
Umove A/S

Farverland 7, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2021

CVR No 35 37 99 75

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /5 2022

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 Annual Report of Umove A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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

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

Glostrup, 5 May 2022

Executive Board

Johnny Børge Hansen
CEO

Ole Steensbro
CFO

Tim Valbøll
COO

Board of Directors

Jérôme Maurice Olivier Emile
Joseph Jeuffroy
Chairman

Stefan Konrad Weis

Brice Masselot

Johnny Børge Hansen

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 2021 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 2021 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 2021, 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 Financials 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.

Independent Auditor's Report

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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- 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, 5 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Jesper Bo Winther
State Authorised Public Accountant
mne26864

Company Information

The Company

Umove A/S
Farverland 7
DK-2600 Glostrup

CVR No: 35 37 99 75
Financial period: 1 January - 31 December
Incorporated: 12 June 2013
Financial year: 9th financial year
Municipality of reg. office: Albertslund

Board of Directors

Jérôme Maurice Olivier Emile Joseph Jauffroy, Chairman
Stefan Konrad Weis
Brice Masselot
Johnny Børge Hansen
Kjell Gunnar Schön

Executive Board

Johnny Børge Hansen
Ole Steensbro
Tim Valbøll

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	729,790	694,827	686,797	580,799	559,081
Gross profit/loss	535,474	514,747	501,641	413,329	407,416
Profit/loss before financial income and expenses	28,010	25,222	25,108	12,711	23,702
Net financials	-11,115	-11,095	-9,886	-6,781	-8,137
Net profit/loss for the year	10,865	18,779	12,923	2,987	10,820
Balance sheet					
Balance sheet total	771,371	663,854	665,499	568,615	528,623
Equity	100,725	108,639	102,783	93,026	98,556
Cash flows					
Cash flows from:					
- operating activities	80,366	99,190	86,718	47,950	49,870
- investing activities including investment in property, plant and equipment	-190,768	-61,216	-162,001	-65,216	-173,191
- financing activities	-195,935	-66,964	-93,075	-67,566	-181,046
Change in cash and cash equivalents for the year	67,265	-25,651	105,696	983	133,879
	-43,137	12,323	30,413	-16,283	10,558
Number of employees	949	946	974	890	874
Ratios					
Profit margin	3.8%	3.6%	3.7%	2.2%	4.2%
Solvency ratio	13.1%	16.4%	15.4%	16.4%	18.6%
Return on equity	10.4%	17.8%	13.2%	3.1%	15.5%
Solvency Ratio incl. Subordinated loan	23.1%	28.0%	27.1%	22.9%	18.6%

Management's Review

Key activities

The Group:

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

Development in the year

The income statement of the Group for 2021 shows a profit of DKK 10,865,463, and at 31 December 2021 the balance sheet of the Group shows equity of DKK 100,725,141.

Umove provides transport services for 4 out of 5 regional Public Transport Authorities (PTA) and 2021 was characterized by both successfully won contracts and the loss of one contract in Jutland.

Umove became the first national operator to start a contract for operating public transport with a full fleet of electric vehicles. Since then, the operation has successfully delivered extraordinary positive results in terms of both service, reliability, and customer satisfaction. In 2021 Umove opened a new operation in Copenhagen from a new depot in Bagsværd (Gladsaxe). In the first half of 2022 the activities will increase with more operations in Bagsværd and a new depot in Ringsted. When fully in operation in 2022, the new 10-12 years contract will contribute with more than 25% growth in revenue. But also in Mid Jutland, Umove has successfully secured a significant new contract for 36 electric vehicles and are currently opening operations in several new depots. This contract starts in the summer of 2022.

The significant opportunities for growth through tendering is expected to continue in the coming years.

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

Special 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.

Price 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.

Management's Review

The Covid 19 pandemic

The Group main activities have operationally been affected by the pandemic related close of activities across the country but has managed to maintain almost full payment from our public transport clients. Therefore, the group is not, now or looking ahead, affected significantly financially.

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.

Targets and expectations for the year ahead

First half of 2022 is focused on opening operations on Sealand and in Mid-Jutland. At the same time a lot of operations is being tendered in the coming years. Umove expects, every year, to bid for tenders covering more than 500 vehicles, and an annual turnover of more than 1 bDKK per year. Profit before tax in 2022 is expected to be at the level of mDKK 19-21, reflecting the latest tender wins.

