income and expenses		38,643	28,009	70	-1
Income from investments in subsidiaries		0	0	20,125	11,563
Financial income	3	60	194	7,769	1,207
Financial expenses	4	-15,792	-11,309	-10,985	-2,093
Profit/loss before tax		22,911	16,894	16,979	10,676
Tax on profit/loss for the year	5	-5,241	-6,029	691	189
Net profit/loss for the year	6	17,670	10,865	17,670	10,865

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Acquired other similar rights		2,533	4,137	0	0
Goodwill		31,468	40,182	0	0
Development projects in progress		12,087	0	0	0
Intangible assets	7	46,088	44,319	0	0
Land and buildings		66,193	68,678	0	0
Other fixtures and fittings, tools and equipment		712,631	516,292	24	35
Leasehold improvements		12,366	3,454	0	0
Property, plant and equipment in progress		10,957	30,783	0	0
Prepayments for property, plant and equipment		14,895	0	0	0
Property, plant and equipment	8	817,042	619,207	24	35
Investments in subsidiaries	9	0	0	621,982	123,583
Receivables from group enterprises	10	0	0	0	288,490
Deposits	10	3,808	2,930	0	0
Fixed asset investments		3,808	2,930	621,982	412,073
Fixed assets		866,938	666,456	622,006	412,108
Finished goods and goods for resale		23,883	22,102	0	0
Inventories		23,883	22,102	0	0

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Trade receivables		53,330	33,204	0	0
Receivables from group enterprises		0	0	67,132	71,489
Other receivables		30,118	29,323	342	389
Deferred tax asset	13	0	0	644	150
Corporation tax receivable from group enterprises		109	0	197	46
Prepayments		7,695	8,728	0	0
Receivables		91,252	71,255	68,315	72,074
Current asset investment	11	5,289	5,071	0	0
Cash at bank and in hand		28,229	6,489	4,281	3,020
Current assets		148,653	104,917	72,596	75,094
Assets		1,015,591	771,373	694,602	487,202

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital	12	4,559	4,559	4,559	4,559
Revaluation reserve		0	792	0	0
Reserve for net revaluation under the equity method		0	0	68,425	68,301
Reserve for development costs		9,428	0	0	0
Retained earnings		75,873	84,509	16,876	17,000
Proposed dividend for the year		17,670	10,865	17,670	10,865
Equity		107,530	100,725	107,530	100,725
Provision for deferred tax	13	22,183	17,047	0	0
Provisions relating to investments in group enterprises		0	0	1,103	89
Provisions		22,183	17,047	1,103	89
Subordinate loan capital		1,108	3,324	1,108	3,324
Mortgage loans		21,527	24,090	0	0
Credit institutions		468,359	313,776	0	0
Lease obligations		9,543	17,934	0	0
Payables to group enterprises		113,546	74,080	525,809	362,570
Other payables		48,287	40,059	0	0
Long-term debt	14	662,370	473,263	526,917	365,894

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	14	2,548	2,690	0	0
Credit institutions	14	85,642	65,579	33	0
Lease obligations	14	8,699	10,828	0	0
Trade payables		50,404	49,310	266	459
Payables to group enterprises		3,391	2,438	55,518	17,620
Payables to group enterprises relating to corporation tax		0	41	0	0
Other payables	14	72,824	49,452	3,235	2,415
Short-term debt		223,508	180,338	59,052	20,494
Debt		885,878	653,601	585,969	386,388
Liabilities and equity		1,015,591	771,373	694,602	487,202
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Subsequent events	19				
Accounting Policies	20				

Statement of changes in equity

Group

	Share capital	Revaluation reserve	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	4,559	792	0	84,509	10,865	100,725
Ordinary dividend paid	0	0	0	0	-10,865	-10,865
Dissolution of previous years' revaluation	0	-792	0	792	0	0
Development costs for the year	0	0	9,428	-9,428	0	0
Net profit/loss for the year	0	0	0	0	17,670	17,670
Equity at 31 December	4,559	0	9,428	75,873	17,670	107,530

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	4,559	68,301	17,000	10,865	100,725
Ordinary dividend paid	0	0	0	-10,865	-10,865
Dividend from group enterprises	0	-20,000	20,000	0	0
Net profit/loss for the year	0	20,124	-20,124	17,670	17,670
Equity at 31 December	4,559	68,425	16,876	17,670	107,530

