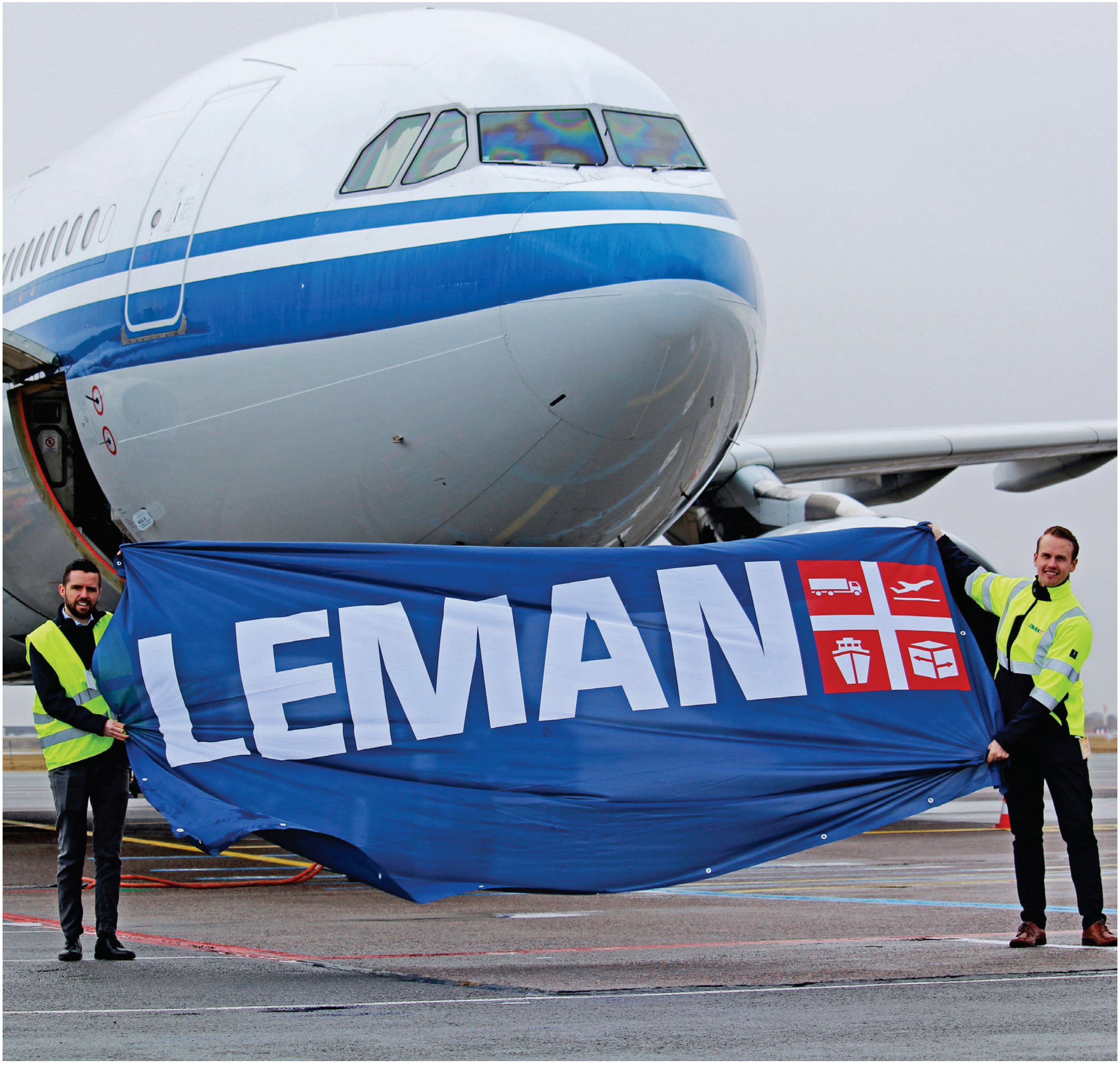
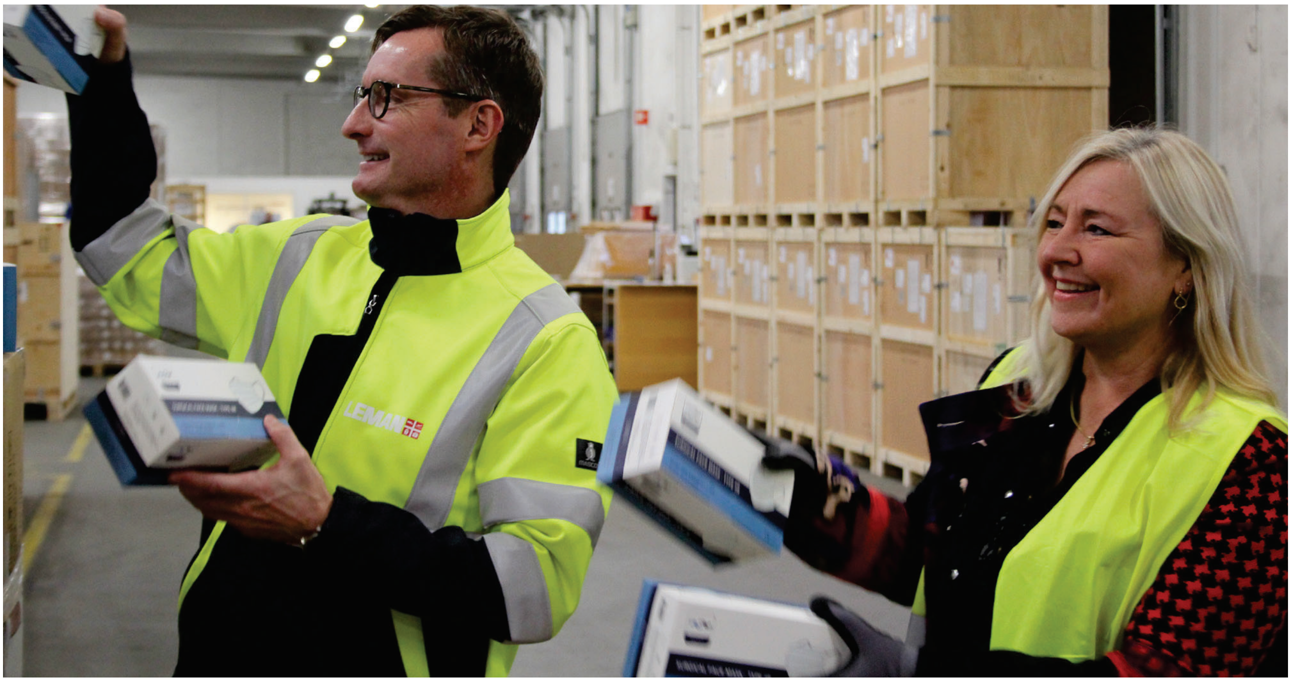
# Annual Report 2020

LEMAN HOLDING A/S



“

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



# LEMAN HOLDING A/S
# Annual Report 2020
# CBR No. 36 70 05 13

The Annual General Meeting adopted the annual report on 5th May 2021

**Chairman of the General Meeting**

Thomas Krøyer

“

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

# Contents

# Entity details

## Entity

LEMAN HOLDING A/S
Ventrupvej 6
2670 Greve

Central Business Registration No: 36700513
Registered in: Greve
Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Philippe Ziegler, Chairman
Karen Nielsen
Lilian Merete Mogensen
Ole Michael Ringheim
Charles Duro

## Executive Board

Thomas Krøyer, 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 LEMAN HOLDING A/S for the financial year 01.01.2020 - 31.12.2020.

