

Leman A/S

Ventrupvej 6
2670 Greve
CVR No. 41955619

Annual report 2021

The Annual General Meeting adopted the
annual report on 02.05.2022

Bo Lindberg Andersen

Chairman of the General Meeting

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Entity details

Entity

Leman A/S
Ventrupvej 6
2670 Greve

Business Registration No.: 41955619
Registered office: Greve
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Bo Lindberg Andersen, Chairman
Christian Møller Laursen

Executive Board

Jesper Renner Autzen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

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

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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

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

Greve, 02.05.2022

Executive Board

Jesper Renner Autzen
Chief Executive Officer

Board of Directors

Bo Lindberg Andersen
Chairman

Christian Møller Laursen

Independent auditor's report

To the shareholder of Leman A/S

Opinion

We have audited the financial statements of Leman A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 02.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Kreiner

State Authorised Public Accountant
Identification No (MNE) mne26765

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	1,605,454	1,127,130	1,138,126	1,124,629	1,086,914
Gross profit/loss	260,824	187,085	214,128	208,710	198,299
Operating profit/loss	38,632	(12,130)	17,503	26,318	27,304
Net financials	(1,057)	8,781	11,386	6,547	(55)
Profit/loss for the year	27,411	(13,721)	12,960	17,609	23,470
Total assets	674,506	650,751	623,650	607,986	586,296
Investment in intangible assets	13,505	11,422	14,245	17,054	27,011
Investments in property, plant and equipment	1,543	4,029	2,212	1,093	13,006
Equity	320,647	421,893	445,827	431,420	415,689
Average number of full-time employees	367	373	382	373	343
Ratios					
Gross margin (%)	16.25	16.60	18.81	18.56	18.24
Return on equity (%)	7.38	(3.16)	2.95	4.16	5.77
Equity ratio (%)	47.54	64.83	71.49	70.96	70.90

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

Gross margin (%):

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

Revenue

Return on equity (%):

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

Average equity

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets

Primary activities

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

Development in activities and finances

The revenue for the year amounted to DKK 1,605 million against DKK 1,127 million last year and thereby increased by 42%. The increase is caused by the significant increase in freight rates and increased activity levels. The gross profit reached DKK 260.8m vs DKK 187.1m last year, an increase of 39%. The gross profit margin as a percentage decreased slightly to 16.25% from 16.60% last year primarily caused by the increase in freight rates, whereby the gross profit per file as percentage of the revenue per file has decreased. The profit before tax amounted to DKK 36.4 million against a loss before tax of DKK -14.4 million caused by the hacker attack last year.

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

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

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

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

Profit/loss for the year in relation to expected developments

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

Outlook

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

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

Use of financial instruments

Financial risks

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

Currency risks

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

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

Group relations

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

Statutory report on corporate social responsibility

The Company's statutory report on corporate social responsibility is included in the annual report of LEMAN HOLDING A/S for 2021.

Statutory report on the underrepresented gender

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

LEMAN wants to foster diversity, encourage and develop more female leaders in what is a traditionally male-dominated industry. At the time of presentation of the annual report, the Board of Directors at LEMAN A/S has no female members. On the other hand, the Board of Directors for the parent company, LEMAN Holding A/S, has achieved significant progress with 40% of the members of the Board of Directors (2 out of 5) being female. The target is to have at least one female candidate on the Board of Directors at LEMAN A/S before end of 2022. The senior leadership team in LEMAN A/S consists of 7 members of which 1 was female by end of 2021. LEMAN A/S is working towards achieving a more equal representation in the senior leadership team over the next couple of years.

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

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

Statutory report on data ethics policy

The Company's statutory report on the underrepresented gender is included in the annual report of LEMAN HOLDING A/S for 2021.

Events after the balance sheet date

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

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue	1	1,605,454	1,127,130
Other operating income	2	52,317	37,457
Cost of sales		(1,307,844)	(905,422)
Other external expenses		(89,103)	(72,080)
Gross profit/loss		260,824	187,085
Staff costs	3	(195,762)	(182,212)
Depreciation, amortisation and impairment losses	4	(26,430)	(17,003)
Operating profit/loss		38,632	(12,130)
Income from investments in group enterprises	5	(1,170)	(11,077)
Other financial income	6	8,617	10,016
Other financial expenses	7	(9,674)	(1,235)
Profit/loss before tax		36,405	(14,426)
Tax on profit/loss for the year	8	(8,994)	705
Profit/loss for the year	9	27,411	(13,721)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	11	42,497	53,866
Goodwill		4,036	7,206
Development projects in progress	11	7,027	865
Intangible assets	10	53,560	61,937
Plant and machinery		6,796	9,778
Other fixtures and fittings, tools and equipment		4,247	5,240
Property, plant and equipment in progress		0	2,342
Property, plant and equipment	12	11,043	17,360
Investments in group enterprises		123,473	106,608
Receivables from group enterprises		166,399	68,827
Deposits		439	285
Financial assets	13	290,311	175,720
Fixed assets		354,914	255,017
Trade receivables		274,374	170,061
Receivables from group enterprises	14	12,227	136,130
Other receivables		341	1,816
Prepayments	15	9,764	9,615
Receivables		296,706	317,622
Other investments		76	76
Other investments		76	76
Cash		22,810	78,036
Current assets		319,592	395,734
Assets		674,506	650,751

