Expedit A/S

Toftegårdsvej 4
DK-8370 Hadsten

CVR no. 37 75 25 17

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting

on 26 April 2022

Michael Jensen
chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Expedit A/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Hadsten, 26 April 2022
Executive Board:

Michael Jensen
CEO

Board of Directors:

Dr. Klaus Martin Meier-Kortwig	Markus Bergmann	Bernhard Renzhofer
Bent Holm	Lars Karstenskov Andersen	

Independent auditor's report

To the shareholders of Expedit A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Expedit A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 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 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 company financial statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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

Independent auditor's report

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

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

— identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 26 April 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Management's review

Company details

Expedit A/S
Toftegårdsvej 4
DK-8370 Hadsten

Telephone:	+45 87 612 200
Website:	www.expedit.dk
E-mail:	expedit@expedit.dk
CVR no.	37 75 25 17
Established:	1964
Registered office:	Favrskov, Denmark
Financial year:	1 January – 31 December

Board of Directors

Dr. Klaus Meier-Kortwig
Markus Bergmann
Bernhard Renzhofer
Bent Holm
Lars Karstenskov Andersen

Executive Board

Michael Jensen, Denmark

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C

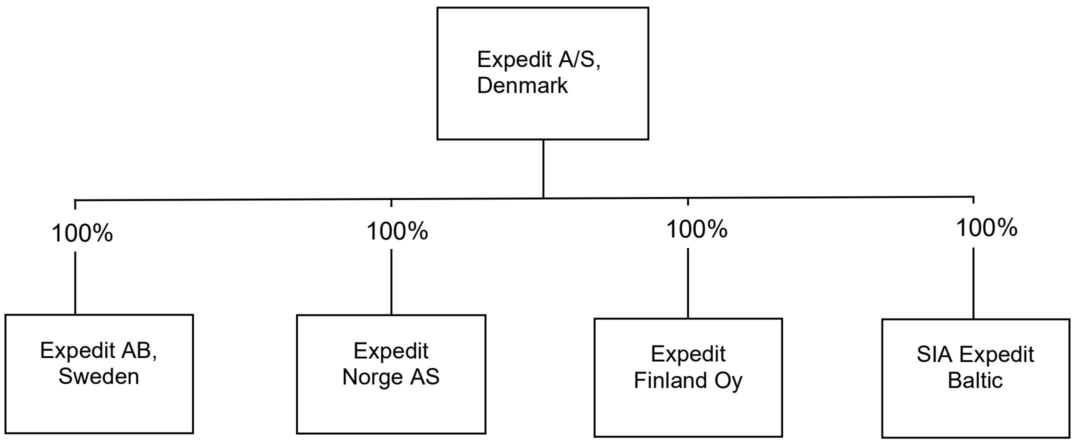
Annual general meeting

The annual general meeting will be held on 26 April 2022.

Management's review

Group chart

The Expedit Group consists of the following companies:



Expedit's focus lies with the following three customer groups within the retail trade:

- Food Retail, which comprises all customers within the groceries trade, including the convenience segment
- Specialist Trade, which comprises "heavier" specialist trade customers, including DIY shops, etc.
- Fashion & Lifestyle, which comprises the finer specialist trade, including clothing chains, etc.

As a common denominator for all customer segments, the Expedit Group's core competence is to supply complete shopfitting solutions where Expedit offers to take responsibility for the entire process – from concept development, design and project management to production, delivery and installation of customised shopfitting solutions as well as after-sale service.

The Parent Company Expedit A/S has, for many years, been among the most important players within the Food Retail and Specialist Trade on the Danish market and in recent years also had a platform within Fashion & Lifestyle. Expedit A/S primarily co-operates with the major chains in Denmark and has, over the past years, become a turnkey supplier to the retail trade for the purpose of shop openings. Expedit supplies both shopfitting equipment produced by the Group's factories in Denmark and Latvia as well as sourced products and supplementary equipment such as entrance systems, shopping trolleys, lightning, checkouts, etc. purchased from various business partners.

Management's review

Group chart

Production in Denmark comprises metal production as well as wood production and handles all tasks right from production of prototypes or single units to production of major production batches on the Company's production lines.

Expedit AB provides the Swedish retail trade with shopfitting and shopfitting solutions. The company is capable of handling the entire shopfitting process for the customers and markets itself towards the three customer segments on the Swedish market.

Expedit Norge AS services the Norwegian retail trade with shopfitting and shopfitting equipment. The company is capable of handling the entire shopfitting process for its customers, and the company markets itself towards all three customer segments on the Norwegian market.

Expedit Finland Oy markets shopfitting solutions and equipment for the total Finnish retail industry and handles the entire shopfitting process for the customers, and the company markets itself towards all three customer segments on the Finnish market.

SIA Expedit Baltic, the Group’s production company in Latvia, has in the recent years, carried out investments in production facilities and equipment, so that today the company produces finalised items to the other group companies.

Products manufactured in Denmark and Latvia are sold through all the Group’s entities.

The Expedit Group is part of the Wanzl Group.

Management's review

Financial highlights for the Group

DKKm	2021	2020	2019	2018	2017
Revenue	678.4	546.5	524.7	552.3	491.8
Gross profit	108.7	117.0	101.5	119.2	126.4
Profit before interest, tax, depreciation and amortisation (EBITDA)	-12.1	32.1	14.5	28.5	29.9
Operating profit/loss (EBIT)	-24.5	16.9	-1.3	8.3	16.4
Profit/loss from financial income and expenses	-0.6	0.8	-1.0	-1.0	-1.1
Profit/loss for the year before tax	-25.1	17.7	-2.3	7.2	15.2
Total assets	448.9	257.6	259.2	261.6	256.5
Equity	101.8	120.9	108.8	111.8	108.3
Cash flows from operating activities	-151.9	31.5	16.8	12.6	6.9
Cash flows from investing activities	2.2	-4.9	-18.4	-10.9	-30.5
Hereof investments in property, plant and equipment	-6.0	-6.2	-19.8	-11.0	-30.8
Cash flows from financing activities	174.1	-4.3	-4.7	-5.6	19.9
Total cash flows	24.4	22.4	-6.3	-3.9	-3.7
Gross margin	15.7%	21.4%	19.3%	21.6%	25.7%
EBITDA margin	-1.8%	5.9%	2.8%	5.2%	6.1%
Operating margin	-3.6%	3.1%	-0.2%	1.5%	3.3%
Return on invested capital	-4.9%	9.7%	0%	7.5%	15.6%
Return on equity	-22.6%	14.7%	-1,7%	4.1%	11.4%
Solvency ratio	22.3%	46.9%	42.3%	42.7%	42.2%
Average number of full-time employees	373	374	376	399	379

Management's review

Financial highlights for the Group

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$
Results for analytical purposes	Profit/loss from ordinary activities after tax less non-controlling interests' share thereof

Management's review

Operating review

Outlook

The COVID-19 pandemic, which broke out at the beginning of 2020, continues to impact part of the global economies as well as freight markets and sourcing activities. Furthermore, Russia's invasion of Ukraine in 2022 is creating increased market volatility as to cost prices and delivery reliability.

As a consequence of the above, the realisation of revenue and profit before tax targets is subject to increased uncertainty. Management is on an ongoing basis keeping track of and evaluating development and based on that identifying relevant initiatives and measures.

The Expedit Group's order book at the beginning of 2022 was at a satisfactory level, which, together with market opportunities and structural improvements carried out or initiated, provides the basis for the outlook for 2022.

Management expects to report positive results for 2022.

Market conditions and financial performance

The activity level of the retail trade is influenced by internet shopping. The Expedit Group's customer base, which includes the largest retail chains in the Nordic countries, are influenced by this as well, but they are not affected to the same extent as the minor chains and the individual shops.

Revenue

Revenue for 2021 came in at DKK 678.4 million, accounting for an increase of 24.1% on revenue for 2020 of DKK 546.5 million.

In the Parent Company, Expedit Denmark, revenue for 2021 came in at DKK 521.9 million, corresponding to an increase in revenue of 39.8% compared to revenue for 2020. Growth was generated in most segments.

Revenue levels realised in Sweden and Norway in 2021 did not meet expectations and are considered unsatisfactory. To counter this, a number of initiatives were launched including increased efforts as to pursuing opportunities. Based on these and other initiatives, a significant uplift in 2022 revenue is expected on these markets.

Earnings

Loss before tax reached DKK 25.1 million compared to a profit of DKK 17.7 million in 2020. The negative development in profits is mainly linked to activities in Expedit A/S because of the challenges incurred in respect of sourcing products.

The loss of the Parent Company, Expedit A/S (Denmark), amounted to DKK 26.4 million compared to a profit of DKK 22.3 million in 2020.

The loss generated in 2021 is absolutely not satisfactory, and a number of initiatives and measures have been initiated to address loss drivers in 2021 and improve profitability: Based on the current developments and plans for 2022, the Group expects to generate positive results for 2022.

Cash flows and balance sheet

Cash flows from operating activities were negative at DKK 151.9 million in 2021, compared to a positive impact of DKK 31.5 million in 2020. The negative development is linked to a significant increase in working capital and the financial loss generated in 2021.

Management's review

Operating review

Cash flows from investing activities for the year amounted to DKK 2.2 million in income, reflecting that the disposal of assets is exceeding investments in new assets. The development is linked to Expedit AB closing down the wood production end of 2020 and disposal of property in Denmark. In 2021, the investment level was on the same level as in 2020.

Total cash flow after financing activities including positive impact from intercompany loan amounted to DKK 24.4 million.

The Expedit Group's balance sheet total reached DKK 449.0 million at 31 December 2021 against DKK 257.6 million last year. The increase was primarily attributable to increased Inventories.

Equity stood at DKK 101.8 million at 31 December 2021, equivalent to a solvency ratio of 22.3% as against a solvency ratio of 46.9% at 31 December 2020.

Production, investments and quality

It is the Expedit Group's objective that the name, Expedit, both, in terms of products and services and on all markets and within all areas, is to be associated with innovative design, excellent service and good quality. As a consequence, Expedit strives to continuously develop products and quality management systems directed at proactively preventing and learning from errors that may occur. Also in 2021, Expedit A/S focused on documenting and improving processes in parallel to educating its employees in processes and self-control to ensure a continuously high quality level.

Production being located in Denmark and Latvia, supports the Group's flexibility, and at the same time the operating risk posed by only one production facility has been reduced.

Intellectual capital and organisation

Competent staff members are the most important asset for the strategic development of the Group, and Expedit has continuous focus on strengthening and developing the organisation as a whole as well as the individuals.

Also in 2021, Expedit A/S has focused on offering training within relevant areas. At the end of the financial year, four trainees and apprentices in total were employed at the sites in Denmark. Also from September 2021 till April 2022 Expedit A/S has arranged weekly 3-hour lessons in Danish for employees (12 people) with other ethnic backgrounds than Danish. The training has been done in-house by an official Danish education centre. As an important part of the Company's social responsibility, and in compliance with the health and safety policies of the Expedit Group, it is, see the description in the section on corporate social responsibility, Expedit's intention, through continued, focused and systematic efforts, to offer all its employees a safe and sound working environment, and efforts are continuously made to improve health among its employees and protect them against occupational deceases and accidents at work.

Expedit wants to practice social responsibility in the community in which the Group operates. As part thereof, the Parent Company in Denmark has set up a flex department for employees with special needs. In addition, Expedit strives to, when possible, to place vulnerable employees in positions accommodating his/her specific challenges. The Expedit Group is open to employing staff on special terms such as traineeships, light jobs or reduced-hours job. At year end 2021, 3.6% of the Group's employees were employed on special terms.

Development activities

The development activities primarily involve product development in the companies in Denmark and in Sweden. In addition to the development of Expedit's standard product range, development engagements are typically undertaken in cooperation with the customers in accordance with the increasing need for individual shopfitting solutions.

Management's review

Operating review

Furthermore, all entities participate in ad hoc development work with suppliers of goods for resale in order to customise the Group's products in the Nordic countries to the relevant customers.Management's review

Special risks

Operating risks

Earnings of the Expedit Group are sensitive to the development in the prices of the Group's raw materials, primarily steel and wood. To counter this risk, Expedit's trading agreements with major customers contain a proviso for the development in steel prices. On the basis of international indexes, Expedit regularly adjusts its prices towards the customers in the case of unforeseen developments in the prices of one or several raw materials.

Financial risks

The Expedit Group is exposed to movements in the exchange rates of SEK and NOK and, to a certain extent, interest rate fluctuations, since part of the Group's interest-bearing debt is floating-rate debt.

Events after the balance sheet date

Subsequent to the balance sheet date, Russia invaded Ukraine.

The supply chain of the Expedit Group is impacted by the market volatility, arising in the slip current of Russia invasion.

Management monitors the situation and assess initiatives on an ongoing basis.

The development has not resulted in any impairment of the Group's assets.

Corporate social responsibility, see the Danish Financial Statements Act, section 99a

In addition to acting decently and responsibly in its own name, the Expedit Group intends to encourage suppliers and other business partners to engage in decent and responsible behaviour.

Expedit will serve as an active and committed entity in the local community, from where the Group runs its business, and on its domestic and foreign markets.

Being a player in the global community, Expedit has therefore decided to operate in accordance with the UN Global Compact and follows the "Code of Conduct" of Wanzl and Expedit, setting out the ethical guidelines and values on which the Group's conduct is based, including the Group's position on human rights, employee rights, environment and anti-corruption. Starting in 2022, all employees of the Expedit Group will have to formally acknowledge that they comply with the Code of Conduct by signing it. Link to Wanzl's and Expedit's Code of Conduct – Standards of our Business – on Expedit's website.

By means of various policies, Expedit has defined its position on the responsibility that the Expedit Group and its employees have for its community and the markets on which the Expedit Group operates.

In association with Wanzl's and Expedit's Code of Conduct, which is available on the website of Expedit, a number of policies have been prepared and implemented - policies which the Expedit Group - together with the Wanzl Group - internally finds it important to comply with in order to meet customer expectations and needs and to ensure the well-being of its employees. Everything must take place in a way allowing Expedit to conduct business with a minimum of environmental impact. Policies have been worked out for

Management's review

Operating review

Environment, Purchasing, Market Behaviour and HR. Expedit has moreover focus on the gender diversity of Management.

The following sections describe policy/targets, actions and results regarding:

- Market Behaviour including collaboration with suppliers, human rights and Anti-corruption
- Environment and climate
- HR including working environment/health.

Market behaviour

The Expedit' Group policy for proper market behaviour describes how the Group's employees are to act when in the market, including in problematic situations and moral dilemmas. The policy is in line with the corporate policies of the Wanzl Group. It has overall been decided that:

It is the policy of Expedit

- that the Expedit Group and its employees are always to comply with local legislation and act in a professional manner towards business partners, including customers and suppliers,
- that no bribery, in any form whatsoever, is acceptable, and that entertainment is only acceptable as part of common courtesy,
- that Expedit is not to act in an anti-competitive way in the market and is not to enter into price or market agreements with competitors,
- that Expedit is not to tolerate or contribute to any money laundering, and
- that Expedit is not to violate any human rights and is not to accept any compulsion, exploitation or child labour.

We are not aware of any breaches of Expedit's market policy in 2021.

Code of Conduct – including collaboration with suppliers, human rights and Anti-corruption

Being part of the Wanzl Group, Expedit follows the Code of Conduct of Wanzl. The Code of Conduct refers to the responsibility of the Group – both with the individual company and with the individual person –when the Group acts and behaves in the countries and on the markets where Expedit is present and does business.

Expedit wants to send a message to its customers, suppliers and employees, authorities and local communities about the ethical values, on which the Expedit Group is based.

Each day the companies and employees are faced with challenges and difficult choices as a natural part of conducting business. These choices and day-to-day decisions are to be based on the Expedit Group's joint ethics as set out in Wanzl's and Expedit's Code of Conduct.

Expedit strives to ensure that its business relies on respect and compliance with the UN's Global Compact's ten principles within human rights, employee rights, environment and anti-corruption. Accordingly, these ten principles are addressed in Wanzl's and Expedit's Code of Conduct.

Management’s review

Operating review

To ensure compliance with the policies against anti-corruption and bribery, suppliers of the Expedit Group must, prior to initiating the business relationship, sign Wanzl’s and Expedit's "Code of Conduct" and thereby confirm that as a minimum they will live up to the requirements set out therein. Accordingly, Expedit is vested with the right to check at any time that the individual supplier complies with the Group’s "Code of Conduct", either through Expedit's own checking or through the assistance of external partners, and at the regular follow-up meetings with the suppliers, compliance with Wanzl’s and Expedit's “Code of Conduct” is a permanent item on the agenda. Despite of Covid-19 related travel restrictions, then Expedit has paid a few visits to new suppliers in 2021, eg a Turkish supplier. Reports are made from these visits, and Expedit has not found indications of non-compliance with Wanzl’s and Expedit’s Code of Conduct. In 2021, a number of new suppliers have been introduced from China, and these are vetted by the Wanzl Asian Pacific Sourcing office in Shanghai.

Expedit’s goal for 2022 is validating/updating the majority of the contracts under the auspices of the Purchasing department and establishment of an updated supplier catalogue in the Expedit Group. Our goal is that all regular suppliers will sign the Code of Conduct, for suppliers whose trading with Expedit exceeds 10,000 Euro per year it is an obligation to sign the Code of Conduct. Suppliers covered by this are suppliers of raw materials, semi-finished and finished products, indirect materials and resale goods. Today, signing of the "Code of Conduct" by the suppliers has become a natural part of the procedures regarding supplier approval prior to initiating a business relationship, and regular follow-up takes place at meetings with the suppliers.

The Code of Conduct of Wanzl and Expedit for suppliers and business partners is available at Expedit's website: https://webdanmark.ipapercms.dk/Expedit/wanzl-compliance/code-of-conduct-supplier-business-partner/?page=1.

When Expedit's suppliers sign this “Code of Conduct”, we assess the risks with regard to Environment, Anti-corruption and Human rights of our suppliers to be low. Further, the “Code of Conduct” is known in the organisation, and Expedit conducts its business accordingly.

Environment and climate

The Expedit Group considers its environmental and climate impacts an important part of corporate social responsibility and therefore strives to reduce them, primarily from the factories in Denmark and Latvia.

We are striving to become a greener and more sustainable company, which includes reducing our own resource consumption and carbon footprint.

We have 3 main areas where improvements were and are being implemented::

— Reduction in energy consumption, primarily in production, but also by sound practices in the administrative functions in all entities.

  Powder coating is a vital process in our product range and also relatively energy consuming. We have in 2021 adjusted the temperature of the ovens thereby reducing the energy consumption, and we are presently looking into other powder technologies that require less curing heat.

  We are also looking into retrofitting our painting line cleaning system to a process that works at room temperature.

— Continuous focus on reducing consumption of materials and lowering waste.

  Many activities are going on regarding nesting multiple parts on board and sheet materials in order to scrap as few percent as possible.

  We have invested in a software solution for managing all our chemicals with the goal of reducing the extent of substances and keeping the most environmentally friendly substances.

Management's review

Operating review

We are also currently investigating a vacuum condensing system for our painting line cleaning water in order to reduce the waste water production significantly.

- Through new investments to reduce energy consumption in as many processes as possible.

  The administration building in Hadsten has in 2021 (the process has been finalized in 2022) been fitted with new low-energy facade windows, which has a significant impact on our heating consumption as well as the working climate in the offices.

  In 2021 we had an energy audit in our Hadsten location. The output from the audit was an energy report stating many interesting opportunities for future sustainable and green investments. Presently, we are for example looking into the reuse of paper together with a Danish waste treatment company.

Expedit considers the environment in the way the companies are run. By focused development of new products and processes and implementation of relevant contingency plans and procedures, continuous efforts are made to minimise the consumption of resources and environmental impact within financially justifiable frameworks. Expedit takes regularly initiatives to optimise energy consumption through selected production processes, heating and administrative aspects. Employees are encouraged to take environmental aspects into account in their daily work.

As part of Expedit a/s' climate focus, when new investments are decided, energy consumption forms part of the basis of decision, and experience from investments in recent years shows that much can be gained from these efforts.

The Expedit Group commits itself as a minimum to comply with all applicable legislation and regulations and implements the required standards, procedures, contingency measures and control systems to ensure that the companies are run in a safe and justifiable manner. Expedit keeps strict track with all substances and chemicals used at its factories, and in cooperation with its suppliers, the different products are regularly assessed to identify more environmentally and climate friendly products.

The Expedit Group has an ongoing focus on optimising its consumption of materials and its environmental impact, both through the choice of materials and through reduction in process scrapping and waste.

The Expedit Group strives to improve the sustainability of its products, e.g. through its choice of materials. The Group's steel products traditionally come with a long useful life and, as such, do not perish.

Key figures for process scrapping and waste as well as energy consumption are regularly assessed, and target figures are defined for the development in key figures.

From a risk perspective, the most important environmental and climate risks are considered to be the disposal of scrapped materials. Expedit sorts out disposals into metal, wood and other products, and with this we consider the risk low.

Human rights and social and staff matters

Expedit has continuous focus on human rights both in relation to the co-operation with suppliers and its employees in the individual companies. Reference is made to the section on the Group's Code of Conduct for details about Expedit's requirements regarding protection of human rights, the purpose of which is to avoid such risks as for example child labour.

Reference is made to the below sections for details about Expedit's position on social and staff matters, including protection of employees' health and safety.

Working environment/health

Expedit considers it as an important and ongoing task to protect its employees against accidents at work and occupational deceases, ensure a sound working environment in all the Expedit Group's entities and at all times, as a minimum, comply with the legal requirements applying in this field.

Management's review

Operating review

Our work environment organisation holds regular meetings where they focus on the most important risks, and within the budget frames, plan and execute improvements. Through this focus, the risk is considered low.

Expedit commits itself to contribute actively and proactively to improvements and development of the companies' layouts, procedures, processes, standards and products, so that the preconditions are in place for all employees to work in a safe and healthy environment. Expedit is of the opinion that the employees must be involved so that sound and lasting solutions can be implemented, and at the same time all employees are expected to take responsibility and learn from their own experiences as well as the experiences of others. Expedit continuously targets zero working accidents. In 2021, we unfortunately experienced 11 accidents at work (12 in 2020). The employee committee is attentive to this aspect relying on i.a. workplace assessments, to drive continued safety improvements.

The Expedit Group strives to optimise job security of the individual employee and to ensure that all employees are treated in a proper and consistent manner based on a joint personnel policy. The culture illustrates that Expedit wants to be an attractive workplace with a sound working environment with mutual confidence, respect, openness and not least professional skills. Expedit promotes freedom with responsibility as well as care of the individual while still maintaining a holistic view on things.

Expedit wants to give priority to the well-being of its employees and has adopted a health policy and different health instructions, in which corporate policy to handle sick days and employee well-being is defined. The policy lays down instructions on how to handle stress as well as alcohol and smoking at the workplace. In addition, the health policy lays down that bullying at the workplace is not tolerated by Expedit. All policies and instructions are known by the employees.

Business partners working within one of the Expedit Group's areas are subject to the same requirements of the working environment as those applying to the Expedit's own employees.

In Expedit Denmark, a statutory workplace assessment was conducted in late 2021. In 2022, prioritization of topics and implementation of action plans is taking place.

In February 2021, a well-being survey was conducted among the employees of all entities in the Expedit Group. Follow-up on the survey took place during the rest of the year. HR facilitated working out and following up on action plans, and all through the process emphasis was on the shared responsibility of managers and employees in this respect. The goal is to have brief, regular employee pulse surveys, including one in 2022, combined with large-scale well-being surveys every second or third year.

Reference is moreover made to the section on Intellectual Property and Organisation.

Social responsibility

The Parent Company in Denmark has laid down a policy on the employment of refugees, and in interaction with Favrskov Municipality. The Company had employed three refugees at the end of 2021.

The Group strives to offer training within the Group's professional areas and will set up apprenticeships as required.

Gender quota for Expedit's Management, ref. the Danish Financial Statements Act, section 99b

It is the opinion of Expedit that all jobs in the Group are to be occupied by the candidates best qualified, including also positions at the top managerial levels. In addition to this, Expedit strives to secure diversitloy and equal opportunities for both genders, in all parts of the Group's organisation, including Management.

It is the opinion of Expedit that an equal balance between genders creates the best working conditions in all departments and functions and at all levels in the Group's organisation. In 2021, a female employee was promoted to become manager, whereby the share of women at management level increased. At the present point in time, the share of women in the Management of the Expedit Group makes up 27% (25% in 2020).

Management's review

Operating review

To foster an equal balance, the gender of potential executives will be a factor in future hiring and promotions. The focus on a balanced share of female executives will rely on the consideration that employees, including executives, are always hired on the basis of professional and personal competencies.

Expedit considers measures with which to achieve 33% female representation at the Group's management level within some years. By way of example, focus must be on recruitments and job descriptions also being attractive to women. It is the intention of Expedit to start preparing a Group policy for gender diversity as well as diversity in general within 2022.

In line with this, it would also be the company's goal to increase the gender diversity in the Board of Directors, should a relevant opportunity occur The target is one female board member within 4 years and thereby no unrepresented gender in the Board. In FY 2021 the Board of directors had 5 five members, all of whom were males.

Data ethics, ref. the Danish Financial Statements Act, section 99d

Data ethics is an ethical dimension of the relationship between technology and the citizen as to fundamental rights, legal certainty and fundamental social values that technological development gives rise to.

Expedit has persistent focus on protecting the data of its employees as well as customers, suppliers and all other collaboration partners. Protection of the data of individuals is anchored in the Group's GDPR policy. The requirements for responsible behaviour set out in Wanzl's and Expedit's Code of Conduct also apply to data protection and compliance with the UN Universal Declaration of Human Rights.

Management is not aware of disputable behaviour in Expedit with regard to data ethics, It is currently being evaluated whether a more general analysis as to further policy requirements and measures regarding data ethics is needed.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent Company	
DKK'000	Note	2021	2020	2021	2020
Revenue		678,385	546,465	521,906	373,422
Production costs		-569,641	-429,453	-459,675	-290,742
Gross profit		108,744	117,012	62,231	82,680
Sales and distribution costs		-98,323	-64,697	-66,825	-37,507
Administrative expenses	2	-32,626	-29,850	-23,121	-20,210
Other operating costs		-2,287	-5,553	-2,287	-3,678
Operating profit/loss		-24,492	16,912	-30,002	21,285
Income from equity investments in subsidiaries		0	0	3,720	0
Other financial income	3	1,512	1,928	1,650	2,200
Other financial expenses	4	-2,075	-1,135	-1,772	-1,230
Profit/loss before tax		-25,055	17,705	-26,404	22,255
Tax on profit/loss for the year	5	5,015	-5,299	5,611	-4,654
Profit/loss for the year	6	-20,040	12,406	-20,793	17,601

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2021	2020	2021	2020
Assets					
Fixed assets					
Property, plant and equipment	7				
Land and buildings		56,519	63,616	46,067	52,359
Plant and machinery		31,911	38,174	27,042	31,911
Fixtures and fittings, tools and equipment		1,719	3,022	983	2,139
Property, plant and equipment under construction		0	114	0	0
		90,149	104,926	74,092	86,409
Investments					
Equity investments in subsidiaries	8	0	0	63,295	63,295
		0	0	63,295	63,295
Total fixed assets		90,149	104,926	137,387	149,704
Current assets					
Inventories					
Raw materials and consumables		31,968	28,356	23,610	21,025
Work in progress		5,625	2,970	4,500	1,924
Finished goods and goods for resale		212,476	52,615	181,545	31,061
		250,069	83,941	209,655	54,0100

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2021	2020	2021	2020
ASSETS (continued)					
Receivables					
Trade receivables		82,142	52,690	62,826	34,058
Receivables from group entities		0	0	41,143	32,120
Deferred tax assets	9	4,438	3,572	1,000	0
Prepaid corporation tax		1,251	1,007	0	0
Other receivables		2,392	2,276	2,428	1,697
Prepayments		4,416	2,785	3,658	968
		94,639	62,330	111,055	68,843
Cash at bank and in hand		14,070	6,435	8,535	0
Total current assets		358,778	152,706	329,245	122,853
TOTAL ASSETS		448,927	257,632	466,632	272,557

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2021	2020	2021	2020
EQUITY AND LIABILITIES					
Equity					
Contributed capital		15,400	15,400	15,400	15,400
Retained earnings		86,421	105,504	124,965	144,786
Total equity		101,821	120,904	140,365	160,186
Provisions					
Provisions for deferred tax	9	1,860	6,311	0	4,338
Total provisions		1,860	6,311	0	4,338
Liabilities other than provisions					
Non-current liabilities other than provisions					
Mortgage debt and credit institutions	10	25,300	29,047	25,300	29,047
Payables to group entities		87,910	0	87,910	0
		113,210	29,047	113,210	29,047
Current liabilities other than provisions					
Mortgage debt and credit institutions	10	4,741	9,798	4,134	9,798
Trade payables		89,224	32,835	72,899	19,581
Payables to group entities		89,960	11,568	101,049	14,794
Corporation tax		537	1,466	49	1,449
Other payables		47,574	45,703	34,926	33,364
		232,036	101,370	213,057	78,986
Total liabilities other than provisions		345,246	130,417	326,267	108,033
TOTAL EQUITY AND LIABILITIES		448,927	257,632	466,632	272,557

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Group			
DKK'000	Contri-buted capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2021	15,400	105,504	0	120,904
Transferred over the distribution of loss	0	-20,040	0	-20,040
Exchange rate adjustment, foreign subsidiary	0	-15	0	-15
Value adjustment of hedging instruments:				
Value adjustment for the year	0	1,245	0	1,245
Tax on items under equity	0	-273	0	-273
Equity at 31 December 2021	15,400	86,421	0	101,821

	Parent Company			
DKK'000	Contri-buted capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2021	15,400	144,786	0	160,186
Distributed dividends	0	0	0	0
Transferred over the distribution of loss	0	-20,793	0	-20,793
Value adjustment of hedging instruments:				
Value adjustment for the year	0	1,245	0	1,245
Tax on items under equity	0	-273	0	-273
Equity at 31 December 2021	15,400	124,965	0	140,365

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group 2021	Group 2020
Profit/loss before tax for the year		-25,055	17,705
Depreciation, amortisation and impairment losses and gains on disposals on fixed assets		14,774	15,197
Other adjustments of non-cash operating items	12	563	-793
Cash generated from operations before changes in working capital		-9,718	32,109
Changes in working capital	13	-139,973	-1,105
Cash generated from operations		-149,691	31,004
Interest income		1,512	1,928
Interest expense		-2,075	-1,135
Corporation tax paid		-1,675	-250
Cash flows from operating activities		-151,929	31,547
Acquisition of property, plant and equipment	7	-6,020	-6,209
Disposal of property, plant and equipment	7	8,216	1,342
Cash flows from investing activities		2,196	-4,867
External financing:			
Repayment of long-term debt		-3,747	-4,284
Intercompany loans		177,870	0
Cash flows from financing activities		174,123	-4,284
Cash flows for the year		24,390	22,396
Cash and cash equivalents at the beginning of the year		-10,096	-32,296
Unrealised value adjustments for the year		-224	-196
Cash and cash equivalents at year end		14,070	-10,096

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Expedit A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Expedit a/s, and subsidiaries in which Expedit a/s directly or indirectly holds more than 50% of the votes or in some other way exercises control.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the merger without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in separate foreign subsidiaries or associates are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2020.

Revenue from the sale of goods where installation is a condition for major risks being considered transferred to the buyer is recognised as revenue when installation has been completed.

Revenue from the sale of goods where delivery has been postponed upon the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Commercial entities recognise their cost of sales, whereas production entities recognise production costs incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

In addition, provisions for bad debts on contract work are recognised.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the Group, including gains on the disposal of intangible assets and property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating costs

Other operating costs comprise items secondary to the activities of the Group, including losses on the disposal of intangible assets and property, plant and equipment.

Income from subsidiaries

Dividends from equity investments in subsidiaries measured at cost are recognised as income in the income statement in the financial year when the dividends are declared.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually three years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 5 and 10 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	20-40 years
Installations	5-10 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Investments

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

In accordance with section 96 of the Danish Financial Statements Act, segment information is not disclosed.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

		Group		Parent Company	
	DKK'000	2021	2020	2021	2020
2	**Fees to auditor appointed at the general meeting**				
	Total fees to KPMG	622	509	329	285
	Audit	446	391	200	200
	Tax assurance and advisory services	124	102	98	85
	Non-audit services	52	16	31	0
		622	509	329	285
3	**Other financial income**				
	Interest income from group entities	0	0	627	734
	Other interest income	1,512	1,928	1,023	1,466
		1,512	1,928	1,650	2,200
4	**Other financial expenses**				
	Interest expenses to group entities	657	153	1,116	153
	Other financial expenses	1,185	982	547	1,077
	Exchange adjustment costs	233	0	109	0
		2,075	1,135	1,772	1,230
5	**Tax on profit/loss for the year**				
	Current tax for the year	516	1,460	0	1,449
	Deferred tax adjustment for the year	-5,531	3,839	-5,611	3,205
		-5,015	5,299	-5,611	4,654
6	**Proposed profit appropriation/ distribution of loss**				
	Retained earnings	-20,040	12,406	-20,793	17,601

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

	Group				
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2021	151,587	165,888	36,626	114	354,215
Foreign exchange adjustments in foreign entities	-371	-213	-82	0	-666
Transferred	0	0	114	-114	0
Additions	3,154	2,368	498	0	6,020
Disposals	-20,367	-6,543	-332	0	-27,242
Cost at 31 December 2021	134,003	161,500	36,824	0	332,327
Depreciation at 1 January 2021	87,971	127,714	33,604	0	249,289
Foreign exchange adjustments in foreign entities	-261	-202	-108	0	-571
Depreciation	4,296	6,531	1,659	0	12,486
Depreciation on disposals	-14,522	-4,454	-50	0	-19,026
Depreciation at 31 December 2021	77,484	129,589	35,105	0	242,178
Carrying amount at 31 December 2021	56,519	31,911	1,719	0	90,149
Assets held under finance leases	0	4,139	0	0	4,139

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7 Property, plant and equipment (continued)

	Parent Company				
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2021	118,743	114,874	26,156	0	259,773
Foreign exchange adjustments in foreign entities	0	0	0	0	0
Additions on acquisition of subsidiary	0	0	0	0	0
Additions	2,370	1,174	139	0	3,683
Transferred	0	0	0	0	0
Disposals	-20,367	-2,543	0	0	-22,910
Cost at 31 December 2021	100,746	113,505	26,295	0	240,546
Depreciation at 1 January 2021	66,384	82,963	24,017	0	173,364
Foreign exchange adjustments in foreign entities	0	0	0	0	0
Depreciation	2,817	4,450	1,295	0	8,562
Depreciation on disposals	-14,522	-950	0	0	-15,472
Depreciation at 31 December 2021	54,679	86,463	25,312	0	166,454
Carrying amount at 31 December 2021	46,067	27,042	983	0	74,092
Assets held under finance leases	0	4,139	0	0	4,139

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8 Investments

	Parent Company	
DKK'000	2021	2020
Equity investments in subsidiaries		
Cost at 1 January	63,295	63,295
Carrying amount at 31 December	63,295	63,295

Name/legal form	Registered office	Equity interest
Subsidiaries:		
Expedit AB	Nässjö	100%
Expedit Norge AS	Sandefjord	100%
SIA Expedit Baltic	Liepaja	100%
Expedit Finland Oy	Vantaa	100%

Impairment tests have been performed for the Swedish, Finnish and Norwegian subsidiaries, which support the carrying amount of investments.

9 Deferred tax

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
Deferred tax at 1 January	2,739	-1,085	4,338	1,208
Deferred tax adjustment for the year in the income statement	-5,590	3,899	-5,611	3,205
Tax on equity transactions	273	-75	273	-75
	-2,578	2,739	-1,000	4,338
Specified as follows in balance sheet				
Deferred tax assets	4,438	3,572	1,000	0
Provisions for deferred tax	1,860	6,311	0	4,338
	-2,578	2,739	-1,000	4,338

Deferred tax assets arise primarily from tax loss carryforwards. Tax loss carryforwards are attributable to Denmark, Sweden, Finland and Norway. The losses are expected to be realisable within the foreseeable future.

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DKK'000	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
10 Non-current liabilities other than provisions				
Non-current liabilities other than provisions can be specified as follows:				
Mortgage debt and credit institutions:				
1-5 years	12,304	14,506	11,687	14,506
>5 years	12,924	9,692	12,924	9,692
Finance lease obligations:				
1-5 years	4,813	4,849	4,813	4,849
>5 years	0	0	0	0
	30,041	29,047	29,424	29,047

Collateral is disclosed in note 15.

11 Staff costs

DKK'000	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Wages and salaries	129,497	129,799	97,301	99,887
Pensions	12,541	12,465	7,914	8,159
Other social security costs	7,263	8,538	2,940	2,519
	149,301	150,802	108,155	110,565
Average number of full-time employees	373	374	213	234

Total remuneration to Management and the Board of Directors represented DKK 2,896 thousand (2020: DKK 2,747 thousand).

12 Other adjustments of non-cash operating items

DKK'000	Group 2021	Group 2020
Other financial income	1,512	1,928
Other financial expenses	-2,075	-1,135
	-563	793

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13 Changes in working capital

DKK'000	Group 2021	Group 2020
Change in inventories	-166,128	-11,135
Change in receivables	-31,199	5,156
Change in trade and other payables	57,354	4,874
	-139,973	-1,105

14 Contractual obligations, contingencies, etc.

Operating leases

Interminable operating leases are as follows:

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
Lessor				
0-1 year	0	0	1,294	653
1-5 years	0	0	1,778	1,527
> 5 years	0	0	0	0
	0	0	3,072	2,180

Operating lease liabilities comprise sublease of parts of the building for both the Group and the Parent Company and lease of machinery for the Parent Company. Derived income is recognised as operating income.

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
Lessee				
0-1 year	10,479	7,663	5,142	3,004
1-5 years	16,104	22,041	5,005	7,791
> 5 years	0	158	0	158
	26,583	29,862	10,147	10,953

Operating lease liabilities comprise lease of operating equipment (term of up to three years) and rent agreements with a term of up to four years.

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15 Mortgages and collateral

In addition to mortgage loans of DKK 3.1 million (2020: DKK 3.9 million) secured upon land and buildings and related property, plant and equipment with a carrying amount of DKK 46.1 million, the following assets have been provided as collateral for the Group's and the Parent Company's bank loans, etc.:

	Group		Parent Company	
DKKm	2021	2020	2021	2020
Mortgage deed registered to the mortgagor of DKK 52.6 million (2020: DKK 52.6 million) secured on property, plant and equipment with a carrying amount of:	46.1	52.4	46.1	52.4
Company charge of DKK 39.0 million (2020: DKK 39.0 million) secured on the Parent Company's assets (receivables, inventories, plant and machinery, fixtures and fittings, tools and equipment as well as assets under construction) with a carrying amount of:	300.5	122.1	300.5	122.1

Assets held under finance leases are disclosed in note 7.

A guarantee has been provided for bank loans of the subsidiary at a maximum of DKK 15.6 million.

16 Interest rate risks and the use of derivative financial instruments

As part of the hedging of recognised and unrecognised transactions, the Expedit Group makes use of hedging instruments such as interest swaps. The Group's hedging instruments are equivalent to those of the Parent Company.

Interest rate risks

The Group hedges interest rate risks by means of interest rate swaps whereby floating interest payments are converted into fixed interest payments. The hedged cash flows are expected to be realised and will affect results over the remaining term of the swap.

	2021			
DKK'000	Notional amount	Value adjust-ment recog-nised in equity	Fair value	Remain-ing term
Interest rate swaps	23,235	1,535	24,770	4-15 years

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17 Related parties

Expedit a/s' related parties comprise the following:

Control

Wanzl GmbH & Co. KGaA, Rudolf-Wanzl Strasse 4, 89340 Leipheim, Germany.

Wanzl GmbH & Co. KGaA holds the majority of the contributed capital in the Company.

Expedit a/s is part of the consolidated financial statements of Wanzl GmbH & Co. KGaA, Leipheim Germany, which is the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

Related party transactions

DKK'000	2021
Group	
Sale of goods to group entities	1,171
Purchase of goods from group entities	43,175
Group fee cost to group entities	926
Parent Company	
Sale of goods to subsidiaries	29,628
Purchase of goods from subsidiaries	83,896
Income from group fee from subsidiaries	4,919

Remuneration of the Parent Company's Executive Board and Board of Directors is disclosed in note 11.

Payables and receivables to associates and subsidiaries are disclosed in the balance sheet, and interest is disclosed in notes 3 and 4.

18 Events after the balance sheet date

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