Data ethics

Umove A/S 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 policy on data ethics. The company will continuously assess whether a policy is necessary.

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:

Management's Review

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 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 2021

The pandemic has not been helpful in terms of rolling out activities to secure the implementation of our policies, but in 2021 we have managed to finalize initiatives that took off in 2018/2019:

1. The roll out of our whistle blower process where all employees can report any inappropriate behavior and demand a proper response from management. The process is in place but has not yet given reason to received inquiries or complaints.
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 2022.

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.

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

Management's Review

"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 our 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 2021

2021 again was a year of lock down and Covid 19 precautions. In 2021 our activities have not been reduced significantly, but restrictions have been implemented onboard our busses. And the process, with new restrictions and special initiatives, as increased cleaning of vehicles, protective equipment like masks, being introduced have limited the options for initiatives in 2021. All administrative functions have worked from home in both the first and the second half of the year, focusing on what was necessary to protect the interest of the Group and our clients.

Our internal works and environmental council are continuously following the situation and are putting in place initiatives and campaigns whenever relevant.

In 2021 we have continued the roll out of ISO 45001 certification whenever opening new operations. Currently we are finalizing certifications for 7 new depots.

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 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 a lot of 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. We readily share this gain with our employees."

Actions in 2021

In 2021 it has been clear that Denmark is on the road to full electrification of bus operations. We are

Management's Review

investing heavily in electric vehicles and charging infrastructure and expect this process to continue until around 90% of the market has been tendered (5 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 100 electric vehicles to be delivered in 2021 and 2022.

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.

In 2021, no suspected occurrences were reported.

Consequently, it is the company's assessment that the risk of attempts of corruption and bribery is limited, and so no policy has been defined. 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 5 members elected at the General Meeting none of whom are women. Representation of men/women on the Company's Board of Directors: 5/0.

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 2021.

The management board of the company and its subsidiaries comprises 3 executive directors, all being men. In 2022 this will change as the company's new CEO is a woman. She will substitute the current CEO on August 1st, 2022. Hereafter the management board will comprise of 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 3 male members. Both companies have a target of 33% female board members by 2025. Currently we have not met this target as no female board members were elected in 2021.

Management's Review

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.

Our staff policy includes, among other things, the following:

Umove's values 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 another;
- 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 rumours 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 management:

- Never cheat your employees
- Tell your employees what you expect from them
- Expect that your employees do their best and make it clear if that is not the case
- Don't ask for suggestions when you have decided
- Appreciate a good effort but don't praise fulsomely
- Comply with your own rules
- Be well mannered

Management's Review

- You are always the boss of your employees no matter what the situation
- Play the ball never the man
- Don't give privileges to some that others cannot have;
- Always state reasons for refusals
- Lead the way if you cannot lead the way who else is to do it?
- Be consistent
- Don't be a tough customer but show confidence based on care, control, and consistence.

ESG actions and target figures

The company keeps track of agreed targets on all relevant parameters, such as energy consumption, waste and emissions, staff related issues such as absence, work injuries etc. All targets and actual results for the company activities are constantly reported and publicized via the GRESB Assessment Portal.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Revenue	1	729,789,884	694,827,450	11,521,873	11,113,700
Other operating income		1,558,879	1,334,837	0	0
Expenses for raw materials and consumables		-152,318,372	-132,693,435	0	0
Other external expenses		-43,556,045	-48,721,814	-3,055,142	-2,449,701
Gross profit/loss		535,474,346	514,747,038	8,466,731	8,663,999
Staff expenses	2	-437,020,853	-419,102,225	-8,426,992	-8,544,410
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-70,443,288	-70,422,752	-40,925	-37,808
Profit/loss before financial income and expenses		28,010,205	25,222,061	-1,186	81,781
Income from investments in subsidiaries		0	0	11,563,145	19,385,032
Financial income	3	193,700	0	1,207,366	1,267,764
Financial expenses	4	-11,308,234	-11,094,963	-2,092,660	-2,126,257
Profit/loss before tax		16,895,671	14,127,098	10,676,665	18,608,320
Tax on profit/loss for the year	5	-6,030,208	4,652,098	188,798	170,876
Net profit/loss for the year		10,865,463	18,779,196	10,865,463	18,779,196