Cash flow statement 1 January - 31 December

	Note	Group	
		2022	2021
		TDKK	TDKK
Result of the year		17,670	10,865
Adjustments	15	118,093	94,092
Change in working capital	16	-254	-13,474
Cash flow from operations before financial items		135,509	91,483
Financial income		60	194
Financial expenses		-15,792	-13,263
Cash flows from ordinary activities		119,777	78,414
Corporation tax paid		0	0
Cash flows from operating activities		119,777	78,414
Purchase of intangible assets		-3,381	0
Purchase of property, plant and equipment		-292,330	-195,938
Fixed asset investments made etc		0	1
Sale of property, plant and equipment		8,034	5,167
Cash flows from investing activities		-287,677	-190,770
Repayment of mortgage loans		-2,705	0
Reduction of lease obligations		-10,520	0
Repayment of payables to group enterprises		2,216	1,953
Repayment of other long-term debt		-2,216	-1
Raising of mortgage loans		0	282
Raising of loans from credit institutions		174,646	72,267
Lease obligations incurred		0	4,736
Raising of payables to group enterprises		38,203	21
Raising of other long-term debt		881	8,740
Dividend paid		-10,865	-18,779
Cash flows from financing activities		189,640	69,219
Change in cash and cash equivalents		21,740	-43,137
Cash and cash equivalents at 1 January		6,489	49,626
Cash and cash equivalents at 31 December		28,229	6,489
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		28,229	6,489
Cash and cash equivalents at 31 December		28,229	6,489

Notes to the Financial Statements

Group		Parent company	
2022	2021	2022	2021
TDKK	TDKK	TDKK	TDKK

1. Revenue

Geographical and business segments

Busservices, Sealand	468,863	250,453	0	0
Busservices, Jutland	524,987	472,448	0	0
Other revenue	8,440	6,890	12,588	11,526
	1,002,289	729,791	12,587	11,526

Group		Parent company	
2022	2021	2022	2021
TDKK	TDKK	TDKK	TDKK

2. Staff Expenses

Wages and salaries	514,205	389,052	9,135	7,516
Pensions	41,790	32,938	738	806
Other social security expenses	9,470	7,375	40	72
Other staff expenses	9,659	7,657	31	34
	575,124	437,022	9,944	8,428

Including remuneration to the Executive Board:

Executive board	8,806	4,896	8,806	4,896
Board of directors	0	0	0	0
	8,806	4,896	8,806	4,896

Average number of employees	1,138	949	5	3
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Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
3. Financial income				
Interest received from group enterprises	0	0	7,769	1,207
Other financial income	60	194	0	0
	60	194	7,769	1,207

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
4. Financial expenses				
Interest paid to group enterprises	2,742	2,013	10,878	2,087
Other financial expenses	13,050	9,296	107	6
	15,792	11,309	10,985	2,093

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
5. Income tax expense				
Current tax for the year	105	-603	-197	-46
Deferred tax for the year	5,136	6,632	-494	-143
	5,241	6,029	-691	-189

Notes to the Financial Statements

	<u>Parent company</u>	
	2022	2021
	TDKK	TDKK
6. Profit allocation		
Proposed dividend for the year	17,670	10,865
Reserve for net revaluation under the equity method	20,124	11,563
Retained earnings	<u>-20,124</u>	<u>-11,563</u>
	<u>17,670</u>	<u>10,865</u>

7. Intangible fixed assets

Group

	Acquired other similar rights	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	10,299	92,582	0
Additions for the year	0	0	3,381
Transfers for the year	0	0	8,706
Cost at 31 December	<u>10,299</u>	<u>92,582</u>	<u>12,087</u>
Impairment losses and amortisation at 1 January	6,162	52,400	0
Amortisation for the year	1,604	8,714	0
Impairment losses and amortisation at 31 December	<u>7,766</u>	<u>61,114</u>	<u>0</u>
Carrying amount at 31 December	<u>2,533</u>	<u>31,468</u>	<u>12,087</u>

Development projects consist of the development of internal software for use in planning and disposition, and are capitalized in accordance with applicable requirements for recognition.

Notes to the Financial Statements

8. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	92,919	885,619	7,436	30,783	0
Additions for the year	210	258,950	156	18,120	14,895
Disposals for the year	-1,046	-65,917	0	0	0
Transfers for the year	882	1,174	9,960	-37,946	0
Cost at 31 December	92,965	1,079,826	17,552	10,957	14,895
Revaluations at 1 January	882	0	0	0	0
Transfers for the year	-882	0	0	0	0
Revaluations at 31 December	0	0	0	0	0
Impairment losses and depreciation at 1 January	25,123	369,327	3,982	0	0
Depreciation for the year	1,987	77,852	1,204	0	0
Impairment and depreciation of sold assets for the year	50	0	0	0	0
Reversal of impairment and depreciation of sold assets	-388	-61,878	0	0	0
Transfers for the year	0	-18,106	0	0	0
Impairment losses and depreciation at 31 December	26,772	367,195	5,186	0	0
Carrying amount at 31 December	66,193	712,631	12,366	10,957	14,895
Including assets under finance leases amounting to	0	15,174	0	0	0