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

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

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

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

Greve, 5th May 2021

## Executive Board

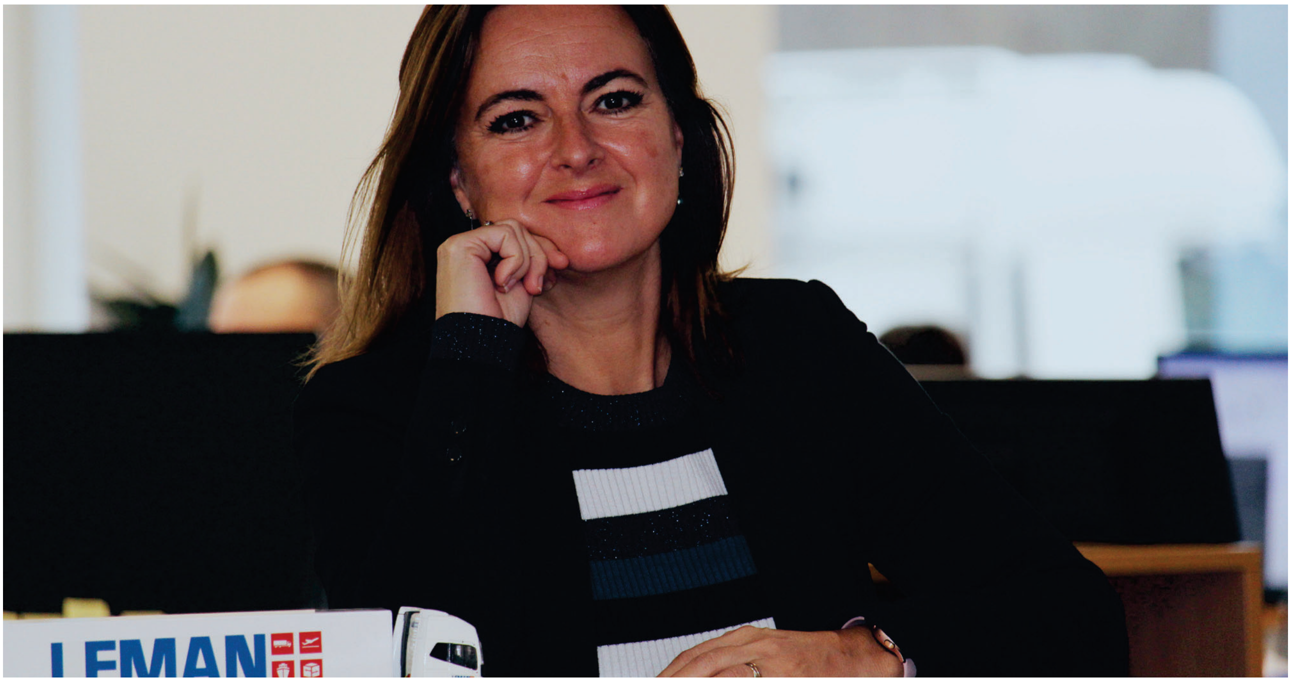
Thomas Krøyer
Chief Executive Officer

## Board of Directors

| | | |
|---|---|---|
| Philippe Ziegler<br>Chairman | Charles Duro | Lilian Merete Mogensen |
| Karen Nielsen | Ole Michael Ringheim | |

“

Commitment is creating trust, displaying integrity, and delivering as promised.




LEMAN

# Independent auditor's reports

## To the shareholders 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 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, 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 31.12.2020, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or 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 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, 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, 5th May 2021

## Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56

Anders Kreiner
State-Authorised Public Accountant
Identification NO (MNE) mne26765

“

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

# Management commentary

## Financial highlights

| | 2020<br>DKK'000 | 2019<br>DKK'000 | 2018<br>DKK'000 | 2017<br>DKK'000 | 2016<br>DKK'000 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 2.241.643 | 2.267.603 | 2.439.102 | 2.162.884 | 1.999.758 |
| Gross profit | 460.593 | 538.029 | 540.821 | 489.073 | 500.178 |
| Operating profit/loss | -9.365 | 19.750 | 34.270 | 43.529 | 59.741 |
| Net financials | -4.465 | 3.426 | -2.031 | 1.514 | 4.558 |
| EBT | -13.030 | 23.176 | 32.239 | 45.043 | 64.299 |
| Profit/loss for the year | -11.222 | 15.547 | 22.670 | 36.887 | 47.222 |
| Total assets | 962.130 | 911.835 | 952.634 | 953.104 | 869.793 |
| Investment in intangible assets | 11.422 | 14.245 | 25.431 | 53.939 | 0 |
| Investments in property, plant and equipment | 9.729 | 18.384 | 15.997 | 19.104 | 29.690 |
| Equity | 540.880 | 568.473 | 558.979 | 538.189 | 513.656 |
| Average numbers of employees | 683 | 718 | 744 | 661 | 632 |
| **Ratios** | | | | | |
| Gross margin (%) | 20,6 | 23,7 | 22,2 | 22,6 | 25,0 |
| Return on equity (%) | -2,0 | 2,8 | 4,1 | 7,0 | 9,5 |
| Equity ratio (%) | 56,2 | 62,3 | 58,7 | 56,5 | 59,1 |

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

# 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 2.242 million against DKK 2.268 million last year and thereby declined by 1%. The decline is caused by reduced activity levels in the UK and to a lesser extent in Denmark, partly mitigated by growth in other markets. The gross profit margin decreased to 20,6% from 23,7% last year. The decline in margin is primarily caused by cost associated with operating without IT support in the weeks following a hacker attack, which hit LEMAN towards the end of May. The financial impact of the hacker attack is estimated to be around DKK 30m. The profit before tax amounted to a loss of DKK -13.8 million against a profit of DKK 23.2 million last year. LEMAN fully recovered from the attack before the end of 2020.

The markets for international cargo transportation in which LEMAN operate showed very high volatility during 2020. COVID-19 had a significant negative impact on transport volumes in the first half of 2020, whereas a rebound during the second half of 2020 resulted in bottlenecks, capacity constraints and a surge in freight rates on many routes. The UK market proved particularly challenging, as the UK economy entered into a deep recession aggravated by Brexit uncertainty.

In this volatile environment, the LEMAN organization demonstrated the agility and creativity necessary to keep the supply chains open for our customers and the societies we serve. LEMAN was among the first movers to open an airbridge from China to Scandinavia when an urgent need for PPE equipment such as facemasks arose during Q2, and we are proud of our contribution to meeting these requirements under extremely challenging operational circumstances. There were 20 LEMAN flights operated from Asia to Scandinavia during 2020. Another notable new product developed during 2020 is the land transport route by truck from China to Scandinavia, which became an attractive option for many customers due to capacity constraints and surging freight rates on more traditional modes of transport such as air freight and sea freight.

In April 2020, LEMAN established own representation in Greenland. LEMAN has for many years served customers in Greenland with international transport solutions. By establishing own representation, LEMAN is now in an even stronger position to serve new- and existing clients in this market. In September 2020, LEMAN opened a new branch office in Stavanger, Norway. The branch office in Stafford, UK was closed during the year.