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Contracts		4,136,898	5,740,652	0	0
Goodwill		40,181,712	48,898,577	0	0
Intangible assets	7	44,318,610	54,639,229	0	0
Land and buildings		68,677,506	69,086,682	0	0
Other fixtures and fittings, tools and equipment		516,292,074	413,469,575	34,579	36,489
Leasehold improvements		3,453,947	3,391,407	0	0
Property, plant and equipment in progress		30,782,772	1,264,838	0	0
Property, plant and equipment	8	619,206,299	487,212,502	34,579	36,489
Investments in subsidiaries	9	0	0	123,582,670	111,890,066
Receivables from group enterprises	10	0	0	288,489,971	0
Deposits	10	2,929,940	3,236,936	0	0
Fixed asset investments		2,929,940	3,236,936	412,072,641	111,890,066
Fixed assets		666,454,849	545,088,667	412,107,220	111,926,555
Inventories		22,102,043	20,208,250	0	0
Trade receivables		33,203,645	28,429,720	0	0
Receivables from group enterprises		0	238,658	71,488,178	78,225,858
Other receivables		29,321,315	9,308,242	389,292	271,383
Deferred tax asset	14	0	0	150,396	7,840
Corporation tax		0	0	46,242	165,171
Prepayments	11	8,728,740	5,945,741	0	729
Receivables		71,253,700	43,922,361	72,074,108	78,670,981
Securities	12	5,070,755	5,008,014	0	0
Cash at bank and in hand		6,489,163	49,626,438	3,020,640	742,600
Currents assets		104,915,661	118,765,063	75,094,748	79,413,581
Assets		771,370,510	663,853,730	487,201,968	191,340,136

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital	13	4,559,181	4,559,181	4,559,181	4,559,181
Revaluation reserve		792,022	792,022	0	0
Reserve for net revaluation under the equity method		0	0	68,301,322	56,738,177
Retained earnings		84,508,475	84,508,475	16,999,175	28,562,320
Proposed dividend for the year		10,865,463	18,779,196	10,865,463	18,779,196
Equity		100,725,141	108,638,874	100,725,141	108,638,874
Provision for deferred tax	14	17,047,335	10,414,550	0	0
Provisions relating to investments in group enterprises		0	0	89,459	0
Provisions		17,047,335	10,414,550	89,459	0
Subordinated loan capital	15	77,404,506	77,404,506	77,404,506	77,404,506
Mortgage loans		24,089,407	24,073,738	0	0
Credit institutions		313,776,258	253,673,011	0	0
Lease obligations		17,934,449	16,185,082	0	0
Payables to group enterprises		0	0	288,489,971	0
Other payables		40,058,435	23,112,608	0	0
Long-term debt	16	473,263,055	394,448,945	365,894,477	77,404,506

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Mortgage loans	16	2,690,367	2,424,731	0	0
Credit institutions	16	65,578,954	53,415,479	0	0
Lease obligations	16	10,828,254	7,841,075	0	0
Trade payables		49,309,739	17,757,513	459,211	308,226
Payables to group enterprises	16	484,171	702,885	15,666,880	655,749
Corporation tax		40,985	546,571	0	0
Other payables	16	51,402,509	67,663,107	4,366,800	4,332,781
Short-term debt		180,334,979	150,351,361	20,492,891	5,296,756
Debt		653,598,034	544,800,306	386,387,368	82,701,262
Liabilities and equity		771,370,510	663,853,730	487,201,968	191,340,136
Distribution of profit	6				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Subordinate loan capital	15				
Accounting Policies	21				

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	4,559,181	792,022	0	84,508,475	18,779,196	108,638,874
Ordinary dividend paid	0	0	0	0	-18,779,196	-18,779,196
Net profit/loss for the year	0	0	0	0	10,865,463	10,865,463
Equity at 31 December	4,559,181	792,022	0	84,508,475	10,865,463	100,725,141

Parent company

Equity at 1 January	4,559,181	0	56,738,177	28,562,320	18,779,196	108,638,874
Ordinary dividend paid	0	0	0	0	-18,779,196	-18,779,196
Net profit/loss for the year	0	0	11,563,145	-11,563,145	10,865,463	10,865,463
Equity at 31 December	4,559,181	0	68,301,322	16,999,175	10,865,463	100,725,141