Notes to the Financial Statements

Parent company

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 January	85
Additions for the year	14
Cost at 31 December	<u>99</u>
Impairment losses and depreciation at 1 January	50
Depreciation for the year	25
Impairment losses and depreciation at 31 December	<u>75</u>
Carrying amount at 31 December	<u>24</u>
Including assets under finance leases amounting to	<u>0</u>

Notes to the Financial Statements

	<u>Parent company</u>	
	2022	2021
	TDKK	TDKK
9. Investments in subsidiaries		
Cost at 1 January	55,191	55,153
Additions for the year	477,263	40
Cost at 31 December	<u>532,454</u>	<u>55,193</u>
Value adjustments at 1 January	68,301	56,738
Net profit/loss for the year	24,235	15,674
Amortisation of goodwill	-4,111	-4,111
Value adjustments at 31 December	<u>88,425</u>	<u>68,301</u>
Equity investments with negative net asset value transferred to provisions	<u>1,103</u>	<u>89</u>
Carrying amount at 31 December	<u>621,982</u>	<u>123,583</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Umove Service ApS	Glostrup	40	100%
Umove Vest A/S	Horsens	500	100%
UM Leasing Vest 2017 ApS	Horsens	50	100%
UM Leasing Vest 2018 ApS	Horsens	50	100%
UM Ejendomme Vest 2017 ApS	Horsens	50	100%
Umove Øst A/S	Glostrup	2.350	100%
UM Leasing Øst 2016 ApS	Glostrup	50	100%
UM Leasing Øst 2019 ApS	Glostrup	50	100%
UM Leasing Øst 2020 A/S	Glostrup	500	100%
UM Leasing Øst 2021 ApS	Glostrup	40	100%
UM Leasing Øst 2022 ApS	Glostrup	40	100%
UM Ejendomme Øst 2018 ApS	Glostrup	50	100%

The principle of simultaneity has been applied regarding dividends from subsidiaries and reserve for net revaluation under the equity method.

Notes to the Financial Statements

10. Other fixed asset investments

Group

	Deposits TDKK
Cost at 1 January	2,930
Additions for the year	878
Cost at 31 December	<u>3,808</u>
 Carrying amount at 31 December	 <u>3,808</u>

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Unlisted shares	5,289	5,071	0	0
	<u>5,289</u>	<u>5,071</u>	<u>0</u>	<u>0</u>

11. Securities

12. Share capital

	Number	Nominal value TDKK
A-shares	4,052,673	4,052
B-shares	506,501	506
C-shares	13	1
		<u>4,559</u>

The share capital consists of TDKK 4,559 shares of a nominal value of DKK 1. No shares carry any special rights.

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 January	17,047	10,415	-150	-7
Amounts recognised in the income statement for the year	5,136	6,632	-494	-143
Deferred tax liabilities at 31 December	22,183	17,047	-644	-150

14. 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:

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
After 5 years	1,108	3,324	1,108	3,324
Long-term part	1,108	3,324	1,108	3,324
Within 1 year	0	0	0	0
	1,108	3,324	1,108	3,324
Mortgage loans				
After 5 years	10,626	13,636	0	0
Between 1 and 5 years	10,901	10,454	0	0
Long-term part	21,527	24,090	0	0
Within 1 year	2,548	2,690	0	0
	24,075	26,780	0	0

Notes to the Financial Statements

Credit institutions

After 5 years	178,855	114,323	0	0
Between 1 and 5 years	289,504	199,453	0	0
Long-term part	<u>468,359</u>	<u>313,776</u>	<u>0</u>	<u>0</u>
Within 1 year	85,609	65,579	0	0
Other short-term debt to credit institutions	33	0	33	0
Short-term part	<u>85,642</u>	<u>65,579</u>	<u>33</u>	<u>0</u>
	<u>554,001</u>	<u>379,355</u>	<u>33</u>	<u>0</u>

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	9,543	17,934	0	0
Long-term part	<u>9,543</u>	<u>17,934</u>	<u>0</u>	<u>0</u>
Within 1 year	8,699	10,828	0	0
	<u>18,242</u>	<u>28,762</u>	<u>0</u>	<u>0</u>