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	16	10,000	10,000
Translation reserve		2,389	(3,954)
Reserve for net revaluation according to the equity method		11,661	16,630
Reserve for development expenditure		38,629	42,690
Retained earnings		257,968	216,527
Proposed dividend		0	140,000
Equity		320,647	421,893
Deferred tax	17	10,755	9,658
Other provisions	18	0	1,492
Provisions		10,755	11,150
Other payables	19	25,926	15,733
Non-current liabilities other than provisions	20	25,926	15,733
Bank loans		24,678	0
Trade payables		228,560	159,799
Payables to group enterprises		9,234	0
Joint taxation contribution payable		9,822	0
Other payables		43,079	40,268
Deferred income	21	1,805	1,908
Current liabilities other than provisions		317,178	201,975
Liabilities other than provisions		343,104	217,708
Equity and liabilities		674,506	650,751
Financial instruments	22		
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Unrecognised rental and lease commitments	24		
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Related parties with controlling interest	26		
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Statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	10,000	(3,954)	16,630	42,690	216,527
Ordinary dividend paid	0	0	0	0	0
Exchange rate adjustments	0	8,132	5,000	0	0
Tax of entries on equity	0	(1,789)	0	0	0
Dividends from group enterprises	0	0	(8,798)	0	8,798
Transfer to reserves	0	0	0	(4,061)	4,061
Profit/loss for the year	0	0	(1,171)	0	28,582
Equity end of year	10,000	2,389	11,661	38,629	257,968

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	140,000	421,893
Ordinary dividend paid	(140,000)	(140,000)
Exchange rate adjustments	0	13,132
Tax of entries on equity	0	(1,789)
Dividends from group enterprises	0	0
Transfer to reserves	0	0
Profit/loss for the year	0	27,411
Equity end of year	0	320,647

Notes

1 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	1,605,454	1,127,130
Total revenue by geographical market	1,605,454	1,127,130
Road & Logistics	941,633	746,769
Air & sea	663,821	380,361
Total revenue by activity	1,605,454	1,127,130

2 Other operating income

In 2020, other operating income included wage compensation received of DKK 3.2 million in consequence of the Company having employees sent home for a while due to COVID-19. The Company has not received any compensation related to COVID-19 in 2021.

3 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	179,446	171,735
Pension costs	13,568	12,491
Other social security costs	3,705	2,651
Other staff costs	1,100	858
	197,819	187,735
Staff costs classified as assets	(2,057)	(5,523)
	195,762	182,212
Average number of full-time employees	367	373

	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Executive Board	4,596	0
Total amount for management categories	0	4,317
	4,596	4,317

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

4 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	12,883	10,684
Impairment losses on intangible assets	9,000	0
Depreciation of property, plant and equipment	4,798	6,451
Profit/loss from sale of intangible assets and property, plant and equipment	(251)	(132)
	26,430	17,003

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

5 Income from investments in group enterprises

In 2020, the subsidiaries' performance was affected by a hacker attack, COVID-19, and financial support packages received in consequence of COVID-19. The Group received total compensation of DKK 11.9 million in 2020. In 2021, the Group has not been affected by any unusual events or received any compensation related to COVID-19.

6 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	6,471	8,263
Other interest income	659	401
Exchange rate adjustments	1,487	1,352
	8,617	10,016

7 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	47	0
Other interest expenses	820	599
Exchange rate adjustments	8,807	636
	9,674	1,235

In 2021, part of the exchange rate adjustments consisted of unrealised fair value adjustments of DKK 4,430 thousand relating to financial instruments.

