

The Annual Report was presented and adopted at the  
Company's Annual General Meeting on 26 June 2019

*Michael Keldsen*

Chairman of the meeting: Michael Keldsen

Financial year: 1 May 2018 - 30 April 2019



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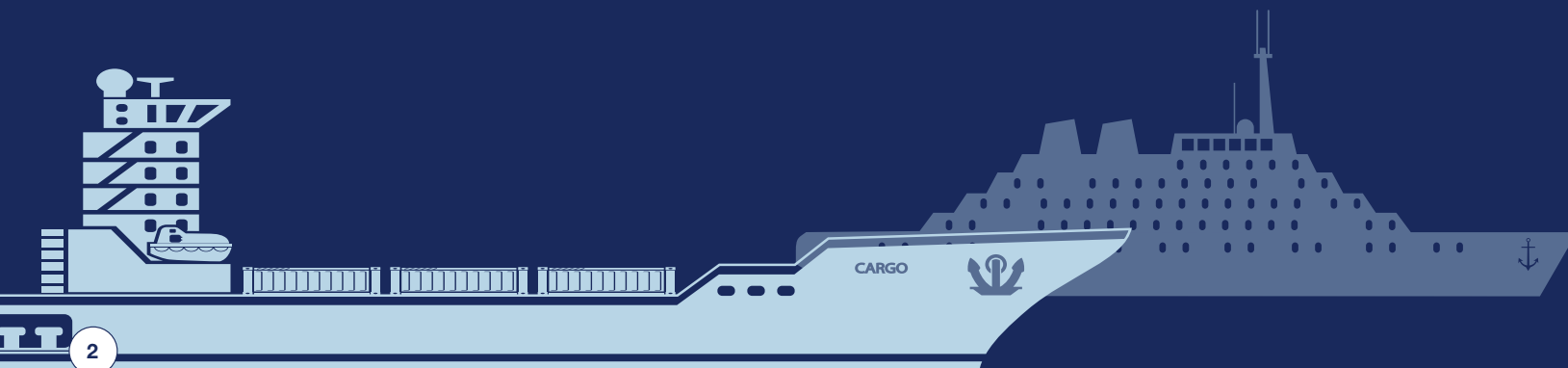
# 2018 ANNUAL REPORT 2019

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SDK A/S  
Oceankajen 12  
7000 Fredericia

Company reg. no. 56 25 23 12





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# FINANCIAL HIGHLIGHTS OF THE GROUP



**7,200**

7,200 Agency calls handled.

We offer 24/365 Agency service.



**117,000 m<sup>2</sup>**

We have 117,000 m<sup>2</sup> of multi terminal space strategically located across Denmark and Sweden.



**7.6 mio.**

7.6 mio. tons handled over quay.



**+600**

With +600 trailers we cover all of Denmark, Scandinavia and Europe.



**1,469.8 MIO DKK** **+46 %**  
vs. 2017/18  
Revenue 

**32.0 MIO DKK** **+31 %**  
vs. 2017/18  
EBIT 

**38.1 MIO DKK** **+100 MIO DKK**  
vs. 2017/18  
Free cash flow 

**330.3 MIO DKK** **+21 %**  
vs. 2017/18  
Gross profit 

**25.1 MIO DKK** **+6 %**  
vs. 2017/18  
EBT 

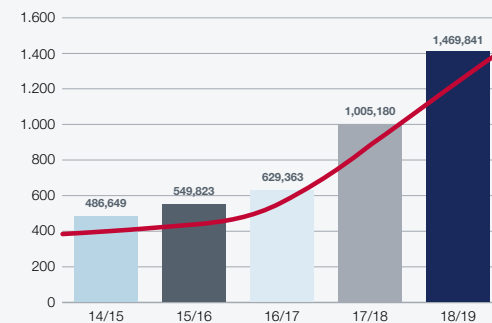
**1.5**  
Gearing ratio

**57.7 MIO DKK** **+28 %**  
vs. 2017/18  
EBITDA 

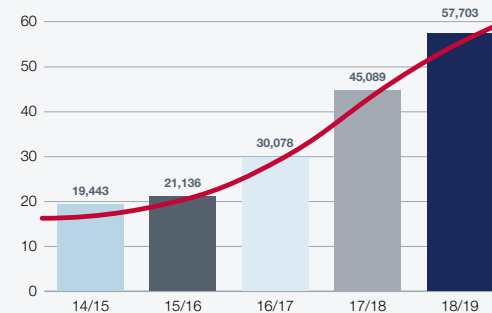




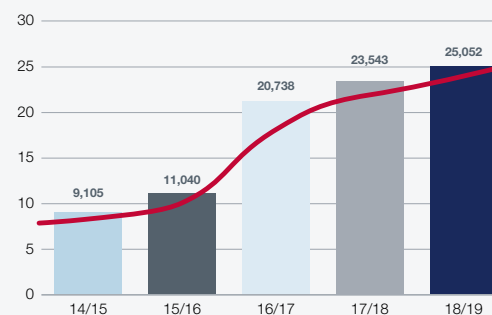
### NET REVENUE (DKK'000)



### OPERATING PROFIT - EBITDA (DKK'000)



### PROFIT BEFORE TAX - EBT (DKK'000)



## FIVE-YEAR OVERVIEW

Financials	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Profit (DKK '000)</b>					
Revenue	1,469,841	1,005,180	629,363	549,823	486,649
Gross profit	330,301	273,931	196,634	143,866	119,824
Operating profit before amortisation and depreciation (EBITDA)	57,703	45,089	30,078	21,136	19,443
Operating profit (EBIT)	31,995	24,449	21,343	13,601	9,858
Net financial expenses	6,943	906	605	2,553	753
Profit before tax (EBT)	25,052	23,543	20,738	11,048	9,105
Profit for the year	17,966	18,540	15,769	8,627	7,327
<b>Cash flow (DKK '000)</b>					
Cash flows from:					
- operating activities	61,290	3,144	54,384	13,706	48,624
- investing activities	(23,195)	(65,010)	(43,308)	(2,702)	(44,216)
Free cash flow	38,095	(61,866)	11,076	11,003	4,408
- financing activities	8,562	(7,768)	9,707	6,113	10,916
Cash flow for the year	46,657	(69,634)	20,783	17,116	18,474
<b>Financial position (DKK '000)</b>					
SDK A/S shareholders' share of equity	111,056	93,264	76,594	49,877	44,587
Non-controlling interests	1,871	1,054	0	0	(89)
Balance sheet total	467,563	452,670	291,449	230,831	217,627
Net working capital	10,675	39,850	(21,295)	2,016	(1,993)
Net interest-bearing debt	84,202	122,296	5,349	23,908	34,910
Investments in fixed tangible assets	(25,177)	(8,746)	(1,508)	(3,486)	(9,222)

Ratios	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Financial ratios (%)</b>					
Gross margin	22.5	27.3	31.2	26.2	24.6
Operating margin	3.9	4.5	4.8	3.8	4.0
Profit margin	2.2	2.4	3.4	2.5	2.0
Conversion ratio	9.7	8.9	10.9	9.5	8.2
Effective tax rate	28.3	21.3	24.0	21.9	19.5
ROIC before tax	12.9	13.1	19.9	12.6	10.9
Return on equity (ROE)	17.6	21.8	24.9	18.3	22.0
Solvency ratio	23.8	20.6	26.3	21.6	20.5
Gearing ratio	1.5	2.7	0.2	1.1	1.8

Non-Financials	2018/19	2017/18	2016/17	2015/16	2014/15
Number of full-time employees	399	344	255	186	182

For a definition of the financial highlights, please refer to page 51

# COMPANY INFORMATION

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## THE COMPANY

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### **SDK A/S**

Oceankajen 12  
DK-7000 Fredericia

### **Telephone:**

+45 76 20 60 00

**[www.sdkgroup.com](http://www.sdkgroup.com)**

**CVR No:** 56 25 23 12

### **Financial year:**

1 May - 30 April

Municipality of reg. office:  
Fredericia

## BOARD OF DIRECTORS

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Torben Østergaard-Nielsen,  
Chairman

Michael Keldsen

Nina Østergaard Borris

Henrik Holm

Lars Krejberg Petersen

Flemming Dalgaard

## AUDITORS

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### **PricewaterhouseCoopers**