Towards the end of May, LEMAN suffered a hacker attack on the core IT infrastructure. The ransomware attack was committed by professional hackers who managed to circumvent our IT security measures and cause significant damage before the attack was detected and stopped. For two weeks the LEMAN organization operated without any IT support before the IT applications gradually were restored and re-commissioned. LEMAN is grateful for the support we received from our customers and business partners during these difficult times, and for the extreme dedication and commitment demonstrated by our staff throughout this period. Following the attack, a number of additional IT security measures have been put in place.

# Management commentary

The financial results for the year are not satisfactory in absolute terms and 2020 is regarded as a financially 'lost year'. However, we can be satisfied with the underlying progress made on many fronts which have positioned LEMAN even better for the future. The progress made during the 2. Half of the year on the Company's strategic program, Mission LEMAN 3+, was very satisfactory and the long term targets remain unchanged.

## Outlook

The Company will continue to execute on the launched series of profitable growth initiatives and investments to strengthen the diversification and the solid foundation across the LEMAN Group.

Management expects that the world economy will gradually recover during 2021 and that global trade will experience relatively high growth although remain volatile during 2021. The turnover for LEMAN is expected to be higher than in 2020 and profitability is expected to be restored to a Net Profit at the level of what is customary for the Group in line with previous years.

## Particular risks

### 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.

### Currency risks

Purchase and sales transactions are carried out in DKK, SEK, NOK, EUR, USD and USD-related currencies. Further, the Group has made investments in SEK, NOK, USD and EUR. During 2020, Management adopted a new hedging policy whereby the Group's exposure to mainly USD is being partially hedged.

The Company's foreign currency exposures relating to sales transactions have as far as possible been hedged by offsetting purchase transactions in DKK, SEK, NOK, EUR, USD and USD-related currencies.

## Group relations

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

# Management commentary

## Statutory report on corporate social responsibility

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

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:

### Human rights

- 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 2020, 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 market place, our upstream activities carry risks. In this case, we rely on the intimation from every supplier in our Supplier Code of Conduct.

### 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 Work Place Assessment survey was conducted towards the end of 2020 to highlight areas for possible improvement initiatives.

# Management commentary

### 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 2020, we encountered 8 workplace accidents (versus 22 in 2019). 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 is one of the core values of the Group and has also in 2020 been high on the agenda for Management and the Board of Directors. A new environmental policy was adopted, 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 use of electricity and promote 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.

### Goals and implementation:

In accordance with the new Environmental Policy, LEMAN will in 2021 offset its unavoidable direct Scope 1 and Scope 2 emissions in the Nordic countries. The selection process to find the right offsetting project is ongoing. LEMAN will also during 2021 set near future reduction targets. 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 we aim to launch during 2021.

# Management commentary

Further initiatives are contemplated based on the UN Sustainable Development Goals (SDG). The Company will be working specifically with the following focus areas: Decent Work and Economic Growth (UN SDG 8) and Climate Action (UN SDG 13).

**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 $CO_2$ emissions during 2020 can be summarized as follows:

| (T $CO_2$) | Scope 1 | Scope 2 | Total |
|---|---|---|---|
| Denmark | 1.231 | 16 | 1.247 |
| Sweden | 0 | 0 | 0 |
| Norway | 77 | 361 | 438 |
| Finland | 0 | 19 | 19 |
| United Kingdom | 4.536 | 45 | 4.581 |
| USA | 1.485 | 306 | 1.791 |
| Total | 7.330 | 746 | 8.076 |

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. Whenever possible, our offices and facilities operate on 100% green electricity coming from 100% renewable green sources. Furthermore, we minimize consumption through LED lights installed and focus on efficient energy usage. In Norway, our large warehousing facility in Vestby has achieved certification by BREEAM for its environmental, social and economic sustainability performance.

Throughout 2020, 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. Nevertheless, we will as outlined above do our part to promote sustainable transport solutions.

# Management commentary

## 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 goals are 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. This procedure is to make sure that LEMAN complies with all applicable laws and regulations, but also, that we behave by our values and ethics by respecting our colleagues, business partners, and the world around us.

### Results, expectations and risks:

In 2020, 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.

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.

## 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. Significant progress has been achieved over the years, 40% of the members of our Board of Directors and 42% of the members of the management team are now female.

# Management commentary

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

The staff at LEMAN will 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.

## 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.

On 6th April 2021, LEMAN announced the establishment of LEMAN China Co Ltd with 5 branch offices across China. LEMAN China will initially employ 60 people.

## Treasury shares

LEMAN Holding A/S owns a number of treasury shares, which are specified in note 14 to the consolidated financial statements.

“

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


LEMAN

# Consolidated income statement for 2020

| | Notes | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|---|
| Revenue | 1 | 2.241.643 | 2.267.603 |
| Cost of sales | | -1.781.050 | -1.729.574 |
| **Gross profit** | | **460.593** | **538.029** |
| Other operating income | 2 | 15.616 | 618 |
| Other external expenses | | -118.309 | -135.078 |
| Staff costs | 3 | -334.697 | -352.326 |
| Depreciation, amortisation and impairment losses | 4 | -32.568 | -31.493 |
| **Operating profit/loss** | | **-9.365** | **19.750** |
| Other financial income | | 1.525 | 5.402 |
| Other financial expenses | | -5.990 | -1.976 |
| **Profit/loss before tax** | | **-13.830** | **23.176** |
| Tax on profit/loss for the year | 5 | 2.608 | -7.629 |
| **Profit/loss for the year** | 6 | **-11.222** | **15.547** |

# Consolidated balance sheet at 31.12.2020

| Assets | Notes | 2020 DKK'000 | 2019 DKK'000 |
|---|---|---|---|
| Completed development projects | 8 | 53.866 | 48.869 |
| Goodwill | | 35.439 | 45.115 |
| Development projects in progress | 8 | 865 | 1.956 |
| **Intangible assets** | 7 | **90.170** | **95.940** |
| Land and buildings | | 266.674 | 277.945 |
| Plant and machinery | | 17.331 | 16.131 |
| Other fixtures and fittings, tools and equipment | | 17.849 | 28.997 |
| Property, plant and equipment in progress | | 5.159 | 0 |
| **Property, plant and equipment** | 9 | **307.013** | **323.073** |
| Other investments | | 45.384 | 45.384 |
| Deposits | | 711 | 769 |
| **Financial assets** | 10 | **46.095** | **46.153** |
| **Fixed assets** | | **443.278** | **465.166** |
| Trade receivables | | 343.118 | 319.114 |
| Deferred tax | 11 | 1.699 | 1.630 |
| Other receivables | | 1.630 | 980 |
| Tax receivable | | 13.019 | 3.622 |
| Prepayments | 12 | 23.597 | 18.274 |
| **Receivables** | | **383.063** | **343.620** |
| Other investments | | 76 | 76 |
| **Other investments** | | **76** | **76** |
| **Cash** | | **135.713** | **102.973** |
| **Current assets** | | **518.852** | **446.669** |
| **Assets** | | **962.130** | **911.835** |

# Consolidated balance sheet at 31.12.2020

| Equity and liabilities | Notes | 2020 DKK'000 | 2019 DKK'000 |
|---|---|---|---|
| Contributed capital | 13, 14 | 30.000 | 30.000 |
| Translation reserve | | -11.371 | 0 |
| Retained earnings | | 522.251 | 533.473 |
| Proposed dividend for the financial year | | 0 | 5.000 |
| **Equity** | | **540.880** | **568.473** |
| Deferred tax | 11 | 42.962 | 42.654 |
| Other provisions | 15 | 1.464 | 0 |
| **Provisions** | | **44.426** | **42.654** |
| Montgage debt | | 17.405 | 18.829 |
| Lease liabilities | | 1.539 | 1.355 |
| Other payables | | 16.037 | 5.774 |
| **Non-current liabilities other than provisions** | 16 | **34.981** | **25.958** |
| Current portion of long-term liabilities other than provisions | 16 | 1.936 | 1.882 |
| Trade payables | | 271.369 | 212.209 |
| Payables to group enterprices | | 3.511 | 0 |
| Tax payable | | 375 | 2.024 |
| Other payables | | 60.950 | 55.549 |
| Deferred income | 17 | 3.702 | 3.086 |
| **Current liabilities other than provisions** | | **341.843** | **274.750** |
| **Liabilities other than provisions** | | **376.824** | **300.708** |
| **Equity and liabilities** | | **962.130** | **911.835** |
| Financial instruments | 20 | | |
| Unregcognised rental and lease commitments | 21 | | |
| Contingent liabilities | 22 | | |
| Assets charged and collateral | 23 | | |
| Transactions with related parties | 24 | | |
| Subsidiaries | 25 | | |

# Consolidated statement of changes in equity for 2020

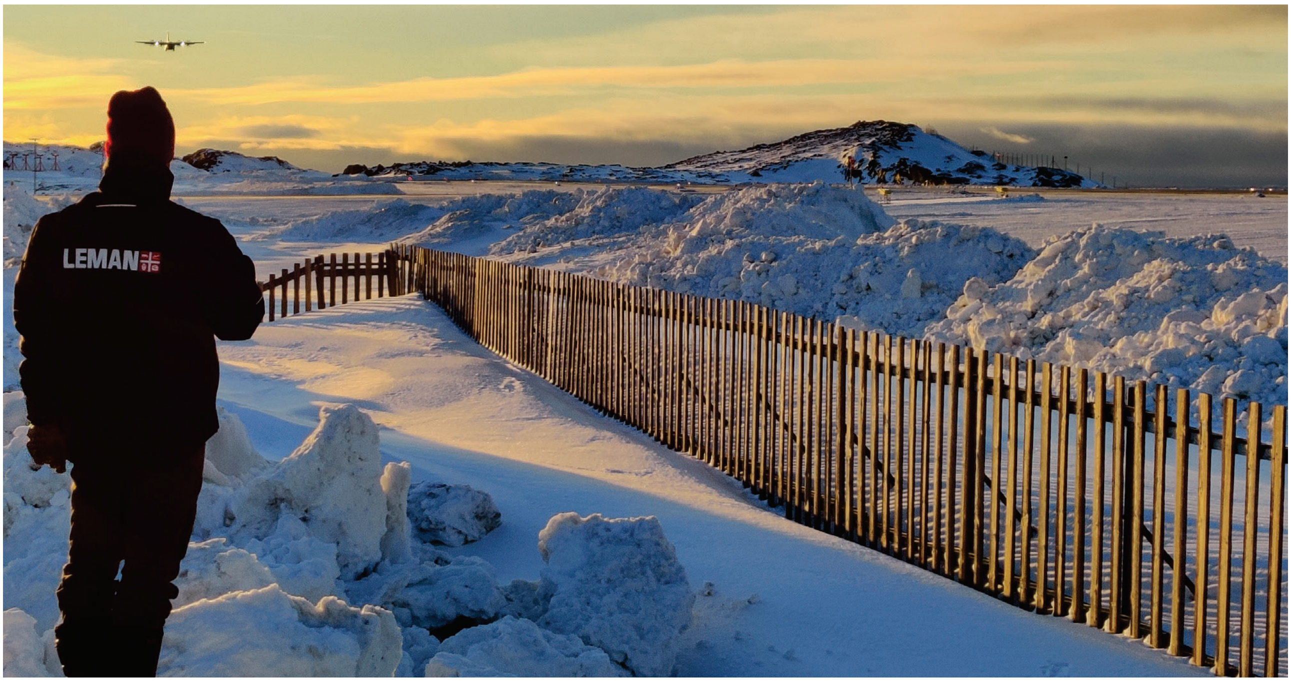
| | Contributed capital DKK'000 | Translation reserve DKK'000 | Retained earnings DKK'000 | Proposed dividend for the financial year DKK'000 | Total DKK'000 |
|---|---|---|---|---|---|
| Equity beginning of year | 30.000 | 0 | 533.473 | 5.000 | 568.473 |
| Ordinary dividend paid | 0 | 0 | 0 | -5.000 | -5.000 |
| Exchange rate adjustments | 0 | -12.812 | 0 | 0 | -12.812 |
| Tax of entries on equity | 0 | 1.441 | 0 | 0 | 1.441 |
| Profit/loss for the year | 0 | 0 | -11.222 | 0 | -11.222 |
| **Equity end of year** | **30.000** | **-11.371** | **522.251** | **0** | **540.880** |

# Consolidated cash flow statement for 2020

| | Notes | 2020 DKK'000 | 2019 DKK'000 |
|---|---|---|---|
| Operating profit/loss | | -9.365 | 19.750 |
| Amortisation, depreciation and impairment losses | | 33.244 | 31.493 |
| Other provisions | | 1.464 | 0 |
| Working capital changes | 19 | 35.201 | -7.815 |
| **Cash flow from ordinary operating activities** | | **60.544** | **43.428** |
| Financial income received | | 1.525 | 5.402 |
| Financial expenses paid | | -5.990 | -1.976 |
| Taxes refunded/(paid) | | -11.020 | 6.980 |
| **Cash flows from operating activities** | | **45.059** | **53.834** |
| Acquisition etc. of intangible assets | | -11.422 | -14.245 |
| Acquisition etc. of property, plant and equipment | | -9.729 | -18.384 |
| Sale of property, plant and equipment | | 1.655 | 2.203 |
| Deposit | | 23 | 0 |
| **Cash flows from investing activities** | | **-19.473** | **-30.426** |
| **Free cash flows generated from operations and investments before financing** | | **25.586** | **23.408** |
| Repayments of loans etc | | -1.620 | -1.943 |
| Incurrence of debt to group enterprises | | 3.511 | 0 |
| Dividend paid | | -5.000 | -7.500 |
| Other payable refer to frozen holiday allowance to employees | | 10.263 | 5.774 |
| **Cash flows from financing activities** | | **7.154** | **-3.669** |
| **Increase/decrease in cash and cash equivalents** | | **32.740** | **19.739** |
| Cash and cash equivalents beginning of year | | 103.049 | 83.310 |
| **Cash and cash equivalents end of year** | | **135.789** | **103.049** |
| Cash and cash equivalents at year-end are composed of: | | | |
| Cash | | 135.713 | 102.973 |
| Securities | | 76 | 76 |
| **Cash and cash equivalents end of year** | | **135.789** | **103.049** |

“

We take responsibility and care about a sustainable future.




LEMAN

# Notes to consolidated financial statements

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **1. Revenue** | | |
| Denmark | 1.127.130 | 1.138.126 |
| Other countries | 1.114.513 | 1.129.477 |
| **Total revenue by geographical market** | **2.241.643** | **2.267.603** |

The Group's primary activities comprise transportation and logistics to and from foreign destinations on behalf of Danish and foreign customers. The revenue broken down by country is not based on the actual activity in each country but on the country in which the customer is invoiced.

## 2. Other operating income

The Group's performance has been affected by the financial support packages received in consequence of COVID-19. The Group has received total compensation of DKK 15.2 million.

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **3. Staff costs** | | |
| Wages and salaries | 308.167 | 323.961 |
| Pension costs | 18.159 | 20.021 |
| Other social security costs | 6.052 | 6.696 |
| Other staff costs | 7.842 | 8.238 |
| | **340.220** | **358.916** |
| Staff costs classified as assets | -5.523 | -6.590 |
| | **334.697** | **352.326** |
| Average number of full-time employees | 683 | 718 |

LEMAN

# Notes to consolidated financial statements

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **Remuneration of management** | | |
| Executive Board | 0 | 6.046 |
| Board of Directors | 0 | 453 |
| Total amount for management categories | 4.317 | 0 |
| | **4.317** | **6.499** |

The disclosure of the group management renumeration falls within section 98b(3)(2) of the Danish Financial Statements Act.

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **4. Depreciation, amortisation and impairment losses** | | |
| Amortisation of intangible assets | 15.227 | 12.873 |
| Depreciation of property, plant and equipment | 18.017 | 19.761 |
| Profit/loss from sale of intangible assets and property, plant and equipment | -676 | -1.141 |
| | **32.568** | **31.493** |

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **5. Tax on profit/loss for the year** | | |
| Current tax | -4.335 | 8.465 |
| Change in deferred tax | 1.680 | -809 |
| Adjustment concerning previous year | 47 | -27 |
| | **-2.608** | **7.629** |

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **6. Proposed distribution of profit/loss** | | |
| Provision for distributions | 0 | 5.000 |
| Retained earnings | -11.222 | 10.547 |
| | **-11.222** | **15.547** |

# Notes to consolidated financial statements

| | Completed development projects DKK´000 | Goodwill DKK´000 | Development projects in progress DKK´000 |
|---|---|---|---|
| 7. Intangible assets | | | |
| Cost beginning of year | 56.354 | 80.623 | 1.956 |
| Exchange rate adjustments | 0 | -3.453 | 0 |
| Transfers | 1.956 | 0 | -1.956 |
| Additions | 10.557 | 0 | 865 |
| **Cost end of year** | **68.867** | **77.170** | **865** |
| | | | |
| Amortisation and impairment losses beginning of year | -7.485 | -35.508 | 0 |
| Exchange rate adjustments | 0 | 1.488 | 0 |
| Amortisation for the year | -7.516 | -7.711 | 0 |
| **Amortisation and impairment losses end of year** | **-15.001** | **-41.731** | **0** |
| | | | |
| **Carrying amount end of year** | **53.866** | **35.439** | **865** |

## 8. Development projects

Completed development projects and development projects in progress include the development of other supportive IT systems. The development projects are expected to be completed within one to three years and comprise both external consultancy fees and internal labour costs.

# Notes to consolidated financial statements

| | 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 |
|---|---|---|---|---|
| 9. Property, plant and equipment | | | | |
| Cost beginning of year | 346.687 | 38.440 | 102.650 | 0 |
| Exchange rate adjustments | -5.369 | -1.960 | -2.066 | 0 |
| Transfers | 0 | 15.891 | -15.891 | 0 |
| Additions | 349 | 1.659 | 2.562 | 5.159 |
| Disposals | 0 | -8.106 | -13.875 | 0 |
| **Cost end of year** | **341.667** | **45.924** | **73.380** | **5.159** |
| | | | | |
| Depreciation and impairment losses beginning of the year | -68.742 | -22.309 | -73.653 | 0 |
| Exchange rate adjustments | 1.301 | 1.001 | 300 | 0 |
| Transfers | 0 | -9.639 | 9.639 | 0 |
| Depreciation for the year | -7.552 | -4.969 | -5.496 | 0 |
| Reversal regarding disposals | 0 | 7.323 | 13.679 | 0 |
| **Depreciation and impairment losses end of the year** | **-74.993** | **-28.593** | **-55.531** | **0** |
| | | | | |
| **Carrying amount end of year** | **266.674** | **17.331** | **17.849** | **5.159** |
| | | | | |
| Recognised assets not owned by entity | 0 | 0 | 1.600 | 0 |

# Notes to consolidated financial statements

## 10. Financial assets

| | Other investments DKK'000 | Deposits DKK'000 |
|---|---|---|
| Cost beginning of year | 33.499 | 769 |
| Exchange rate adjustments | 0 | -35 |
| Additions | 0 | 19 |
| Disposals | 0 | -42 |
| **Cost end of year** | **33.499** | **711** |
| | | |
| Revaluations beginning of year | 11.885 | 0 |
| **Revaluations end of year** | **11.885** | **0** |
| | | |
| **Carrying amount end of year** | **45.384** | **711** |

Other investments comprise listed and unlisted securities. For those of the listed securities that are being publicly traded daily, the valuation is based on the market price. Other securities are measured at estimated fair value, where a market approach to valuation has been conducted. Where input originates in prior years, we have considered whether subsequent events could have had a negative impact on the valuation. However, no indications were found hereof.

## 11. Deferred tax

| | 2020 DKK'000 | 2019 DKK'000 |
|---|---|---|
| **Changes during the year** | | |
| Beginning of year | -41.024 | -41.833 |
| Recognised in the income statement | -1.680 | 809 |
| Recognised directly in equity | 1.441 | 0 |
| **End of the year** | **-41.263** | **-41.024** |
| | | |
| **Deferred tax has been recognised in the balance sheet as follows** | | |
| Deferred tax assets | 1.699 | 1.630 |
| Deferred tax liabilities | -42.962 | -42.654 |
| | **-41.263** | **-41.024** |

As of 31.12.2020, the Group has recognised a tax asset of DKK 1,699 thousand. The tax asset is composed of tax loss carryforwards and unutilised tax deductions consisting of timing differences. Management believes that the tax asset is likely to be offset against future taxable income.

# Notes to consolidated financial statements

## 12. 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 | Nominel value DKK'000 |
|---|---|---|---|
| **13. Contributed capital** | | | |
| Class A shares | 120 | 250 | 30.000 |
| | 120 | | 30.000 |

| | Number | Nominel value DKK'000 | Recorded par value DKK'000 | Share of contributed capital % |
|---|---|---|---|---|
| **14. Treasury shares** | | | | |
| Class A shares | 12 | 250 | 3.000 | 10,00 |
| Holding of treasury shares | 12 | 250 | 3.000 | 10,00 |

## 15. 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.

# Notes to consolidated financial statements

## 16. Non-current liabilities other than provisions

| | Due within 12 months 2020 DKK'000 | Due within 12 months 2019 DKK'000 | Due after more than 12 months 2020 DKK'000 | Outstan-ding after 5 years DKK'000 |
|---|---|---|---|---|
| Mortgage debts | 1.423 | 1.402 | 17.405 | 11.492 |
| Lease liabilities | 513 | 480 | 1.539 | 0 |
| Other payables | 0 | 0 | 16.037 | 0 |
| | **1.936** | **1.882** | **34.981** | **11.492** |

Other payables consist of frozen holiday allowance to employees. Management expects to use the possibility of paying the holiday allowance in 2021.