Payables to group enterprises

After 5 years	113,546	74,080	525,809	362,570
Long-term part	<u>113,546</u>	<u>74,080</u>	<u>525,809</u>	<u>362,570</u>
Within 1 year	0	0	0	0
Other short-term debt to group enterprises	3,391	2,438	55,518	17,620
Short-term part	<u>3,391</u>	<u>2,438</u>	<u>55,518</u>	<u>17,620</u>
	<u>116,937</u>	<u>76,518</u>	<u>581,327</u>	<u>380,190</u>

Other payables

After 5 years	16,932	18,687	0	0
Between 1 and 5 years	31,355	21,372	0	0
Long-term part	<u>48,287</u>	<u>40,059</u>	<u>0</u>	<u>0</u>
Within 1 year	194	113	0	0
Other short-term payables	72,630	49,339	3,235	2,415
	<u>121,111</u>	<u>89,511</u>	<u>3,235</u>	<u>2,415</u>

In the payables to group enterprises TDKK 113,546 regards subordinated loan capital from the group's investors which is due 31 December 2029. The repayment of the principal amount of the loan is subordinated to all other present and future obligations, including claims according to the Danish Bankruptcy Act.

Notes to the Financial Statements

	Group	
	2022	2021
	TDKK	TDKK
15. Cash flow statement - Adjustments		
Financial income	-60	-194
Financial expenses	15,792	11,309
Depreciation, amortisation and impairment losses, including losses and gains on sales	88,076	68,884
Tax on profit/loss for the year	5,241	6,029
Other adjustments	9,044	8,064
	118,093	94,092

	Group	
	2022	2021
	TDKK	TDKK
16. Cash flow statement - Change in working capital		
Change in inventories	-1,781	-1,894
Change in receivables	-20,986	-26,876
Change in trade payables, etc	22,513	15,296
	-254	-13,474

Notes to the Financial Statements

Group		Parent company	
2022	2021	2022	2021
TDKK	TDKK	TDKK	TDKK

17. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

The following assets have been placed as security with mortgage credit institutes, bankers and credit institutes:

Mortgage deed with a nominal value of TDKK 526,869 in the group's machinery with a carrying amount of	596,429	395,385	0	0
Company charges with a nominal value of TDKK 29,000 in the group's immaterial rights, operating equipment, inventory, and claims with a carrying amount of	222,331	191,958	0	0
Mortgage deed with a nominal value of TDKK 60,971 in the group's land and buildings with a carrying amount of	100,897	70,584	0	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,753	1,461	378	315
Between 1 and 5 years	2,938	2,624	183	426
	4,691	4,085	561	741

Lease obligations, period of non-terminability 6-108 months	77,985	48,457	0	0
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Cube Denmark ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company is included in a joint VAT registration with the affiliated entities Umove Øst A/S and Umove Vest A/S and jointly severally liable for the total VAT and payroll tax.

The Parent Company has provided suretyship regarding the affiliated companies, Umove Vest A/S, Umove Øst A/S and UM Ejendomme Øst 2018 ApS, bank commitments. At 31 December 2022 the companies bank debt amounted to TDKK 19,208.

Notes to the Financial Statements

18. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Cube Denmark ApS	Parent company
Cube II Transport S.à.r.l	Ultimate parent company

Transactions

All transactions with related parties are on arms-length terms, why no transaction are disclosed according with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Cube Denmark ApS	Glostrup

19. Subsequent events

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

Notes to the Financial Statements

20. Accounting policies

The Annual Report of Umove A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

With reference to section 96 part 3 of the Danish Financial Statements Act, the remuneration of the auditor elected by the general meeting has not been disclosed.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Umove A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Notes to the Financial Statements

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Leases

Leases in terms of which the Group 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 Group.

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

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

Translation policies

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

Notes to the Financial Statements

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

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

Segment information on revenue

Information on business segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

Revenue comprise passenger transport, which is recognised in the income statement when delivery and transfer of risk have been made before year-end. The sale is considered effected based on the following criteria:

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

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 Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

Financial income and expenses

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

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.

The Company is jointly taxed with Danish Group Enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 2-20 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work.

Other intangible fixed assets

Contracts acquired is measured at cost less accumulated amortisation. Contracts is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

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.

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:

Notes to the Financial Statements

Production buildings	25-50 years
Other buildings	25-50 years
Other fixtures and fittings, tools and equipment	5-12 years
Leasehold improvements	5-12 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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.

Notes to the Financial Statements

Prepayments

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

Current Asset Investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Cash Flow Statement

The cash flow statement shows the Group'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 Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

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

Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$
Solvency Ratio incl. Subordinated loan	$\text{Equity at year end} + \text{subordinated loan} \times 100 / \text{Total assets at year end}$