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 DKK	2020 DKK
Net profit/loss for the year		10,865,463	18,779,196
Adjustments	17	94,091,907	76,040,490
Change in working capital	18	-13,477,007	15,465,183
Cash flows from operating activities before financial income and expenses		91,480,363	110,284,869
Financial income		193,700	0
Financial expenses		-11,308,239	-11,094,963
Cash flows from operating activities		80,365,824	99,189,906
Purchase of property, plant and equipment		-195,935,089	-66,963,800
Sale of property, plant and equipment		5,167,183	5,747,978
Cash flows from investing activities		-190,767,906	-61,215,822
Repayment/raising of mortgage loans		281,305	-782,487
Repayment/raising of loans from credit institutions		72,266,722	-1,157,133
Reduction/raising of lease obligations		4,736,546	-10,787,904
Raising of loans from group enterprises		19,944	0
Raising of other long-term debt		8,739,486	0
Dividend paid		-18,779,196	-12,923,089
Cash flows from financing activities		67,264,807	-25,650,613
Change in cash and cash equivalents		-43,137,275	12,323,471
Cash and cash equivalents at 1 January		49,626,438	37,302,967
Cash and cash equivalents at 31 December		6,489,163	49,626,438
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6,489,163	49,626,438
Cash and cash equivalents at 31 December		6,489,163	49,626,438

Notes to the Financial Statements

	Group		Parent company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
1 Revenue				
Geographical segments				
Busservices Sealand	250,452,590	239,077,990	0	0
Busservices Jutland	472,448,148	448,162,103	0	0
Other revenue	6,889,146	7,587,357	11,521,873	11,113,700
	729,789,884	694,827,450	11,521,873	11,113,700
2 Staff expenses				
Wages and salaries	389,051,803	370,680,370	7,515,802	7,620,154
Pensions	32,938,489	33,735,148	806,400	806,400
Other social security expenses	7,372,756	6,754,398	69,983	58,559
Other staff expenses	7,657,805	7,932,309	34,807	59,297
	437,020,853	419,102,225	8,426,992	8,544,410
Including remuneration to the Executive Board	4,896,000	4,896,000	4,896,000	4,896,000
Average number of employees	949	946	3	3
3 Financial income				
Interest received from group enterprises	0	0	1,207,366	1,267,764
Other financial income	193,700	0	0	0
	193,700	0	1,207,366	1,267,764

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
4 Financial expenses				
Interest paid to group enterprises	0	0	74,220	76,916
Other financial expenses	11,308,234	11,094,963	2,018,440	2,049,341
	11,308,234	11,094,963	2,092,660	2,126,257

5 Tax on profit/loss for the year

Current tax for the year incl. adj. of previous year	-602,577	986,282	-46,242	-165,171
Deferred tax for the year	6,632,785	-5,638,380	-142,556	-5,705
	6,030,208	-4,652,098	-188,798	-170,876

6 Distribution of profit

	Parent company	
	2021	2020
	DKK	DKK
Proposed dividend for the year	10,865,463	18,779,196
Reserve for net revaluation under the equity method	11,563,145	19,164,117
Retained earnings	-11,563,145	-19,164,117
	10,865,463	18,779,196

7 Intangible assets

Group	Contracts	Goodwill
	DKK	DKK
Cost at 1 January	10,299,120	92,581,515
Cost at 31 December	10,299,120	92,581,515
Impairment losses and amortisation at 1 January	4,558,468	43,682,938
Amortisation for the year	1,603,754	8,716,865
Impairment losses and amortisation at 31 December	6,162,222	52,399,803
Carrying amount at 31 December	4,136,898	40,181,712

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	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	91,198,062	754,753,511	6,777,328	1,264,838	853,993,739
Adjustment to cost at 1 January	0	21,794,454	0	0	21,794,454
Additions for the year	1,720,906	164,037,555	658,694	29,517,934	195,935,089
Disposals for the year	0	-54,966,618	0	0	-54,966,618
Cost at 31 December	92,918,968	885,618,902	7,436,022	30,782,772	1,016,756,664
Revaluations at 1 January	882,022	0	0	0	882,022
Revaluations at 31 December	882,022	0	0	0	882,022
Impairment losses and depreciation at 1 January	22,993,402	341,283,936	3,385,921	0	367,663,259
Adjustment to impairment losses and depreciation at 1 January	0	21,794,454	0	0	21,794,454
Depreciation for the year	2,130,082	57,370,339	596,154	0	60,096,575
Reversal of impairment and depreciation of sold assets	0	-51,121,901	0	0	-51,121,901
Impairment losses and depreciation at 31 December	25,123,484	369,326,828	3,982,075	0	398,432,387
Carrying amount at 31 December	68,677,506	516,292,074	3,453,947	30,782,772	619,206,299
Including assets under finance leases amounting to	0	395,384,744	0	0	395,384,744

Notes to the Financial Statements

	Parent company	
	2021	2020
	DKK	DKK
9 Investments in subsidiaries		
Cost at 1 January	55,151,889	55,651,889
Additions for the year	40,000	0
Disposals for the year	0	-500,000
Cost at 31 December	<u>55,191,889</u>	<u>55,151,889</u>
Value adjustments at 1 January	56,738,117	37,574,060
Disposals for the year	0	-220,915
Net profit/loss for the year	15,674,320	23,496,207
Amortisation of goodwill	-4,111,115	-4,111,175
Value adjustments at 31 December	<u>68,301,322</u>	<u>56,738,177</u>
Equity investments with negative net asset value transferred to provisions	<u>89,459</u>	<u>0</u>
Carrying amount at 31 December	<u>123,582,670</u>	<u>111,890,066</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>11,794,852</u>	<u>15,906,027</u>

Notes to the Financial Statements

9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Umove Service ApS	Glostrup	40.000	100%	-89,459	-129,459
Umove Vest A/S	Horsens	500.000	100%	80,602,491	9,960,295
UM Leasing Vest 2016 ApS	Horsens	50.000	100%	139,456	-23,877
UM Leasing Vest 2017 ApS	Horsens	50.000	100%	-149,308	-32,127
UM Leasing Vest 2018 ApS	Horsens	50.000	100%	-36,673	-20,066
UM Ejendomme Vest 2017 ApS	Horsens	50.000	100%	521,462	56,877
DBB Leasing 5 ApS	Skive	50.000	100%	18,874,789	337,098
DBB Leasing 6 ApS	Skive	50.000	100%	8,734,615	205,220
Umove Øst A/S	Glostrup	2.350.000	100%	31,180,917	5,843,484
UM Leasing Øst 2016 ApS	Glostrup	50.000	100%	303,047	-131,703
UM Leasing Øst 2019 ApS	Glostrup	50.000	100%	-300,256	-57,848
UM Leasing Øst 2020 A/S	Glostrup	500.000	100%	597,293	-27,458
UM Leasing Øst 2021 A/S	Glostrup	40.000	100%	-24,166	-64,166
UM Ejendomme Øst 2018 ApS	Glostrup	50.000	100%	12,927,647	1,128,040

10 Other fixed asset investments

	<u>Group</u>	<u>Parent company</u>
	Deposits	Receivables from group enterprises
	DKK	DKK
Cost at 1 January	3,236,936	0
Additions for the year	0	288,489,971
Disposals for the year	-306,996	0
Cost at 31 December	<u>2,929,940</u>	<u>288,489,971</u>
Carrying amount at 31 December	<u>2,929,940</u>	<u>288,489,971</u>

11 Prepayments

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

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
12 Securities				
Securities	5,070,755	5,008,014	0	0
	5,070,755	5,008,014	0	0

13 Equity

The share capital consists of 4,559,181 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital is broken down as follow:

	Number	Nominal value DKK
A-shares	4,052,673	4,052,673
B-shares	506,501	506,501
C-shares	7	7
		4,559,181

	Group		Parent company	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January	10,414,550	16,052,930	-7,840	-2,135
Amounts recognised in the income statement for the year	6,632,785	-5,638,380	-142,556	-5,705
Provision for deferred tax at 31 December	17,047,335	10,414,550	-150,396	-7,840

15 Subordinate loan capital

The subordinated loan capital from the group's investors of DKK 77.4 million 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

16 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	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Subordinated loan capital				
After 5 years	77,404,506	77,404,506	77,404,506	77,404,506
Between 1 and 5 years	0	0	0	0
Long-term part	77,404,506	77,404,506	77,404,506	77,404,506
Within 1 year	0	0	0	0
	77,404,506	77,404,506	77,404,506	77,404,506
Mortgage loans				
After 5 years	13,635,681	14,757,934	0	0
Between 1 and 5 years	10,453,726	9,315,804	0	0
Long-term part	24,089,407	24,073,738	0	0
Within 1 year	2,690,367	2,424,731	0	0
	26,779,774	26,498,469	0	0
Credit institutions				
After 5 years	114,323,259	89,054,226	0	0
Between 1 and 5 years	199,452,999	164,618,785	0	0
Long-term part	313,776,258	253,673,011	0	0
Within 1 year	65,569,920	53,415,479	0	0
Other short-term debt to credit institutions	9,034	0	0	0
Short-term part	65,578,954	53,415,479	0	0
	379,355,212	307,088,490	0	0
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	17,934,449	16,185,082	0	0
Long-term part	17,934,449	16,185,082	0	0
Within 1 year	10,828,254	7,841,075	0	0
	28,762,703	24,026,157	0	0