8 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	8,033	0
Change in deferred tax	1,097	(752)
Adjustment concerning previous years	(136)	47
	8,994	(705)

9 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	140,000
Retained earnings	27,411	(153,721)
	27,411	(13,721)

10 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	68,867	31,675	865
Transfers	511	0	(511)
Additions	6,832	0	6,673
Cost end of year	76,210	31,675	7,027
Amortisation and impairment losses beginning of year	(15,001)	(24,468)	0
Impairment losses for the year	(9,000)	0	0
Amortisation for the year	(9,712)	(3,171)	0
Amortisation and impairment losses end of year	(33,713)	(27,639)	0
Carrying amount end of year	42,497	4,036	7,027

11 Development projects

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

12 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	26,711	46,436	2,342
Additions	0	1,425	118
Disposals	(2,960)	(2,195)	(2,460)
Cost end of year	23,751	45,666	0
Depreciation and impairment losses beginning of year	(16,932)	(41,196)	0
Depreciation for the year	(2,854)	(1,944)	0
Reversal regarding disposals	2,831	1,721	0
Depreciation and impairment losses end of year	(16,955)	(41,419)	0
Carrying amount end of year	6,796	4,247	0

13 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	89,979	68,827	286
Exchange rate adjustments	0	8,132	0
Additions	21,833	89,440	153
Cost end of year	111,812	166,399	439
Revaluations beginning of year	16,630	0	0
Exchange rate adjustments	5,000	0	0
Share of profit/loss for the year	(1,171)	0	0
Dividend	(8,798)	0	0
Revaluations end of year	11,661	0	0
Carrying amount end of year	123,473	166,399	439

The Company's investments in group enterprises amount to DKK 123.5 million. DKK 29 million hereof has been capitalised as goodwill in the group enterprises. DKK 19 million of the total goodwill is connected with some uncertainty due to the subsidiary's generation of losses in recent years.

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

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

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

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
LEMAN U.S.A Inc.	USA	Inc.	100
LEMAN International Transport Limited	United Kingdom	Ltd.	100
Maru International Limited	United Kingdom	Ltd.	100
Maru Logistics Limited	United Kingdom	Ltd.	100
IntraVAT Limited	United Kingdom	Ltd.	100
LEMAN AB	Sweden	AB	100
LEMAN OY	Finland	OY	100
LEMAN AS	Norway	AS	100

14 Receivables from group enterprises

No due date has been determined for receivables from group enterprises presented as current assets. However, they are expected to fall due within one year.

15 Prepayments

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

16 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Class A shares	10,000	1	10,000
	10,000		10,000

17 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	10,895	12,041
Property, plant and equipment	(57)	146
Receivables	(83)	(30)
Liabilities other than provisions	0	(330)
Tax losses carried forward	0	(2,169)
Deferred tax	10,755	9,658

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	9,658	11,526
Recognised in the income statement	1,097	(752)
Recognised directly in equity	()	(1,116)
End of year	10,755	9,658

18 Other provisions

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

Management assesses that the Company is not a party to any pending or threatening litigation that will result in liabilities for the Company as at 31.12.2021.

19 Other payables

	2021 DKK'000	2020 DKK'000
Holiday pay obligation	15,766	15,733
Other costs payable	10,160	0
	25,926	15,733

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

20 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Other payables	25,926	15,766
	25,926	15,766

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

21 Deferred income

Deferred income relates to revenue cut-off.

22 Financial instruments

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

23 Fair value information

	Financial instruments DKK'000	Other investments DKK'000
Fair value end of year	87,167	76
Unrealised fair value adjustments recognised in the income statement	(4,430)	0

24 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	31,172	33,050

The share of rental and lease commitments falling due within a year amounts to DKK 17,000 (2020: DKK 18,000).

25 Contingent liabilities

	2021 DKK'000	2020 DKK'000
Recourse and non-recourse guarantee commitments	5,230	5,380
Contingent liabilities	5,230	5,380
Recourse and non-recourse guarantee commitments	22,395	30,980
Contingent liabilities to group enterprises	22,395	30,980

The Entity participates in a Danish joint taxation arrangement in which LEMAN HOLDING A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

26 Related parties with controlling interest

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve owns all shares in LEMAN A/S, thus exercising control.
- La Capite S.A., 10, Rue Nicolas Adames, L-1114 Luxembourg owns all shares in LEMAN HOLDING A/S, thus exercising control.
- Philippe Ziegler, Geneva, Switzerland owns 48% of the shares in La Capite S.A. and is the controlling shareholder of the Company.

27 Non-arm's length related party transactions

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

28 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- LEMAN HOLDING A/S, Ventrupvej 6, 2670 Greve.

Accounting policies

Reporting class

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

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

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

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

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

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

Derivative financial instruments

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

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

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

Income statement

Revenue

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

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

Segment information

Business segments

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

Geographical segments

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

Other operating income

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

activities.

Cost of sales

Cost of sales comprises freight charges and other costs relating to the financial year measured at cost.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Entity is jointly taxed with its Parent and all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

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

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

Intellectual property rights etc

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

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

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

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

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

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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-8 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of the investments and fair value of the assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period used is ten years.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Prepayments

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

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Deferred tax

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

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

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions

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

Operating leases

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

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement.