expedit
shop in mind

Expedit a/s

Toftegårdsvej 4
DK-8370 Hadsten

CVR no. 37 75 25 17

Annual report 2020

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

on MARCH 26 2021

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 2020.

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 2020 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 2020.

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 March 2021
Executive Board:

Carsten Rønde
CEO

Board of Directors:

Dr. Klaus Martin Meier-Kortwig	Markus Bergmann	Bernhard Renzhofer
Bent Holm 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 2020 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 2020 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 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 company financial statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for 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 rules and requirements.

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 March 2021
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

Carsten Rønde, Denmark

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

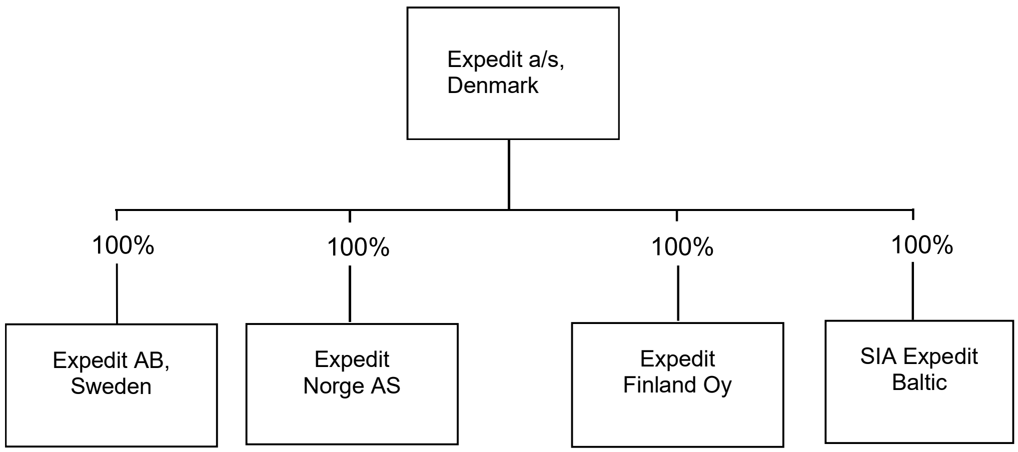
Annual general meeting

The annual general meeting will be held on 26 March 2021.

Management's review

Group chart

The Expedit Group consists of the following companies:



The Expedit Group'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 the Expedit Group 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 a/s supplies both shopfitting equipment produced by the Group's factories in Denmark, Sweden 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 protection and comprises all tasks right from production of prototypes or single units to production of major production batches on the Company's automated 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.

The company used to have minor wood production, which was closed down by the end of 2020 to optimise the supply chain structure of the company.

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	2020	2019	2018	2017	2016
Revenue	546.5	524.7	552.3	491.8	482.2
Gross profit	117.0	101.5	119.2	126.4	127.3
Profit before interest, tax, depreciation and amortisation (EBITDA)	32.1	14.5	28.5	29.9	30.1
Operating profit/loss (EBIT)	16.9	-1.3	8.3	16.4	17.0
Profit/loss from financial income and expenses	0.8	-1.0	-1.0	-1.1	-2.3
Profit/loss for the year before tax	17.7	-2.3	7.2	15.2	14.7
Total assets	257.6	259.2	261.6	256.5	230.0
Equity	120.9	108.8	111.8	108.3	97.5
Cash flows from operating activities	31.5	16.8	12.6	6.9	20.4
Cash flows from investing activities	-4.9	-18.4	-10.9	-30.5	-21.5
Hereof investments in property, plant and equipment	-6.2	-19.8	-11.0	-30.8	-21.5
Cash flows from financing activities	-4.3	-4.7	-5.6	19.9	-5.4
Total cash flows	22.4	-6.3	-3.9	-3.7	-6.6
Gross margin	21.4%	19.3%	21.6%	25.7%	26.3%
EBITDA margin	5.9%	2.8%	5.2%	6.1%	6.2%
Operating margin	3.1%	-0.2%	1.5%	3.3%	3.6%
Return on invested capital	9.7%	0%	7.5%	15.6%	16.8%
Return on equity	14.7%	-1.7%	4.1%	11.4%	10.2%
Solvency ratio	46.9%	42.3%	42.7%	42.2%	42.4%
Average number of full-time employees	374	376	399	379	361

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 major parts of the Danish and global economies. As a consequence of the COVID-19 pandemic, revenue and profit before tax are subject to increased uncertainty. Management continues to keep regular track of the situation and considers relevant initiatives.