## 17. Deferred income

Deferred income relates to revenue cut-off.

## 18. Change in working capital

| | 2020 DKK'000 | 2019 DKK'000 |
|---|---|---|
| Increase/decrease in receivables | -29.977 | 56.284 |
| Increase/decrease in trade payables etc | 65.178 | -57.820 |
| Other changes | 0 | -6.279 |
| | **35.201** | **-7.815** |

# Notes to consolidated financial statements

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **19. Fees to the auditor appointed by the Annual General Meeting** | | |
| Statutory audit services | 342 | 331 |
| Tax services | 68 | 46 |
| Other services | 655 | 376 |
| | 1.065 | 753 |

## 20. 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 25,122 thousand, distributed in USD. The fair value of the contract amounts to DKK 955 thousand, which has been recognised as other receivables, and the fair value adjustment has been recognised in the income statement. All forward exchange contracts expire in the financial year 2021.

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **21. Unrecognized rental and lease commitments** | | |
| Liabilities under rental or lease agreements until maturity in total | 107.970 | 136.383 |

Liabilities under rental or lease agreements until maturity can be divided into liabilities under rental agreements of DKK 74,359 thousand (2019: DKK 88,799 thousand) and liabilities under lease agreements of DKK 33,611 thousand (2019: DKK 47,584 thousand).

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **22. Contingent liabilities** | | |
| Recourse and non-recourse guarantee commitments | 45.812 | 50.475 |
| **Contingent liabilities in total** | 45.812 | 50.475 |

# Notes to consolidated financial statements

## 23. 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 34,527 thousand (2019: DKK 34,527 thousand).

## 24. 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.

## 25. Subsidiaries

| | Registered in | Corporate form | Ownership % |
|---|---|---|---|
| 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 |
| - Dalpa International Limited | England, Dewsbury | 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 |

"

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

# Parent income statement for 2020

| | Notes | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|---|
| Other operating income | | 15.475 | 15.835 |
| Other external expenses | | -2.763 | -6.344 |
| **Gross profit** | | **12.712** | **9.491** |
| Depreciation, amortisation and impairment losses | 1 | -4.974 | -4.825 |
| **Operating profit/loss** | | **7.738** | **4.666** |
| Income from investments in group enterprises | 2 | -13.175 | 15.205 |
| Other financial income | 3 | 781 | 1.545 |
| Other financial expenses | 4 | -6.015 | -5.908 |
| **Profit/loss before tax** | | **-10.671** | **15.508** |
| Tax on profit/loss for the year | 5 | -551 | 39 |
| **Profit/loss for the year** | 6 | **-11.222** | **15.547** |

# Parent balance sheet at 31.12.2020

| Assets | Notes | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|---|
| Land and buildings | | 222.892 | 227.488 |
| Property, plant and equipment in progress | | 2.817 | 0 |
| **Property, plant and equipment** | 7 | **225.709** | **227.488** |
| Investments in group enterprises | | 424.753 | 449.599 |
| Receivables from group enterprises | | 14.538 | 0 |
| Other investments | | 45.384 | 45.384 |
| **Financial assets** | 8 | **484.675** | **494.983** |
| **Fixed assets** | | **710.384** | **722.471** |
| Receivables from group enterprises | | 0 | 16.022 |
| Income tax receivable | | 8.952 | 1.383 |
| Joint taxation contribution receivable | | 0 | 5.569 |
| Prepayments | 9 | 508 | 0 |
| **Receivables** | | **9.460** | **22.974** |
| **Cash** | | **12.981** | **12.253** |
| **Current assets** | | **22.441** | **35.227** |
| **Assets** | | **732.825** | **757.698** |

# Parent balance sheet at 31.12.2020

| Equity and liabilities | Notes | 2020 DKK'000 | 2019 DKK'000 |
|---|---|---|---|
| Contributed capital | | 30.000 | 30.000 |
| Translation reserve | | -1.158 | 0 |
| Reserve for net revaluation according to the equity method | | 412.940 | 436.328 |
| Retained earnings | | 99.098 | 97.145 |
| Proposed dividend for the financial year | | 0 | 5.000 |
| **Equity** | | **540.880** | **568.473** |
| Deferred tax | 10 | 28.803 | 28.724 |
| **Provisions** | | **28.803** | **28.724** |
| Montgage debt | | 17.406 | 18.829 |
| **Non-current liabilities other than provisions** | 11 | **17.406** | **18.829** |
| Current portion of long-term liabilities other than provisions | 11 | 1.423 | 1.402 |
| Payables to group enterprises | | 144.088 | 139.753 |
| Joint taxation contribution payable | | 145 | 0 |
| Other payables | | 80 | 517 |
| **Current liabilities other than provisions** | | **145.736** | **141.672** |
| **Liabilities other than provisions** | | **163.142** | **160.501** |
| **Equity and liabilities** | | **732.825** | **757.698** |
| Working conditions | 12 | | |
| Contingent liabilities | 13 | | |
| Assets charged and collareral | 14 | | |
| Related parties with controlling interest | 15 | | |
| Transactions with related parties | 16 | | |

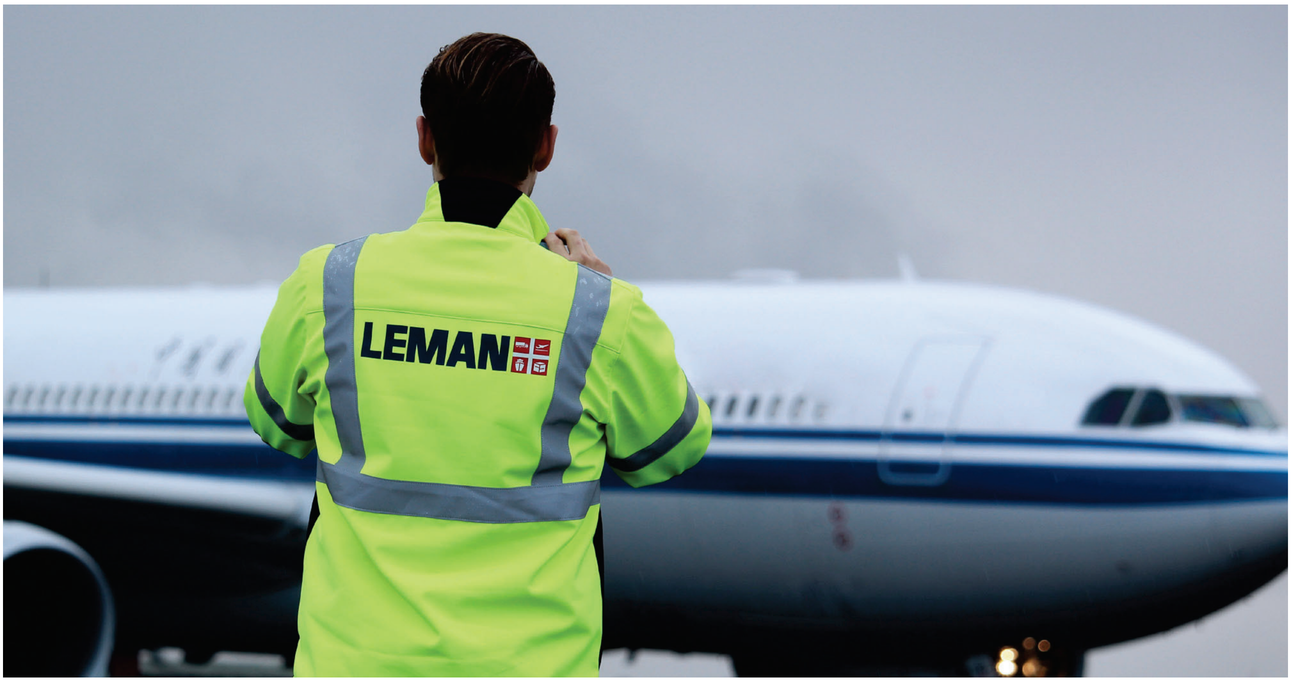
# Parent statement of changes in equity for 2020

| | Contributed capital DKK'000 | Translation reserve DKK'000 | Reserve for net revaluation according to the equity method DKK'000 | Retained earnings DKK'000 | Proposed dividend for the year DKK'000 |
|---|---|---|---|---|---|
| Equity beginning of year | 30.000 | 0 | 436.328 | 97.145 | 5.000 |
| Ordinary dividend paid | 0 | 0 | 0 | 0 | -5.000 |
| Exchange rate adjustments | 0 | -1.484 | -10.213 | 0 | 0 |
| Tax of entries on equity | 0 | 326 | 0 | 0 | 0 |
| Profit/loss for the year | 0 | 0 | -13.175 | 1.953 | 0 |
| **Equity end of year** | **30.000** | **-1.158** | **412.940** | **99.098** | **0** |

| | Total DKK'000 |
|---|---|
| Equity beginning of year | 568.473 |
| Ordinary dividend paid | -5.000 |
| Exchange rate adjustments | -11.697 |
| Tax of entries on equity | 326 |
| Profit/loss for the year | -11.222 |
| **Equity end of year** | **540.880** |

“

For us, solutions mean being proactive and tailor to our customers’ needs.




LEMAN

# Notes to parent financial statements

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **1. Depreciation, amortisation and impairment losses** | | |
| Depreciation of property, plant and equipment | 4.974 | 4.825 |
| | 4.974 | 4.825 |

## 2. Income from investments in group enterprises

The subsidiaries' performance has been affected by the hacker attack, COVID-19 and financial support packages received in consequence of COVID-19. Subsidiaries in the Group has received total compensation of DKK 15.2 million.

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **3. Other financial income** | | |
| Financial income from group enterprises | 781 | 656 |
| Other interests income | 0 | 889 |
| | 781 | 1.545 |

Other interest income also consists of exchange gains.

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **4. Other financial expenses** | | |
| Financial expenses from group enterprises | 5.416 | 5.170 |
| Other interest expenses | 599 | 738 |
| | 6.015 | 5.908 |

Other interest expences also consist of exchange losses.

# Notes to parent financial statements

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **5. Tax on profit/loss for the year** | | |
| Current tax | 472 | -68 |
| Change in deferred tax | 79 | 134 |
| Adjustment concerning previous years | 0 | -105 |
| | 551 | -39 |

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **6. Proposed distribution of profit and loss** | | |
| Ordinary dividend for the financial year | 0 | 5.000 |
| Retained earnings | -11.222 | 10.547 |
| | -11.222 | 15.547 |

| | Land and buildings<br>DKK'000 | Property, plant and equipment in progress<br>DKK'000 |
|---|---|---|
| **7. Property, plant and equipment** | | |
| Cost beginning of year | 284.137 | 0 |
| Additions | 378 | 2.817 |
| Cost end of year | 284.515 | 2.817 |
| | | |
| Depreciation and impairment losses beginning of year | -56.649 | 0 |
| Depreciation for the year | -4.974 | 0 |
| Depreciation and impairment losses end of year | -61.623 | 0 |
| | | |
| Carrying amount end of year | 222.892 | 2.817 |

# 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 | 13.270 | 0 | 33.499 |
| Additions | 0 | 14.538 | 0 |
| Disposals | -1.457 | 0 | 0 |
| **Cost end of year** | **11.813** | **14.538** | **33.499** |
| | | | |
| Revaluations beginning of year | 436.328 | 0 | 11.885 |
| Exchange rate adjustments | -10.213 | 0 | 0 |
| Share of profit/loss for the year | -13.175 | 0 | 0 |
| **Revaluations end of year** | **412.940** | **0** | **11.885** |
| | | | |
| **Carrying amount end of year** | **424.753** | **14.538** | **45.384** |

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

Other investments comprise listed and unlisted securities. For those of the listed securities that are being publicly traded daily, the valuation is based on the market price. Other securities are measured at estimated fair value, where a market approach to valuation has been conducted. Where input originates in prior years, we have considered whether subsequent events could have had a negative impact on the valuation. However, no indications were found hereof.

## 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

| | 2020<br>DKK'000 | 2019<br>DKK'000 |
|---|---|---|
| **10. Deferred tax** | | |
| Property, plant and equipment | 28.876 | 28.802 |
| Liabilities other than provisions | -73 | -78 |
| | **28.803** | **28.724** |
| | | |
| **Changes during the year** | | |
| Beginning of year | 28.724 | 28.590 |
| Recognised in the income statement | 79 | 134 |
| **End of year** | **28.803** | **28.724** |

| | Due within 12 months 2020 DKK'000 | Due within 12 months 2019 DKK'000 | Due after more than 12 months 2020 DKK'000 | Outstan-ding after 5 years 2020 DKK'000 |
|---|---|---|---|---|
| **11. Non-current liabilities other than provisions** | | | | |
| Mortgage debts | 1.423 | 1.402 | 17.406 | 11.492 |
| | **1.423** | **1.402** | **17.406** | **11.492** |

## 12. Working conditions

The number of employees at LEMAN HOLDING A/S is excluded given that the Company does not have any employees other than the Executive Board and the Board of Directors.

For management remuneration, please refer to note 3 to the consolidated financial statements.

# Notes to parent financial statements

## 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.

## 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 34,527 thousand (2019: DKK 34,527 thousand).

### Collateral provided for group enterprises

LEMAN HOLDING A/S has provided parent company guarantees limited to DKK 35,500 thousand on bank facilities (2019: DKK 35,500 thousand).

## 15. Related parties with controlling interest

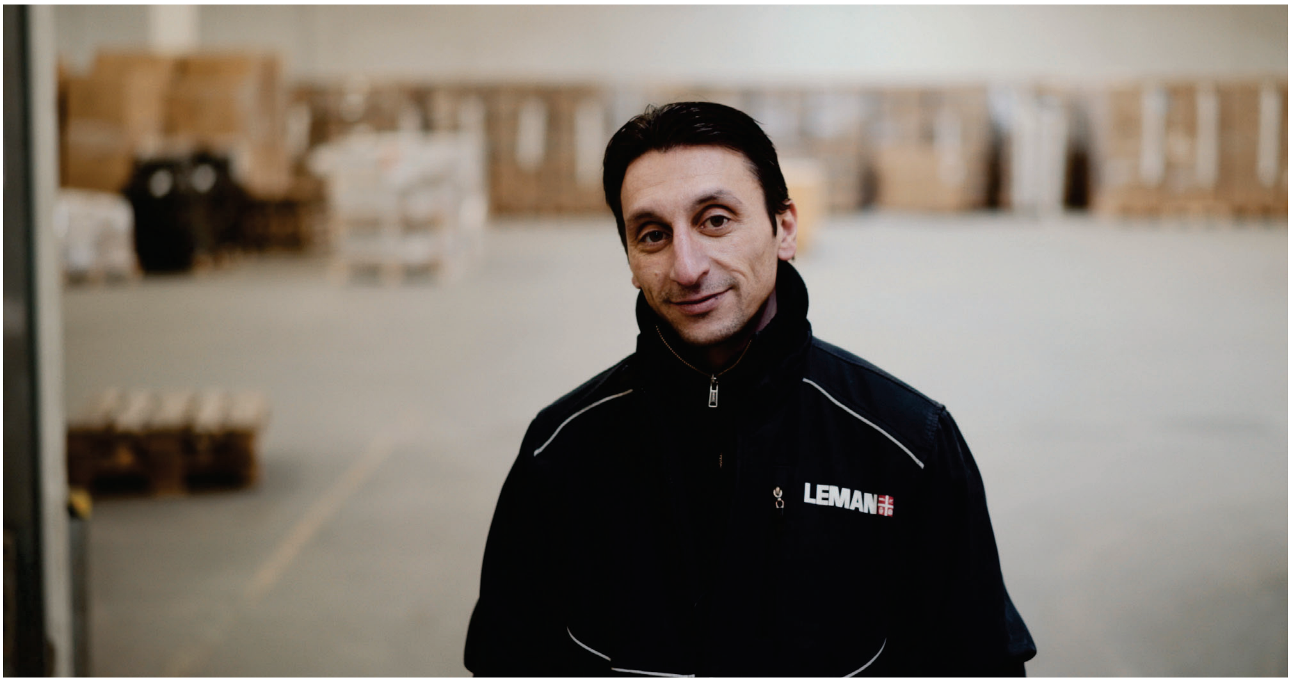
- La Capite S.A., 10, Rue Nicolas Adames, L-1114 Luxembourg owns all shares in LEMAN HOLDING A/S, thus exercising control.
- Philippe Ziegler, Geneva, Switzerland owns 48% of the shares in La Capite SA and is the controlling shareholder of the Company.

## 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.

“

We take ownership by developing creative and innovative solutions.



# Accounting policies

## Reporting class

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

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

A few changes have been made to the presentation of the comparative figures of the Group and the Parent. These changes do not affect their income statement or equity.

## Recognition and measurement

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements 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.

## 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.

# Accounting policies

Subsidiaries' financial statement items are recognised 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 recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

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

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. 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 recognised 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 recognising 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 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 recognised directly in the translation reserve in equity.

# Accounting policies

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

When recognising 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 writedown. 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 recognised 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 recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

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

## Income statement

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Segment information

The primary activities of the LEMAN Group comprise transportation and logistics to and from foreign destinations on behalf of Danish and foreign customers in Europe and the USA. The transportations are arranged through an extended network of cooperation among agents.

# Accounting policies

The services rendered by the Company or the Group comprise fairly uniform transportation services that do not differ significantly from one another. Consequently, further disclosures on business segments are irrelevant, just as disclosures on geographical markets are irrelevant.

## 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, adjusted for ordinary inventory writedowns.

## 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 writedowns of receivables recognised in current assets.

## Staff costs

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

## Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

## Other financial expenses

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

# Accounting policies

### Tax on profit/loss for the year

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

The 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 amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually 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 utilisation, 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 recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs, which is reduced as the development projects are amortised and written down.

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

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

Completed development projects are amortised 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

# Accounting policies

period of amortisation is the remaining duration of the relevant rights. The amortisation 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, subsuppliers and labour 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 recognised 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 unamortised goodwill and plus or minus unrealised 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 amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation 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 amortised cost, usually equalling nominal value, less writedowns 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 investments measured at market value of the investment.

## Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation 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 recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

## Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised 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 recognised 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 realisable value.

## Cash
Cash comprises cash in hand and bank deposits.

## Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

# Accounting policies

## 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 recognised 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 recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

## 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 amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

## Lease liabilities

Lease commitments relating to assets held under finance leases are recognised 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 commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

## Operating leases

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

## Other financial liabilities

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

## Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised 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 recognised 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.

# Accounting policies

## 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 shortterm bank loans.

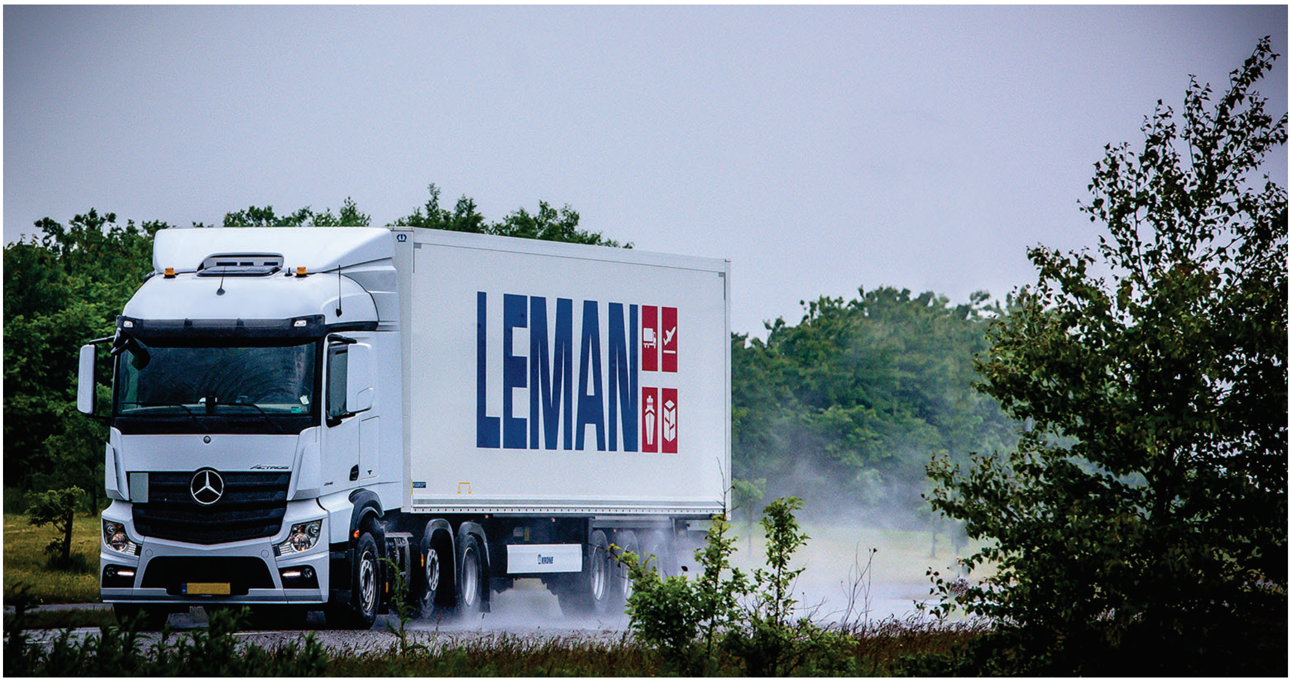
## Financial highlights

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

“

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




LEMAN

# YOUR PERSONAL LINK TO GLOBAL TRANSPORTATION AND LOGISTICS


LEMAN HOLDING A/S
Ventrupvej 6
DK-2670 Greve
Denmark

+45 33 43 42 00
kontakt.dk@leman.com
CBR: 36 70 05 13
www.leman.com