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Payables to group enterprises				
After 5 years	0	0	288,489,971	0
Long-term part	0	0	288,489,971	0
Other short-term debt to group enterprises	484,171	702,885	15,666,880	655,749
	484,171	702,885	304,156,851	655,749
Other payables				
After 5 years	18,686,881	12,275,183	0	0
Between 1 and 5 years	21,371,554	10,837,425	0	0
Long-term part	40,058,435	23,112,608	0	0
Within 1 year	112,979	0	0	0
Other short-term payables	51,289,525	67,663,104	4,366,800	4,332,781
Short-term part	51,402,504	67,663,104	4,366,800	4,332,781
	91,460,939	90,775,712	4,366,800	4,332,781

17 Cash flow statement - adjustments

	Group	
	2021 DKK	2020 DKK
Financial income	-193,700	0
Financial expenses	11,308,234	11,094,963
Depreciation, amortisation and impairment losses, including losses and gains on sales	68,884,409	71,757,589
Tax on profit/loss for the year	6,030,208	-4,652,098
Change in VAT adjustment obligation	8,062,756	-2,159,964
	94,091,907	76,040,490

Notes to the Financial Statements

	Group	
	2021	2020
	DKK	DKK
18 Cash flow statement - change in working capital		
Change in inventories	-1,893,793	-389,699
Change in receivables	-26,874,842	6,381,525
Change in other provisions	0	-7,293,428
Change in trade payables, etc	15,291,628	21,747,526
Other changes in working capital	0	-4,980,741
	-13,477,007	15,465,183

19 Contingent assets, liabilities and other financial obligations

Charges and security

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

Land and buildings with a book value of TDKK 68.678 (2020: TDKK 69.087)

The following assets have been placed as security with credit institutions:

Assets under finance leases with a book value of TDKK 395,385 (2020: 253,695).

Mortgage deed with a nominal value of TDKK 17,111 in the group's land & building with a carrying amount of TDKK 57,053 has been deposited as security for engagement with credit institutions.

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 TDKK 77,240 (2020: TDKK 66,343) has been deposited as security for engagement with credit institutions.

Mortgage deed with a nominal value of TDKK 387,130 in the group's leased machinery with a carrying amount of TDKK 354,679 has been deposited as security for engagement with credit institutions.

A payment guarantee has been given to a third party of a total TDKK 70.007.

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
19 Contingent assets, liabilities and other financial obligations (continued)				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	14,296,509	6,887,323	0	0
Between 1 and 5 years	11,375,845	20,524,346	0	0
After 5 years	24,803,652	4,154,535	0	0
	50,476,006	31,566,204	0	0

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income. The total accrued corporation tax appears from the Annual Report of Cube Denmark ApS, which acts as administration company in the jointly taxed Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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

As security towards traffic companies Tryg Garanti has provided guarantees of a total of TDKK 64,175.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
Cube Denmark ApS	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There is no disclosure of transactions with related parties, as it is the assessment that all transactions are done on arms-length terms.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

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

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Umove A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

In accordance with section 96 part 3 of the Danish Financial Statements Act, the remuneration of the auditor elected by the general meeting has not been disclosed.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in DKK.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. 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

Notes to the Financial Statements

21 Accounting Policies (continued)

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. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Segment information on revenue

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

Income Statement

Revenue

Revenue comprise income from bus travel and services. Revenue is recognized in the income statement when delivery and transfer of risk have been made.

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 revenue for the year.

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

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 5 years.

Property, plant and equipment

On acquisition fixed assets are measured at cost with deduction of accumulated depreciation and write-downs.

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

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 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 deposit.

Inventories

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Prepayments

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

Current asset investments

Current asset investments, which consist of share certificates, are measured at their fair values at the balance sheet date (the most recent net asset value is used as fair value).

Equity

Dividend

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

Deferred tax assets and liabilities

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Financial Highlights

Explanation of financial ratios

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