The Expedit Group's order book at the beginning of 2021 is at a satisfactory level, which, together with market opportunities, structural improvements carried out or initiated and investments in production in recent years as well as planned investments for 2021, provides the basis for the outlook for 2021.

Management expects to report positive results for 2021.

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 2020 came in at DKK 546.5 million, accounting for an increase of 4.2% on revenue for 2019 of DKK 524.7 million.

In the Parent Company, Expedit Denmark, revenue for 2020 came in at DKK 373.4 million, corresponding to an increase in revenue of 6% compared to revenue for 2019. Growth was generated through additional sales to existing customers as well as via new clients.

Revenue levels realised in Sweden and Norway in 2020 did not meet expectations and are considered unsatisfactory. To counter this, a number of initiatives were launched including increased efforts to pursue opportunities. Based on these and other initiatives, a significant uplift in 2021 revenue is expected on these markets.

Earnings

Profit before tax amounted to DKK 17.7 million in 2020, which reflects a significant improvement compared to negative results of DKK 2.3 million in 2019. The improvement in group results was achieved despite the negative impact of the global outbreak of COVID-19, which, among other things, led to negative revenue developments particularly in Sweden and Norway and costs incurred in respect of organisational changes.

Profit of the Parent Company, Expedit Denmark, increased from DKK 7.6 million to DKK 22.3 million.

Considering the global outbreak of COVID-19 and the impact thereof, profit for 2020 is considered satisfactory. A number of initiatives were launched in 2020 to improve profitability, and based on current developments and plans, the Group expects to generate positive results for 2021.

Cash flows and balance sheet

Cash flows from operating activities were positive at DKK 31.5 million as against DKK 16.8 million in 2019. The improvement was primarily linked to the improvement in financial results.

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Management's review

Operating review

Cash flows from investing activities for the year amounted to DKK 4.9 million, accounting for a decrease compared to investments in 2019 of DKK 18.4 million. The investments in 2020 have mainly taken place in the Parent Company.

The Expedit Group’s balance sheet total reached DKK 257.6 million at 31 December 2020 as against DKK 259.2 million last year.

Equity stood at DKK 120.9 million at 31 December 2020, equivalent to a solvency ratio of 46.9% as against a solvency ratio of 42.3% at 31 December 2019.

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, the Expedit Group strives to continuously develop products and quality management systems directed at proactively preventing and learning from errors that may occur. Also in 2020, 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, Sweden 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 the Expedit Group has continuous focus on strengthening and developing the organisation as a whole as well as the individuals.

Also in 2020, Expedit a/s focused on offering training within relevant areas. At the end of the financial year, eight trainees and apprentices in total were employed at the sites in Denmark.

As an important part of the Group'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, the Expedit Group'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.

The Expedit Group 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 2020, 2.7% 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 the Expedit Group's standard product range, development engagements are typically undertaken in cooperation with the customers in accordance with the increasing need for individual shopfitting solutions.

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

Operating 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, the Expedit Group's trading agreements with major customers contain a proviso for the development in steel prices. On the basis of international indexes, the Expedit Group 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

No material events have occurred after the balance sheet date considerably affecting the consolidated financial statements and parent company financial statement for 2019.

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.

The Expedit Group 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, the Expedit Group has therefore decided to operate in accordance with the UN Global Compact and has prepared the Code of Conduct" of the Expedit Group, 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.

By means of various policies, the Expedit Group 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 Expedit Group's Code of Conduct, which is available on the Groups website, a number of policies have been prepared and implemented - policies which the Expedit 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 the Expedit Group to conduct business with a minimum of environmental impact. Policies have been worked out for among other Environment, Purchasing, Market Behaviour and HR.

The following sections describe policy/targets, actions and results regarding gender quota for Management, Market Behaviour and collaboration with suppliers (Market Behaviour, Anti-corruption and Purchasing), environment/climate (Environment) and working environment/health (HR).

Management's review

Operating review

Market behaviour

The Expedit Group's 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. It has overall been decided that:

It is the policy of the Expedit Group

- 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 the Expedit Group 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 the Expedit Group is not to tolerate or contribute to any money laundering, and
- that the Expedit Group is not to violate any human rights and is not to accept any compulsion, exploitation or child labour.

Code of Conduct – collaboration with suppliers

The Expedit Group's 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 the Expedit Group is present and does business.

The Expedit Group 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 Expedit Group's Code of Conduct.

The Expedit Group 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 the Expedit Group's Code of Conduct.

To ensure compliance with the policies against anti-corruption and bribery, all suppliers of the Expedit Group whose trading with the Expedit Group exceeds DKK 0.5 million must, prior to initiating the business relationship, sign the Expedit Group's "Code of Conduct" and thereby confirm that as a minimum they will live up to the requirements set out therein. Accordingly, The Expedit Group is vested with the right to check at any time that the individual supplier complies with the Group's "Code of Conduct", either through the Expedit Group's own checking or through the assistance of external partners, and at the regular follow-up meetings with the suppliers, compliance with the Expedit Group's "Code of Conduct" is a permanent item on the agenda. At the end of 2020, 144 suppliers including the most important suppliers of the Group had signed the Expedit Group's "Code of Conduct". 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 Expedit Group's Code of Conduct is available at Expedit's website: www.expedit.dk.

When the Expedit Group'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 the Expedit Group conducts its business accordingly.

Management's review

Operating review

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, Latvia and Sweden.

The focus is primarily on the following three areas:

- Reduction in energy consumption, primarily in production, but also by sound practices in the administrative functions in all entities
- Continuous focus on reducing consumption of materials and lowering waste and reuse of equipment in co-operation with the customers
- Through new investments to reduce energy consumption in as many processes as possible.

The Expedit Group 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. The Expedit Group 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 the Expedit Group'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. The Expedit Group 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 each year 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. The Expedit Group sorts out disposals into metal, wood and other products, and with this we consider the risk low.

Management's review

Operating review

Human rights and social and staff matters

The Expedit Group 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 sections on the Group's Code of Conduct and HR.

HR – working environment, health and social commitment

Working environment/health

The Expedit Group 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.

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.

The Expedit Group 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. The Expedit Group 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.

The Expedit Group continuously targets zero working accidents. In 2020, we unfortunately experienced nine accidents at work (12 in 2019). The employee committee is attentive to this aspect relying on e.g. 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 the Expedit Group wants to be an attractive workplace with a sound working environment with mutual confidence, respect, openness and not least professional skills. The Expedit Group promotes freedom with responsibility as well as care of the individual while still maintaining a holistic view on things.

The Expedit Group 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 the Expedit Group. 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 Group's own employees.

Social responsibility

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

Management’s review

Operating review

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

In accordance with the policy adopted, it is the opinion of the Expedit Group 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, the Expedit Group strives to secure diversity and equal opportunities for both genders, in all parts of the Group’s organisation, including Management.

The Expedit Group had defined the target that female representation on its Board of Directors was to account for at least 33% in 2022, equivalent to one board member. At the annual general meeting in May 2020, the shareholders re-elected the board members. Accordingly, the ratio remains unchanged from last year, and the target was not achieved. In FY20, the Board of Directors had five members, all of whom were males. The gender of potential candidates to serve on the Board of Directors will be an important factor when electing new board members but in line with our overall policy; the focus will remain to be the best qualified candidates irrespective of gender, why going forward no set targets will be set as to female representation on the Board of Directors.

It is the opinion of the Expedit Group 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. At the present point in time, the share of women in the Management of the Expedit Group makes up 25%.

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.

