



Annual Report 2021

LEMAN HOLDING A/S



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We maintain focus by being dedicated and determined in the way we work.



LEMAN HOLDING A/S
Annual Report 2021
CBR No. 36 70 05 13

The Annual General Meeting adopted the annual report on 10th May 2022

Chairman of the General Meeting

Bo Lindberg Andersen

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We build on long lasting partnerships and collaborate on our key priorities.



Contents

Entity details.....	6
Statement by Management on the annual report	7
Independent auditor's reports	9
Management commentary	13
Consolidated income statement for 2021	21
Consolidated balance sheet at 31.12.2021	22
Consolidated statement of changes in equity for 2021	24
Consolidated cash flow statement for 2021	25
Notes to consolidated financial statements	27
Parent income statement for 2021	38
Parent balance sheet at 31.12.2021	39
Parent statement of changes in equity for 2021	42
Notes to parent financial statements	44
Accounting policies	49

Entity details

Entity

LEMAN HOLDING A/S

Ventrupvej 6

2670 Greve

Central Business Registration No: 36700513

Registered in: Greve

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Philippe Ziegler, Chairman

Karen Nielsen

Lilian Merete Mogensen

Ole Michael Ringheim

Charles Duro

Executive Board

Bo Lindberg Andersen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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

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

Greve, 10.05.2022

Executive Board

Bo Lindberg Andersen
Chief Executive Officer

Board of Directors

Philippe Ziegler
Chairman

Charles Duro

Lilian Merete Mogensen

Karen Nielsen

Ole Michael Ringheim

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We set high standards, are compliant,
and add value to deliver the best quality.



Independent auditor's reports

To the shareholder of LEMAN HOLDING A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of LEMAN Holding A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's reports

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

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

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

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

Independent auditor's reports

- 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.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 10.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Kreiner

State Authorized Public Accountant
Identification No (MNE) mne26765

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Quality is always to be driven to exceed our customers' expectations.



Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	3,579,350	2,241,643	2,267,603	2,439,102	2,162,884
Gross profit	638,500	460,593	538,029	540,821	489,073
Operating profit/loss	63,615	(9,365)	19,750	34,270	43,529
Net financials	(9,180)	(4,465)	3,426	(2,031)	1,514
EBT	54,435	(13,830)	23,176	32,239	45,043
Profit/loss for the year	40,798	(11,222)	15,547	22,670	36,887
Balance sheet total	1,204,653	950,245	911,835	952,634	953,104
Investment in intangible assets	13,505	11,422	14,245	25,431	53,939
Investments in property, plant and equipment	10,433	9,729	18,384	15,997	19,104
Equity	583,132	540,880	568,473	558,979	538,189
Average numbers of employees	782	683	718	744	661
Ratios					
Gross margin (%)	17,84	20,54	23,73	22,17	22,61
Return on equity (%)	7,34	(2,02)	2,76	4,13	9,50
Equity ratio (%)	48,41	55,67	62,34	58,68	56,47

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

Gross margin (%):

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

Revenue

Return on equity (%):

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

Average equity

Equity ratio (%):

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

Balance sheet total

Management commentary

Primary activities

The Parent and all its subsidiaries primarily operate within transportation, freight forwarding and logistics.

Development in activities and finances

The consolidated revenue for the year amounted to DKK 3,579 million against DKK 2,242 million last year and thereby increased by 60%. The increase is caused by the significant increase in freight rates, increased activity levels and the expansion into China with the opening of 6 new offices. The gross profit reached DKK 638.5 million vs DKK 460.5 million last year, an increase of 39%. The margin however decreased to 17.8% from 20.5% last year primarily caused by the increase in freight rates, whereby the gross profit per file as percentage of the revenue per file has decreased. The profit before tax amounted to DKK 54.4 million against a loss before tax of DKK (13.8) million caused by the hacker attack last year. Significant investments have been made in the meantime to strengthen the IT security level of LEMAN, and an independent audit verification has confirmed a higher level has now been achieved.

The markets for international cargo transportation in which LEMAN operate showed strong growth during 2021, triggered by high growth in consumer spending on imported goods. The surge in demand, combined with COVID related interruptions to the supply chain, resulted in high increases in freight rates and increased lead times for the delivery of many products. Brexit caused additional challenges for transport to- and from the UK at the beginning of 2021.

In this volatile environment, the LEMAN organization demonstrated also in 2021 the agility and creativity necessary to keep the supply chains open for our customers and the societies we serve. When mainliners were full and main ports suffered from severe congestion, other routes were found to get the cargo delivered to our customers, whether by air, rail, road or sea, or some combination hereof.

In April 2021, LEMAN expanded into China by opening 6 offices in the country. China has for many years been an important trading partner for many LEMAN customers, and by having our own organization in China we are now in a better position to serve our customers with information and solutions – especially under challenging market conditions as we have experienced during 2021. LEMAN China has its head office in Shanghai. In Greve, Denmark the Pharma warehouse was expanded to cater for growing demand for high quality storage solutions for pharmaceuticals. In Vestby, Norway, we doubled our warehousing capacity towards the end of December by leasing a newly built expansion to our existing facility. Significant growth was also experienced in our warehousing business in the US. The branch office in Glasgow, Scotland was closed during 2021, whereas new branch offices were opened in Aarhus, Denmark on 1 January 2022 and in Xiamen, China on 15 March 2022.

The global roll-out of a new Transport Management System was completed during 2021, and whereas the system support our ROAD activities in a satisfactory way it has not been possible for us to achieve a satisfactory efficiency in our AIR&SEA activities based on the functionality provided by the system. During 2021, it was therefore decided to implement another standard Transport Management System, CargoWise for the AIR&SEA activities. The global roll-out of CargoWise was completed during Q1 2022. As a consequence of the decision to no longer use the recently acquired Transport Management System for AIR&SEA, a partial write-down of DKK 9.0m was recognized on this investment in 2021.