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

Income statement

		Group		Parent Company	
DKK'000	Note	2020	2019	2020	2019
Revenue		546,465	524,702	373,422	352,421
Production costs		-429,453	-423,214	-290,742	-290,485
Gross profit		117,012	101,488	82,680	61,936
Sales and distribution costs		-64,697	-69,766	-37,507	-36,078
Administrative expenses	2	-29,850	-28,711	-20,210	-16,333
Other operating costs		-5,553	-4,293	-3,678	-3,086
Operating profit/loss		16,912	-1,282	21,285	6,439
Income from equity investments in subsidiaries		0	0	0	1,925
Other financial income	3	1,928	704	2,200	906
Other financial expenses	4	-1,135	-1,741	-1,230	-1,651
Profit/loss before tax		17,705	-2,319	22,255	7,619
Tax on profit/loss for the year	5	-5,299	451	-4,654	-1,076
Profit/loss for the year	6	12,406	-1,868	17,601	6,543

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2020	2019	2020	2019
Assets					
Fixed assets					
Intangible assets					
Goodwill	7	0	982	0	0
		0	982	0	0
Property, plant and equipment	8				
Land and buildings		63,616	67,523	52,359	55,241
Plant and machinery		38,174	42,481	31,911	34,815
Fixtures and fittings, tools and equipment		3,022	3,928	2,139	2,965
Property, plant and equipment under construction		114	0	0	0
		104,926	113,932	86,409	93,021
Investments					
Equity investments in subsidiaries	9	0	0	63,295	63,295
		0	0	63,295	63,295
Total fixed assets		104,926	114,914	149,704	156,316
Current assets					
Inventories					
Raw materials and consumables		28,356	22,973	21,025	17,187
Work in progress		2,970	2,906	1,924	1,979
Finished goods and goods for resale		52,615	46,927	31,061	23,856
		83,941	72,806	54,010	43,022

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2020	2019	2020	2019
ASSETS (continued)					
Receivables					
Trade receivables		52,690	59,453	34,058	33,200
Receivables from group entities		0	0	32,120	28,761
Deferred tax assets	10	3,572	3,571	0	0
Prepaid corporation tax		1,007	909	0	0
Other receivables		2,276	993	1,697	763
Prepayments		2,785	2,460	968	2,011
		62,330	67,386	68,843	64,735
Cash at bank and in hand		6,435	4,096	0	9
Total current assets		152,706	144,288	122,853	107,766
TOTAL ASSETS		257,632	259,202	272,557	264,082

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	2020	2019	2020	2019
EQUITY AND LIABILITIES					
Equity					
Contributed capital		15,400	15,400	15,400	15,400
Retained earnings		105,504	93,393	144,786	127,452
Total equity		120,904	108,793	160,186	142,852
Provisions					
Provisions for deferred tax	10	6,311	2,486	4,338	1,208
Total provisions		6,311	2,486	4,338	1,208
Liabilities other than provisions					
Non-current liabilities other than provisions					
Mortgage debt and credit institutions	11	29,047	32,780	29,047	32,780
		29,047	32,780	29,047	32,780
Current liabilities other than provisions					
Mortgage debt and credit institutions	11	9,798	23,445	9,798	17,776
Trade payables		32,835	38,266	19,581	26,475
Trade payables to group entities		11,568	19,153	14,794	22,928
Corporation tax		1,466	4	1,449	0
Other payables		45,703	34,275	33,364	20,063
		101,370	115,143	78,986	87,242
Total liabilities other than provisions		130,417	147,923	108,033	120,022
TOTAL EQUITY AND LIABILITIES		257,632	259,202	272,557	264,082

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 2020	15,400	93,393	0	108,793
Transferred over the profit appropriation	0	12,406	0	12,406
Exchange rate adjustment, foreign subsidiary	0	-28	0	-28
Value adjustment of hedging instruments:				
Value adjustment for the year	0	-342	0	-342
Tax on items under equity	0	75	0	75
Equity at 31 December 2020	15,400	105,504	0	120,904

	Parent Company			
DKK'000	Contri-buted capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2020	15,400	127,452	0	142,852
Distributed dividends	0	0	0	0
Transferred over the profit appropriation	0	17,601	0	17,601
Value adjustment of hedging instruments:				
Value adjustment for the year	0	-342	0	-342
Tax on items under equity	0	75	0	75
Equity at 31 December 2020	15,400	144,786	0	160,186

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

Cash flow statement

		Group	
DKK'000	Note	2020	2019
Profit/loss before tax for the year		17,705	-2,319
Depreciation, amortisation and impairment losses and gains on disposals on fixed assets		15,197	15,733
Other adjustments of non-cash operating items	13	-793	1,037
Cash generated from operations before changes in working capital		32,109	14,451
Changes in working capital	14	-1,105	4,575
Cash generated from operations		31,004	19,026
Interest income		1,928	704
Interest expense		-1,135	-1,741
Corporation tax paid		-250	-1,183
Cash flows from operating activities		31,547	16,806
Acquisition of property, plant and equipment	8	-6,209	-19,756
Disposal of property, plant and equipment	8	1,342	1,374
Cash flows from investing activities		-4,867	-18,382
External financing:			
Repayment of long-term debt		-4,284	-4,678
Cash flows from financing activities		-4,284	-4,678
Cash flows for the year		22,396	-6,254
Cash and cash equivalents at the beginning of the year		-32,296	-25,959
Unrealised value adjustments for the year		-196	-83
Cash and cash equivalents at year end		-10,096	-32,296

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

Notes

1 Accounting policies

The annual report of Expedit a/s for 2020 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	2020	2019	2020	2019
2	**Fees to auditor appointed at the general meeting**				
	Total fees to KPMG	509	619	285	392
	Audit	391	414	200	249
	Tax assurance and advisory services	102	109	85	92
	Non-audit services	16	96	0	51
		509	619	285	392
3	**Other financial income**				
	Interest income from group entities	0	0	734	531
	Other interest income	1,928	704	1,466	375
		1,928	704	2,200	906
4	**Other financial expenses**				
	Interest expenses to group entities	153	108	153	108
	Other financial expenses	982	1,633	1,077	1,543
		1,135	1,741	1,230	1,651
5	**Tax on profit/loss for the year**				
	Current tax for the year	1,460	11	1,449	0
	Deferred tax adjustment for the year	3,839	-462	3,205	1,076
		5,299	-451	4,654	1,076
6	**Proposed profit appropriation/ distribution of loss**				
	Retained earnings	12,406	-1,868	17,601	6,543

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

Notes

7 Intangible assets (Group)

DKK'000	Goodwill
Cost at 1 January 2020	7,599
Cost at 31 December 2020	7,599
Amortisation at 1 January 2020	6,617
Amortisation	982
Amortisation at 31 December 2020	7,599
Carrying amount at 31 December 2020	0

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

Notes

8 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 2020	150,593	162,619	34,729	0	347,941
Foreign exchange adjustments in foreign entities	742	446	220	0	1408
Additions	252	4,049	1,794	114	6,209
Transferred	0	0	50	0	50
Disposals	0	-1,226	-167	0	-1,393
Cost at 31 December 2020	151,587	165,888	36,626	114	354,215
Depreciation at 1 January 2020	83,070	120,138	30,801	0	234,009
Foreign exchange adjustments in foreign entities	495	365	207	0	1067
Depreciation	4,406	8,493	2,700	0	15,599
Depreciation on disposals	0	-1,282	-104	0	-1,386
Depreciation at 31 December 2020	87,971	127,714	33,604	0	249,289
Carrying amount at 31 December 2020	63,616	38,174	3,022	114	104,926
Assets held under finance leases	0	5,705	0	0	5,705

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

Notes

8 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 2020	118,668	118,097	24,947	0	261,712
Additions	75	3,783	1,206	0	5,064
Transferred	0	0	50	0	50
Disposals	0	-7,006	-47	0	-7,053
Cost at 31 December 2020	118,743	114,874	26,156	0	259,773
Depreciation at 1 January 2020	63,427	83,282	21,982	0	168,691
Depreciation	2,957	5,754	2,035	0	10,746
Depreciation on disposals	0	-6,073	0	0	-6,073
Depreciation at 31 December 2020	66,384	82,963	24,017	0	173,364
Carrying amount at 31 December 2020	52,359	31,911	2,139	0	86,409
Assets held under finance leases	0	5,705	0	0	5,705

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

Notes

9 Investments

DKK'000	Parent Company 2020	Parent Company 2019
Equity investments in subsidiaries		
Cost at 1 January	63,295	61,689
Additions	0	1,606
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 supports the carrying amount of investments.

10 Deferred tax

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Deferred tax at 1 January	-1,085	-333	1,208	387
Deferred tax adjustment for the year in the income statement	3,899	-451	3,205	1,076
Tax on equity transactions	-75	-301	-75	-255
	2,739	-1,085	4,338	1,208
Specified as follows in balance sheet				
Deferred tax assets	3,572	3,571	0	0
Provisions for deferred tax	6,311	2,486	4,338	1,208
	2,739	-1,085	4,338	1,208

Deferred tax assets arise primarily from tax loss carryforwards. Tax loss carryforwards are attributable to Sweden, Finland and Norway. The losses are expected to be realisable within the foreseeable future. Based on impairment test for Sweden, an immaterial part of tax asset is written down, but is still expected to be utilised in the long term.

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

Notes

	Group		Parent Company	
DKK'000	2020	2019	2020	2019

11 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

	2020	2019	2020	2019
Mortgage debt and credit institutions:				
1-5 years	14,506	9,824	14,506	9,824
>5 years	9,692	16,907	9,692	16,907
Finance lease obligations:				
1-5 years	4,849	6,049	4,849	6,049
>5 years	0	0	0	0
	29,047	32,780	29,047	32,780

Collateral is disclosed in note 16.

12 Staff costs

	2020	2019	2020	2019
Wages and salaries	129,799	141,553	99,887	102,128
Pensions	12,465	13,674	8,159	8,519
Other social security costs	8,538	10,866	2,519	2,762
	150,802	166,093	110,565	113,409
Average number of full-time employees	374	376	234	240

Total remuneration to Management and the Board of Directors represented DKK 2,747 thousand (2019: DKK 2,655 thousand).

13 Other adjustments of non-cash operating items

	Group	
DKK'000	2020	2019
Other financial income	1,928	704
Other financial expenses	-1,135	-1,741
	793	-1,037

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14 Changes in working capital

DKK'000	Group 2020	Group 2019
Change in inventories	-11,135	10,402
Change in receivables	5,156	-3,491
Change in trade and other payables	4,874	-2,336
	-1,105	4,575

15 Contractual obligations, contingencies, etc.

Operating leases

Interminable operating leases are as follows:

	Group		Parent Company	
DKK'000	2020	2019	2020	2019
Lessor				
0-1 year	0	0	653	654
1-5 years	0	0	1,527	2,180
> 5 years	0	0	0	0
	0	0	2,180	2,834

Operating lease liabilities comprise lease of machinery for the Parent Company. Derived income is recognised as operating income.

	Group		Parent Company	
DKK'000	2020	2019	2020	2019
Lessee				
0-1 year	7,663	7,037	3,005	2,749
1-5 years	22,041	8,214	7,791	6,322
> 5 years	158	500	158	500
	29,862	15,751	10,954	9,571

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

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16 Mortgages and collateral

In addition to mortgage loans of DKK 3.9 million (2019: DKK 4.6 million) secured upon land and buildings and related property, plant and equipment with a carrying amount of DKK 52.4 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	2020	2019	2020	2019
Mortgage deed registered to the mortgagor of DKK 52.6 million (2019: DKK 52.6 million) secured on property, plant and equipment with a carrying amount of:	52.4	55.2	52.4	55.2
Company charge of DKK 39 million (2019: DKK 39 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:	122.1	114.0	122.1	114.0

Assets held under finance leases are disclosed in note 8.

A guarantee has been provided for bank loans of the subsidiary at a maximum of DKK 13.1 million.

17 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.

	2020			
DKK'000	Notional amount	Value adjust-ment recog-nised in equity	Fair value	Remain-ing term
Interest rate swaps	25,309	2,780	28,089	5-16 years

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18 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	2020
Group	
Sale of goods to group entities	903
Purchase of goods from group entities	38,593
Group fee cost to group entities	903
Parent Company	
Sale of goods to subsidiaries	16,230
Purchase of goods from subsidiaries	61,808
Income from group fee from subsidiaries	4,992
Purchase of fixed assets from subsidiaries	1,550
Sale of fixed assets to subsidiaries	1,479

Remuneration of the Parent Company's Executive Board and Board of Directors is disclosed in note 12.

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

19 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.