Management commentary

The Strategy for the Company was updated towards the end of 2021 and the Values revisited. The overall direction however has not changed.

Profit/loss for the year in relation to expected developments

The financial result for the year was very satisfactory, and better than Management's expectations as expressed in the annual report for 2020, and so was the progress made on the strategic initiatives, which have positioned LEMAN even better for the future. The establishment of LEMAN China was a significant strategic move for the LEMAN Group. And although the lessons learned from our pursuit of a single, global Transport Management System have been costly, we have with the implementation of CargoWise ended up with strong systems support for both of our main activities, ROAD as well as AIR&SEA.

Outlook

The Company will continue to execute on a series of growth initiatives and investments to strengthen- and expand the capacity and reach of the LEMAN Group.

Due to geopolitical events, the global outlook for the year is more uncertain than usual. The situation in Ukraine and the resulting sanctions imposed on Russia are not at this stage expected to have a material adverse impact on the business, and on balance Management expects that global trade will remain strong and freight rates remain high throughout 2022. For LEMAN Group, continued strong market conditions and internal progress made is expected to result in turnover and profitability for 2022 being somewhat higher than in 2021.

Use of financial instruments

Financial risks

The Group is only exposed to changes in interest rates to a limited extent, as the Group's equity ratio and financial resources are considered very satisfactory. The Group does not currently use financial instruments to hedge interest rate risk.

Currency risks

Purchase and sales transactions are carried out in DKK, SEK, NOK, EUR, GBP, CNY, USD and USD-related currencies. Further, the Group has made investments in SEK, NOK, EUR, GBP, CNY and USD. Since 2020, Management has followed new hedging policy whereby the Group's exposure to mainly USD is being partially hedged. The gains or losses on the hedging instruments are booked as financial items on the Profit and Loss account, whereas value adjustments to the assets being hedged are booked directly to reserves.

The Company's foreign currency exposures relating to sales transactions have as far as possible been hedged by offsetting purchase transactions.

Management commentary

Group relations

LEMAN operates within transportation, freight forwarding and logistics. With its presence in seven countries combined with a vast network of trusted agents, the services cover the entire world. Besides the transportation of goods, LEMAN offers several value-adding services such as customs clearance, cargo insurance, warehousing, customized distribution solutions, etc.

Statutory report on corporate social responsibility

A description of our business activities can be found above in the management commentary.

Human rights

LEMAN wants to meet the laws and regulations of the countries and local communities in which the Company operates. Consequently, the Company has introduced CSR policies in the areas of:

- We must treat all employees with dignity and respect and shall comply with all national human rights legislation in force at any time.
- All agreements on working hours, holidays and wages shall comply with applicable legislation in the country in which the employee is employed. We also aim to minimize hazardous work and ensure that all employees are adequately trained to perform their duties.
- We do not tolerate child labor. That is why nobody at LEMAN or our business partners may employ children under the age of 15.
- None of our employees may discriminate based on age, religion, nationality, race, gender, sexual orientation, disability, pregnancy, or political conviction.

Goals and implementation:

Our goal is always zero incidents involving the violation of human rights, both internally and with our suppliers and business partners. As a tool to avoid incidents, LEMAN suppliers must sign our Code of Conduct in which we expect similar respect for human rights from suppliers as we do from ourselves.

Results, expectations, and risks:

In 2021, we did not record any incidents that violate human rights. It is our expectation every year going forward not to have any human rights violations to report.

It is the view of the Company that the most significant risk pertaining to human rights is difficulties upholding satisfactory inspection. While operating in an international marketplace, our upstream activities carry risks. In this case, we are left to rely on the intimation from every supplier in our Supplier Code of Conduct.

Management commentary

Working conditions

Through relevant procedures and processes, we must create the safest possible working environment for our employees and minimize work-related accidents and diseases. Furthermore, we must protect our employees from chemical, biological, and physical danger in their workplace. A Global Workplace Assessment survey was conducted towards the end of 2020 to highlight areas for possible improvement initiatives. Based on this survey, a number of improvements were made during 2021 and a follow-up survey is now planned to take place during Q2 2022.

Goals and implementation:

Every year, our goal is altogether to avoid accidents in the workplace. The prevention will be upheld by a combination of education of each employee and the implementation of behavioral procedures, ensuring a safe working environment. We must always make sure that all equipment is adequately maintained for it to carry a minimal risk to our employees.

Results, expectations, and risks:

In 2021, we encountered 3 workplace accidents (versus 8 in 2020). The majority of accidents occurred during warehouse operations and involved only minor injuries. Accidents are always unfortunate and we strive to eliminate them through awareness training and continuous improvement to safety features of our equipment.

It is the view of the Company that the most significant risk pertaining to working conditions is accidents in the warehouses, where cargo is being moved around which can cause injuries to employees.

Environment and climate

Sustainability has also in 2021 been high on the agenda for Management and the Board of Directors. A new environmental policy was launched, whereby

- LEMAN is committed to offset direct emissions in the Nordic countries which cannot be avoided as from 1 January 2021, and to offset direct emissions which cannot be avoided globally as from 1 January 2023.
- LEMAN will start to continuously monitor its Scope 1 and 2 carbon emissions as from 2020 and report on these in the Annual Reports.
- LEMAN will set reduction goals for the near future (2030)
- LEMAN is committed to promote sustainable transport solutions

As a forwarding agent, the Company is not directly responsible in general for the impact on the external environment of the transport itself. However, we recognize that the transport industry impacts the environment, and that is why the Company, since 2018, has launched initiatives to reduce the emissions and spread the use of green energy. At the same time, both Management and employees are focusing on any impact on the external environment of daily activities, including transport activities in which the Company itself acts as the carrier.

Management commentary

Goals and implementation:

In accordance with the new Environmental Policy, LEMAN has in 2021 achieved a significant reduction in Scope 1 & 2 emissions and arranged an offset for its remaining direct Scope 1 and Scope 2 emissions in the Nordic countries. The offsetting took place through a contribution towards the planting of more than 4,000 trees spread over five projects in developing countries. In addition to CO₂ capture, the projects were focused on enhancing biodiversity and developing local communities. LEMAN has during 2021 set the near future reduction target of a 30% reduction in Scope 1 and Scope 2 emissions to be achieved by 2030. With respect to Scope 3 emissions, a number of initiatives have been launched to promote sustainable transport solutions. Creating visibility for customers to the emissions generated by each transport order is worth highlighting as a specific functionality, which was piloted during 2021 with select customers.

Results, expectations, and risks:

Our greenhouse gas emissions are calculated following the Greenhouse Gas Protocol, an internationally recognized standard. LEMAN has for now chosen to set its organizational boundaries using the control-approach, which implies that LEMAN only reports on the emissions in Scope 1 and 2 of which it has control. All subcontracted transport is considered to fall under LEMAN's Scope 3 emissions.

The Group's CO₂ emissions during 2021 can be summarized as follows, with 2020 emissions shown for comparison (figures for 2020 have been re-calculated to ensure comparability):

(T CO ₂)	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
	2021	2021	2021	2020	2020	2020
Denmark	288	0	288	524	16	540
Sweden	0	0	0	0	0	0
Norway	16	0	16	22	361	382
Finland	0	19	19	0	19	19
United Kingdom	920	39	960	1,159	45	1,204
USA	384	292	676	380	306	685
China	0	70	70	0	0	0
Total	1,608	420	2,028	2,085	746	2,830

It is our goal to help protect the environment through efficient utilization of energy resources. We aim to take environmental considerations into account in all our decision-making processes. In our offices and warehouses, we minimize consumption through LED lights installed and focus on efficient energy usage. As from 1 January 2021, all our main facilities except two are operating on certified green electricity and we are exploring options for converting these last two facilities as well. In Norway, our large warehousing facility in Vestby has achieved certification by BREEAM for its environmental, social and economic sustainability performance. During 2021, one of Norway's largest solar panel installations was placed on the roof of the warehouse in Vestby, covering an area of 8,000m².

Management commentary

Throughout 2021, we continued to prioritize using suppliers who live up to Euronorm 6, thus minimizing the environmental impact of our transports. For airfreight and sea freight, we have on some corridors been able to offer customer carbon-neutral transportation against a surcharge. We expect an expansion of such product offerings in the coming years.

The most significant risks which could hinder environmental progress are the volatility of our industry, as well as the fact that market terms have a significant impact on the behavior of our subcontractors carrying out the actual transportation. Our ability to impact the carbon footprint of the transportation industry is mainly through making the CO2 impact of transportation visible to our customers and ensure we can offer alternative transport solutions with lower environmental impact. Although our direct impact may be limited, we are aware that every effort makes a real difference.

Ethics and anti-corruption

We must comply with all international and national legislation and regulations, and we reject all forms of corruption, including extortion and bribery. LEMAN is deeply committed to compliance and has zero-tolerance for illegal or unethical behavior. We go about our business to the highest ethical standards, and we expect the same from our suppliers.

Goals and implementation:

Living up to our ethical standards is vital, and our goal is to make sure each employee and supplier live up to this as well. Our long-term goal is to have 100% of our regular suppliers sign our Supplier Code of Conduct, thus committing to our high ethical standards.

Each new employee at LEMAN is signing our Employee Code of Conduct at the beginning of employment, whereby they undertake to comply with all applicable laws and regulations and behave in accordance with our values and ethics by respecting all colleagues, business partners, and the world around us.

Results, expectations, and risks:

In 2021, we did not record any cases of corruption or bribery. It is our expectation every year going forward not to have any corruption or bribery issues to report. The whistleblower hotline was upgraded towards the end of 2021 to enhance the protection of whistleblowers wishing to remain anonymous.

For our ethical and moral standards to be met, we are not only obliged to live up to our expectations. Our ethical responsibility goes further, and we require regular suppliers to sign our Supplier Code of Conduct.

We have made the Employee Code of Conduct a mandatory part of our hiring process and have reached 100% completion.

As part of an international, cross-cultural line of business, we have an ever-present risk of having to deal with bribery and other ethical concerns. This situation makes our efforts to educate our staff, as well as having our suppliers commit to responsible and ethical behavior, even more critical.

Management commentary

Statutory report on the underrepresented gender

At LEMAN, we believe that our staff is the road to success. Our goal is to create an open and inspiring workplace in which staff members can develop their full potential, and in which, through a transparent structure, we work to ensure that there are relatively equal numbers of women and men in the various levels of management.

LEMAN wants to foster diversity, encourage and develop more female leaders in what is a traditionally male dominated industry. Management has drafted a policy for increasing the representation of female talent in senior leadership, containing customary elements such as providing encouragement for career development and securing that female talent is being considered as part of recruitment processes. Significant progress has been achieved, 40% of the members of our Board of Directors (2 out of 5) and 28% of the members of the management team (2 out of 7) were female by end of 2021.

Our equal opportunities policy is put into practice in the Company's employee manual.

The staff at LEMAN must also find that the Company has an open and open-minded culture in which the individual can use his or her skills best possible, regardless of gender.

Statutory report on data ethics policy

A new policy on Data Ethics was adopted during 2021, emphasizing LEMAN's commitment to gather-, use- and share data in an ethically correct way and guiding the organization on how to deal with the ethical dilemmas which may arise when making decisions around data. One of the core values of LEMAN is 'Respect', and the policy on Data Ethics also contains stipulations around always communicating about employees and business partners in a respectful and dignified way. The policy also contains stipulations around not revealing data on business partners without their consent and on maintaining appropriate levels of confidentiality internally.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Treasury shares

LEMAN HOLDING A/S owns several treasury shares, which are specified in note 17 to the consolidated financial statements.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	3,579,350	2,241,643
Cost of sales		(2,940,850)	(1,781,050)
Gross profit		638,500	460,593
Other operating income	2	103	15,616
Other external expenses	3	(145,137)	(118,309)
Staff costs	4	(387,994)	(334,697)
Depreciation, amortization and impairment losses	5	(41,857)	(32,568)
Operating profit/loss		63,615	(9,365)
Other financial income		895	1,525
Other financial expenses	6	(10,075)	(5,990)
Profit/loss before tax		54,435	(13,830)
Tax on profit/loss for the year	7	(13,637)	2,608
Profit/loss for the year	8	40,798	(11,222)

Consolidated balance sheet at 31.12.2021

Assets	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	10	42,497	53,866
Goodwill		28,965	35,439
Development projects in progress	10	7,027	865
Intangible assets	9	78,489	90,170
Land and buildings		271,364	266,674
Plant and machinery		14,994	17,331
Other fixtures and fittings, tools and equipment		16,762	17,849
Property, plant and equipment in progress		0	5,159
Property, plant and equipment	11	303,121	307,013
Other investments		33,499	33,499
Deposits		1,557	711
Financial assets	12	35,056	34,210
Fixed assets		416,665	431,393
Trade receivables		659,499	343,118
Deferred tax	13	1,663	1,699
Other receivables		11,770	1,630
Tax receivable		4,967	13,019
Prepayments	14	24,263	23,597
Receivables		702,162	383,063
Other investments		76	76
Other investments		76	76
Cash		85,750	135,713
Current assets		787,988	518,852
Assets		1,204,654	950,245

Consolidated balance sheet at 31.12.2021

Equity and liabilities	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	15, 16	30,000	30,000
Translation reserve		1,968	(11,371)
Retained earnings		551,164	510,366
Equity		583,132	528,995
Deferred tax	13	43,071	42,962
Other provisions	17	3,386	1,464
Provisions		46,457	44,426
Mortgage debt		15,960	17,405
Lease liabilities		1,067	1,539
Other payables	18	26,230	16,037
Non-current liabilities other than provisions	19	43,257	34,981
Current portion of long-term liabilities other than provisions	19	1,958	1,936
Bank loans		24,678	0
Trade payables		346,403	271,369
Payables to group enterprises		9,234	3,511
Tax payable		3,241	375
Other payables		136,957	60,950
Deferred income	20	9,337	3,702
Current liabilities other than provisions		531,808	341,843
Liabilities other than provisions		575,065	376,824
Equity and liabilities		1,204,654	950,245
Financial instruments	22		
Fair value information	23		
Unrecognized rental and lease commitments	24		
Contingent liabilities	25		
Assets charged and collateral	26		
Transactions with related parties	27		
Subsidiaries	28		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	30,000	(11,371)	522,251	540,880
Changes in accounting policies	0	0	(11,885)	(11,885)
Adjusted equity, beginning of year	30,000	(11,371)	510,366	528,995
Exchange rate adjustments	0	13,604	0	13,604
Tax of entries on equity	0	(265)	0	(265)
Profit/loss for the year	0	0	40,798	40,798
Equity end of year	30,000	1,968	551,164	583,132

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		63,615	(9,365)
Amortization, depreciation and impairment losses		41,857	33,244
Other provisions		(1,922)	1,464
Working capital changes	21	(153,920)	35,201
Cash flow from ordinary operating activities		(50,370)	60,544
Financial income received		895	1,525
Financial expenses paid		(10,075)	(5,990)
Taxes refunded/(paid)		(6,136)	(11,020)
Cash flows from operating activities		(65,686)	45,059
Acquisition etc. of intangible assets		(13,505)	(11,422)
Acquisition etc. of property, plant and equipment		(13,890)	(9,729)
Sale of property, plant and equipment		3,581	1,655
Deposit		904	23
Cash flows from investing activities		(22,910)	(19,473)
Free cash flows generated from operations and investments before financing		(88,596)	25,586
Repayments of loans etc.		(1,895)	(1,620)
Incurrence of debt to group enterprises		5,723	3,511
Dividend paid		0	(5,000)
Other payable		10,127	10,263
Cash flows from financing activities		13,955	7,154
Increase/decrease in cash and cash equivalents		(74,641)	32,740
Cash and cash equivalents beginning of year		135,789	103,049
Cash and cash equivalents end of year		61,148	135,789
Cash and cash equivalents at year-end are composed of:			
Cash		85,750	135,713
Securities		76	76
Short-term bank loans		(24,678)	0
Cash and cash equivalents end of year		61,148	135,789

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Not just from A to B



Notes to consolidated financial statements

	2021 DKK'000	2020 DKK'000
1. Revenue		
Denmark	1,605,454	1,127,130
USA	944,700	498,000
Other countries	1,029,196	616,513
Total revenue by geographical market	3,579,350	2,241,643
Road & Logistics	1,481,601	1,168,124
Air & Sea	2,097,749	1,073,518
Total revenue by activity	3,579,350	2,241,643

2. Other operating income

The Group's performance has in 2020 been affected by the financial support packages received in consequence of COVID-19. The Group has in 2020 received total compensation of DKK 15.2 million. The Group has not received any compensation related to COVID-19 in 2021.

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

DKK'000	2021 DKK'000			2020 DKK'000		
	Deloitte	Other	In total	Deloitte	Other	In total
Statutory audit services	627	455	1,083	310	578	888
Other assurance engagements	30	97	127	0	0	0
Tax services	65	57	122	47	86	133
Other services	675	31	706	655	72	727
	1,397	641	2,039	1,012	736	1,748

Notes to consolidated financial statements

	2021 DKK'000	2020 DKK'000
4. Staff costs		
Wages and salaries	350,284	308,167
Pension costs	24,388	18,159
Other social security costs	6,532	6,052
Other staff costs	8,847	7,842
	<u>390,051</u>	<u>340,220</u>
Staff costs classified as assets	(2,057)	(5,523)
	<u>387,994</u>	<u>334,697</u>
Average number of full-time employees	<u>782</u>	<u>683</u>
	Remuneration of management 2021 DKK'000	Remuneration of management 2020 DKK'000
Executive Board	5,643	0
Board of Directors	704	0
Total amount for management categories	<u>0</u>	<u>4,317</u>
	<u>6,347</u>	<u>4,317</u>

In 2020, the disclosure of the group management remuneration fell within section 98b(3)(2) of the Danish Financial Statements Act.

Notes to consolidated financial statements

	2021 DKK'000	2020 DKK'000
5. Depreciation, amortization, and impairment losses		
Amortization of intangible assets	17,639	15,227
Impairment losses on intangible assets	9,000	0
Depreciation of property, plant, and equipment	18,196	18,017
Profit/loss from sale of intangible assets and property, plant, and equipment	(2,978)	(676)
	41,857	32,568

The Group has decided to no longer use the recently acquired Transport Management System for AIR&SEA but to implement another standard Transport Management System, CargoWise, for the AIR&SEA activities. As a consequence of this decision, the Group has made a write-down of DKK 9.0 million related to the former Transport Management System for AIR&SEA.

	2021 DKK'000	2020 DKK'000
6. Other financial expenses		
Financial expenses from group enterprises	47	0
Other interest expenses and exchange rate adjustments	10,028	5,990
	10,075	5,990

In 2021, part of the other interest expenses consisted of unrealized fair value adjustments of DKK 4,430 thousand relating to financial instruments.

	2021 DKK'000	2020 DKK'000
7. Tax on profit/loss for the year		
Current tax	13,704	(4,335)
Change in deferred tax	145	1,680
Adjustment concerning previous years	(212)	47
	13,637	(2,608)

	2021 DKK'000	2020 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	40,798	(11,222)
	40,798	(11,222)

Notes to consolidated financial statements

	Completed development projects DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
9. Intangible assets			
Cost beginning of year	68,867	77,170	865
Exchange rate adjustments	0	2,425	0
Transfers	511	0	(511)
Additions	6,832	0	6,673
Cost end of year	76,210	79,595	7,027
Amortization and impairment losses beginning of year	(15,001)	(41,731)	0
Exchange rate adjustments	0	(972)	0
Impairment losses for the year	(9,000)	0	0
Amortization for the year	(9,712)	(7,927)	0
Amortization and impairment losses end of year	(33,713)	(50,630)	0
Carrying amount end of year	42,497	28,965	7,027

Uncertainty relating to recognition and measurement

The Group has capitalized goodwill of DKK 29 million. DKK 19 million of the total goodwill is connected with some uncertainty due to the subsidiary's generation of losses in recent years.

Management has carried out impairment tests based on budgets for the next few years. During 2021, management of the subsidiary was strengthened, and a new Transport Management System implemented for part of the business. Management believes these initiatives are already starting to show results. In the first quarter of 2022, the subsidiary's operating activities have lived up to- or exceeded the budgets applied for the impairment tests.

Management has determined the value in use based on budgets covering eight years. No terminal value has been calculated, thus adding a fixed discount rate of 10%. On that basis, Management has not identified any indication of impairment.

Management has prepared sensitivity analyses by modifying budget assumptions. In preparing the sensitivity analyses, Management has considered the uncertainty inherent in calculating market value compared with the industry. Management assesses that this uncertainty has been adequately considered in the impairment tests and sensitivity analyses.

Notes to consolidated financial statements

10. Development projects

Completed development projects and development projects in progress include the development of Transport Management system for road activities and recently acquired new Transport Management System CargoWise for AIR/SEA activities and other supportive IT systems. The development projects are expected to be completed within one year and comprise both external consultancy fees and internal labor costs.

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools, and equipment DKK'000	Property, plant and equipment in progress DKK'000
11. Property, plant, and equipment				
Cost beginning of year	341,667	45,924	73,380	5,159
Exchange rate adjustments	4,304	1,412	1,762	0
Transfers	5,277	0	8,140	(5,277)
Additions	4,196	1,272	4,847	118
Disposals	(5,478)	(2,960)	(2,195)	0
Cost end of year	349,966	45,648	85,934	0
Depreciation and impairment losses beginning of the year	(74,993)	(28,593)	(55,531)	0
Exchange rate adjustments	(1,081)	(744)	(1,179)	0
Transfers	0	0	(8,140)	0
Depreciation for the year	(8,006)	(4,148)	(6,042)	0
Reversal regarding disposals	5,478	2,831	1,721	0
Depreciation and impairment losses end of the year	(78,602)	(30,654)	(69,171)	0
Carrying amount end of year	271,364	14,994	16,763	0
Recognized assets not owned by entity	0	0	1,300	0

Notes to consolidated financial statements

	Other investments DKK'000	Deposits DKK'000
12. Financial assets		
Cost beginning of year	33,499	711
Exchange rate adjustments	0	(35)
Additions	0	881
Cost end of year	33,499	1,557
Revaluations beginning of year	11,885	0
Changes in accounting policies	(11,885)	0
Revaluations end of year	0	0
Carrying amount end of year	33,499	1,557

Considering a fair presentation, the Group has decided to change its accounting policy on the measurement of other investments. Please refer the accounting policies for further details.

	2021 DKK'000	2020 DKK'000
13. Deferred tax		
Changes during the year		
Beginning of year	(41,263)	(41,024)
Recognized in the income statement	(145)	(1,680)
Recognized directly in equity	0	1,441
End of the year	(41,408)	(41,263)

Deferred tax has been recognized in the balance sheet as follows

Deferred tax assets	1,663	1,699
Deferred tax liabilities	(43,071)	(42,962)
	41,408	(41,263)

Deferred tax assets

As of 31.12.2021, the Group has recognized a tax asset of DKK 1,663 thousand. The deferred tax asset is only useable to the specific legal entity. The tax asset is composed of tax loss carryforwards and unutilized tax deductions consisting of timing differences. Management believes that the tax asset is likely to be offset against future taxable income within the next 2-3 years.

The Group did not capitalise its tax loss carryforward of DKK 5,000 thousand. The tax loss has not been recognized due to uncertainty connected with the time when it can be set off against future taxable income.

Notes to consolidated financial statements

14. Prepayments

Prepayments comprise costs incurred such as rent, insurance premiums, subscription fees and freight forwarding costs relating to the next financial year.

	Number	Par value DKK'000	Nominal value DKK'000
15. Contributed capital			
Class A shares	120	250	30,000
	120		30,000

	Number	Nominal value DKK'000	Recorded par value DKK'000	Share of contributed capital %
16. Treasury shares				
Class A shares	12	250	3,000	10,00
Holding of treasury shares	12	250	3,000	10,00

17. Other provisions

Other provisions include provisions for payment of losses expected to incur in pending cases. Once the cases are settled, the outcome and timing will remain uncertain by their very nature, but all liabilities are assessed to be paid in the next three to four years. The liabilities include legal costs, such as legal fees and any damages.

	2021 DKK'000	2020 DKK'000
18. Other payables		
Holiday pay obligation	16,070	16,037
Other costs payable	10,160	0
	26,230	16,037

Other costs payable comprise personal income tax and social security costs, the payment deadline of which has been extended as part of the Danish Government's COVID-19 financial support package. As a result, the debt will drop due in 2023.

Notes to consolidated financial statements

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
19. Non-current liabilities other than provisions				
Mortgage debts	1,445	1,423	15,960	9,957
Lease liabilities	513	513	1,067	0
Other payables	0	0	26,230	15,733
	1,958	1,936	43,257	25,690

Other payables include the Group's frozen holiday allowance and other costs payable. The holiday pay obligation falls due as employees leave the labor market. Consequently, the outstanding debt after five years has been estimated based on when the Group's employees are expected to leave the labor market considering their retirement age.

20. Deferred income

Deferred income relates to revenue cut-off.

	2021 DKK'000	2020 DKK'000
21. Change in working capital		
Increase/decrease in receivables	(327,187)	(29,977)
Increase/decrease in trade payables etc.	173,267	65,178
	(153,920)	35,201

22. Derivative financial instruments

In the financial year, the Group decided to hedge part of the currency risk by entering into a forward exchange contract of DKK 87,167 thousand (2020: DKK 25,122 thousand), distributed in USD. The fair value of the contract amounts to negative DKK 4,430 thousand (2020: DKK 955 thousand recognized as other receivables), which has been recognized as other payables, and the fair value adjustment has been recognized in the income statement. All forward exchange contracts expire in the financial year 2022.

Notes to consolidated financial statements

	Financial instruments DKK'000	Other investments DKK'000
23. Fair value information		
Fair value end of year	87,167	76
Unrealized fair value adjustments recognized in the income statement	(4,430)	0
	2021	2020
	DKK'000	DKK'000
24. Unrecognized rental and lease commitments		
Total liabilities under rental or lease agreements until maturity	198,700	107,970

Liabilities under rental or lease agreements until maturity can be divided into liabilities under rental agreements of DKK 117,100 thousand (2020: DKK 74,350 thousand) and liabilities under lease agreements of DKK 81,600 thousand (2020: DKK 33,600 thousand).

	2021 DKK'000	2020 DKK'000
25. Contingent liabilities		
Recourse and non-recourse guarantee commitments	46,130	45,812
Contingent liabilities in total	46,130	45,812

26. Assets charged and collateral

The bank and mortgage debts of the LEMAN Group are secured by way of a mortgage deed registered on its properties of DKK 30,777 thousand (2020: DKK 34,527 thousand).

27. Non-arm's length related party transactions

Only non-arm's-length related party transactions are disclosed in the annual report. No such transactions were conducted in the financial year.

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For our customers, we always find a way.
The LEMAN way.



Notes to consolidated financial statements

	Registered in	Corporate form	Ownership %
28. Subsidiaries			
LEMAN A/S	Denmark, Greve	A/S	100
LEMAN U.S.A. Inc.	USA, Sturtevant	Inc.	100
LEMAN OY	Finland, Helsinki	OY	100
LEMAN AS	Norway, Drammen	AS	100
LEMAN AB	Sweden, Helsingborg	AB	100
LEMAN International Transport Limited	England, Bradford	Ltd.	100
- Maru International Limited	England, Dewsbury	Ltd.	100
- Maru Logistics Limited	England, Dewsbury	Ltd.	100
- IntraVAT Limited	England, Dewsbury	Ltd.	100
LEMAN (Shanghai) International Logistic co. LTD.	China, Shanghai	Ltd.	100
IntraVAT ApS	Denmark, Greve	ApS	100
IntraVAT AS	Norway, Oslo	AS	100
IntraVAT AB	Sweden, Helsingborg	AB	100
IntraVAT OY	Finland, Helsinki	OY	100

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Other operating income		15,230	15,475
Other external expenses		(3,569)	(2,765)
Gross profit/loss		11,661	12,710
Depreciation, amortization, and impairment losses	1	(3,101)	(4,974)
Operating profit/loss		8,560	7,736
Income from investments in group enterprises	2	35,492	(13,175)
Other financial income	3	1,963	781
Other financial expenses	4	(3,727)	(6,014)
Profit/loss before tax		42,288	10,672
Tax on profit/loss for the year	5	(1,490)	(550)
Profit/loss for the year	6	40,798	(11,222)

Parent balance sheet at 31.12.2021

Assets	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		223,268	222,892
Property, plant, and equipment in progress		0	2,817
Property, plant, and equipment	7	223,268	225,709
Investments in group enterprises		340,343	424,753
Receivables from group enterprises		15,747	14,538
Other investments		33,499	33,499
Financial assets	8	389,589	472,790
Fixed assets		612,857	698,499
Receivables from group enterprises		7,258	0
Income tax receivable		307	8,951
Joint taxation contribution receivable		9,699	0
Prepayments	9	0	508
Receivables		17,264	9,459
Cash		22	12,981
Current assets		17,286	22,440
Assets		630,143	720,939

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We take ownership by developing creative and innovative solutions.



Parent balance sheet at 31.12.2021

Equity and liabilities	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		30,000	30,000
Translation reserve		(214)	(1,158)
Reserve for net revaluation according to the equity method		320,828	412,940
Retained earnings		232,518	87,213
Equity		583,132	528,995
Deferred tax	10	29,364	28,803
Provisions		29,364	28,803
Mortgage debt		15,960	17,405
Non-current liabilities other than provisions	11	15,960	17,405
Current portion of long-term liabilities other than provisions	11	1,445	1,423
Payables to group enterprises		0	144,089
Joint taxation contribution payable		0	145
Other payables		242	79
Current liabilities other than provisions		1,687	145,736
Liabilities other than provisions		17,647	163,141
Equity and liabilities		630,143	720,939
Employees	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	30,000	(1,157)	412,940	99,097	540,880
Changes in accounting policies	0	0	0	(11,885)	(11,885)
Adjusted equity, beginning of the year	30,000	(1,157)	412,940	87,212	528,995
Exchange rate adjustments	0	1,209	12,396	0	13,605
Tax of entries on equity	0	(266)	0	0	(266)
Dividends from group enterprises	0	0	(140,000)	140,000	0
Profit/loss for the year	0	0	35,492	5,306	40,798
Equity end of year	30,000	(214)	320,828	232,518	583,132

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We develop our people and promote diversity all over the Group.



Notes to parent financial statements

	2021 DKK'000	2020 DKK'000
1. Depreciation, amortization, and impairment losses		
Depreciation of property, plant and equipment	5,259	4,974
Profit/loss from sale of intangible assets and property, plant, and equipment	(2,158)	0
	3,101	4,974

2. Income from investments in group enterprises

In 2020, the subsidiaries' performance has been affected by the hacker attack, COVID-19 and financial support packages received in consequence of COVID-19. The Group received total compensation of DKK 15.2 million in 2020. The Group did not receive any compensation related to COVID-19 in 2021.

	2021 DKK'000	2020 DKK'000
3. Other financial income		
Financial income from group enterprises	787	781
Other interest income	1,176	0
	1,963	781

Other interest income also consists of exchange gains.

	2021 DKK'000	2020 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	2,001	5,416
Other interest expenses	1,726	598
	3,727	6,014

Other interest expenses also consist of exchange losses.

Notes to parent financial statements

	2021 DKK'000	2020 DKK'000
5. Tax on profit/loss for the year		
Current tax	1,003	471
Change in deferred tax	561	79
Adjustment concerning previous years	(74)	0
	1,490	550

	2021 DKK'000	2020 DKK'000
6. Proposed distribution of profit and loss		
Retained earnings	40,798	(11,222)
	40,798	(11,222)

	Land and buildings DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant, and equipment		
Cost beginning of year	284,515	2,817
Transfers	2,817	(2,817)
Additions	2,817	0
Disposals	(5,478)	0
Cost end of year	284,671	0
Depreciation and impairment losses beginning of year	(61,622)	0
Depreciation for the year	(5,259)	0
Reversal regarding disposals	5,478	0
Depreciation and impairment losses end of year	(61,403)	0
Carrying amount end of year	223,268	0

Notes to parent financial statements

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Other investments DKK'000
8. Financial assets			
Cost beginning of year	11,813	14,538	33,499
Additions	0	1,209	0
Disposals	7,702	0	0
Cost end of year	19,515	15,747	33,499
Revaluations beginning of year	412,940	0	11,885
Changes in accounting policies	0	0	(11,885)
Exchange rate adjustments	12,396	0	0
Share of profit/loss for the year	35,492	0	0
Dividend	(140,000)	0	0
Revaluations end of year	320,828	0	0
Carrying amount end of year	340,343	15,747	33,499

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

Some uncertainty is connected with recognition and measurement of investments in group enterprises as specified in note 1 to the consolidated financial statements. Please refer to note 1.

Considering a fair presentation, the Company has decided to change its accounting policy on the measurement of other investments. Please refer to the accounting policies for further details.

9. Prepayments

Prepayments comprise costs incurred such as rent, insurance premiums, subscription fees and freight forwarding costs relating to the next financial year.

Notes to parent financial statements

	2021 DKK'000	2020 DKK'000
10. Deferred tax		
Property, plant, and equipment	29,432	28,876
Liabilities other than provisions	(68)	(73)
	29,364	28,803

Changes during the year

Beginning of year	28,803	28,724
Recognized in the income statement	561	79
End of year	29,364	28,803

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstan- ding after 5 years 2021 DKK'000
11. Non-current liabilities other than provisions				
Mortgage debts	1,445	1,423	15,960	9,957
	1,445	1,423	15,960	9,957

12. Employees

The Entity has no employees other than the Executive Board and Board of Directors. The Executive Officer has received a remuneration of DKK 660 (2020: 0 thousand) thousand and the Board of Directors has received a remuneration of 705 thousand (2020: 600 thousand).

13. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement of the LEMAN Group. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Notes to parent financial statements

14. Assets charged and collateral

The bank and mortgage debts of the LEMAN Group are secured by way of a mortgage deed registered on its properties of DKK 30,777 thousand (2020: DKK 34,527 thousand).

Collateral provided for group enterprises

LEMAN HOLDING A/S has provided parent company guarantees limited to DKK 45,500 thousand on bank facilities (2020: DKK 35,500 thousand).

15. Related parties with controlling interest

- La Capite S.A., 10, Rue Nicolas Adames, L-1114 Luxembourg owns all shares in LEMAN HOLDING A/S, thus exercising control.
- Philippe Ziegler, Geneva, Switzerland owns 48% of the shares in La Capite SA and is the controlling shareholder of the Company.

16 Non-arm's length related party transactions

Only non-arm's-length related party transactions are disclosed in the annual report. No such transactions were conducted in the financial year.

Accounting policies

Reporting class

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

Changes in accounting policies

The Group and the Parent have decided to change their accounting policies to measure other investments (financial assets) at cost instead of fair value given that it is no longer possible to determine a reliable measurement of the fair value of unlisted equity investments.

For the Group and Parent, the change in accounting policies has led to a decrease in other investments (financial assets) of DKK 11,885. Consequently, for the Group and Parent, the total effect of the change in accounting policies does not impact this year's income statement or tax on profit. The Group's and Parent's balance sheet total decreases by DKK 11,885, while equity decreases by DKK 11,885 at 31.12.2021.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Accounting policies

Basis of consolidation

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

Subsidiaries' financial statement items are recognized in full in the consolidated financial statements.

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

Business combinations

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

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

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognized under intangible assets, and they are amortized systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at ten years. Useful life is reassessed annually.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories, and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognizing foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the

Accounting policies

beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognized directly in the translation reserve in equity.

When recognizing foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from nonmonetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized as other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is recognized in the income statement when the agreed freight forwarding services are considered delivered, and control of the goods has been passed either to the customer or another logistics supplier.

Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Segment information

Operation segments

The primary activities of LEMAN comprise transportation and logistics to and from foreign destinations on behalf of Danish and foreign customers. Business segments are defined by the operational and management structure of LEMAN. The services rendered by the Company comprise road, air&sea, and logistics services.

Geographical segments

LEMAN business is based on transactions in our global network rather than in individual countries or regions, the transportations are arranged through an extended network of cooperation among agents. Revenue are allocated to the geographical areas according to the country in which the customer is invoiced and the consolidated entity is based.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Other external expenses

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

Staff costs

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

Depreciation, amortization, and impairment losses

Depreciation, amortization, and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortization and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant, and equipment.

Income from investments in group enterprises

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

Other financial income

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

Accounting policies

Other financial expenses

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

Tax on profit/loss for the year

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

The Parent, LEMAN HOLDING A/S, is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is amortized straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortization period is ten years based on acquired market positions and a long-term earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. When recognizing development projects as intangible assets, an amount equaling the costs incurred less deferred tax is taken to equity under reserve for development costs, which is reduced as the development projects are amortized and written down.

The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs, amortization of intangible assets and depreciation on property, plant and equipment used in the development process are recognized in cost based on time spent on each project.

Accounting policies

Completed development projects are amortized on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at ten years. For development projects protected by intellectual property rights, the maximum period of amortization is the remaining duration of the relevant rights. The amortization periods used are three to ten years.

For development projects protected by intellectual property rights, the maximum period of amortization is the remaining duration of the relevant rights. The amortization periods used are three to ten years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant, and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labor costs.

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

- Buildings: 39-50 years
- Plant and machinery: 5 years
- Other fixtures and fittings, tools and equipment: 3-8 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognized and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortized goodwill and plus or minus unrealized intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortized straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortization period used is ten years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Accounting policies

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realizable value.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognized for amortization of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Tax payable or receivable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognized in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognized if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Other investments (current assets)

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realizable value.

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity under retained earnings. Gains and losses from sale are not recognized in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

Other provisions

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Accounting policies

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortized cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognized in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognized in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortized cost. The difference between present value and nominal amount of the lease payments is recognized in the income statement as a financial expense over the term of the leases.

Operating leases

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

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognized in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognized if such losses are expected to be used under the joint taxation arrangement.

Deferred income

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement, and sale, etc. of intangible assets and property, plant, and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short term bank loans.

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To us, solutions mean being proactive and tailor to our customers' needs.



Financial highlights

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

Ratios	Calculation formula	Calculation formula reflect
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.



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