Herredsvej 32  
DK-7100 Vejle

## EXECUTIVE BOARD

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Søren Gran Hansen

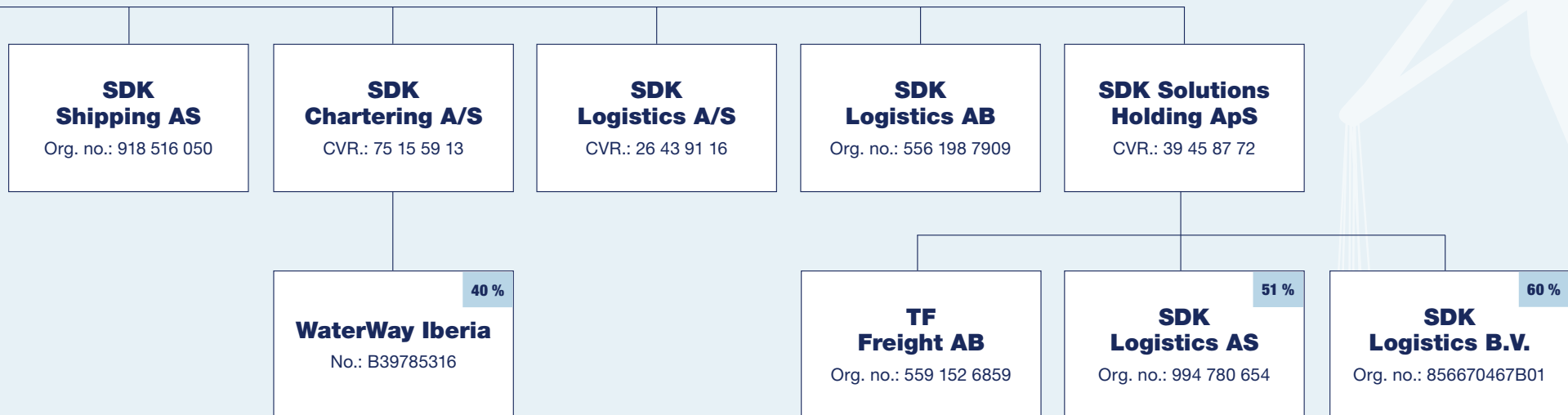








# GROUP STRUCTURE



# CORPORATE GOVERNANCE

## MANAGEMENT STRUCTURE

Together, the Board of Directors and the Executive Board constitute the governing body of SDK. The ultimate authority rests with the shareholder in general meeting.

The Board of Directors supervises and outlines the overall visions, strategies and objectives for the development of the Group's business activities.

The Executive Board is responsible for the day-to-day management and the execution of the strategy, and furthermore contributes essential input to the work of the Board of Directors.

The allocation of responsibilities between the Board of Directors and the Executive Board is laid down in the relevant Rules of Procedure.

The individual Division Managers are responsible for the day-to-day operations of the divisions supported by centralized Group functions.

## BOARD OF DIRECTORS

### Composition

The Board of Directors of SDK currently has six members. The Board of Directors shall consist of three to seven directors appointed by the general meeting. An alternate director may be appointed for each director.

The directors and their alternates shall retire from office at the next annual general meeting, but they shall be eligible for re-appointment.

### Competencies of the Board

The composition of the Board of Directors is intended to ensure the diversity of the Board's competency profile and that the Board is able to perform its duties effectively.

Overboarding is also taken into consideration when considering the Board composition.

Current competencies required of and possessed by the Board are knowledge of the shipping and transport sector, international commercial experience and experience in strategy, M&A and risk management.

In instances where specialised knowledge or insight is required in supporting the work of the Board, services may be obtained from external advisors or specialist.

See page 16-17 for a description of the individual Directors' competencies and experience.

### Board of Directors self-evaluation

On a regular basis, the Board of Directors performs an overall self-evaluation, focusing on the results, composition and competencies of the Board. In this regard, diversity, overboarding, internal management cooperation, succession planning and focus areas for the coming period are also considered.

The Chairman of the Board is in charge of the self-evaluation process. When completed, the self-evaluation report is presented to and discussed by the Board.

The result of the latest self-evaluation conducted in 2018/2019 did not give rise to any significant considerations and supports the current composition of the Board.

On this basis, the Board is considered to have the right competencies supporting the long-term value creation for our shareholders.

### Board meetings

The Board of Directors held five ordinary board meetings in 2018/2019. The content of the meetings is determined by the annual cycle of the Board, thus ensuring that all important policies are reviewed.

ANNUAL **GENERAL MEETING**

BOARD OF **DIRECTORS**

EXECUTIVE **BOARD**

DIVISION **MANAGEMENT**

SHIPPING



CRUISE



CHARTERING



LOGISTICS



# MANAGEMENT'S STATEMENT

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The Board of Directors and the Executive Board have today considered and adopted the Annual Report of SDK A/S for the financial year 1 May 2018 - 30 April 2019.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.


In our opinion, the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Parent Company and the Group at 30 April 2019 and of the results of the Parent Company and Group operations and consolidated cash flows for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Fredericia, 26 June 2019.

## EXECUTIVE BOARD



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Søren Gran Hansen

## BOARD OF DIRECTORS



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Torben Østergaard-Nielsen  
Chairman



---

Henrik Holm



---

Nina Østergaard Borris



---

Michael Keldsen



---

Lars Krejberg Petersen



---

Flemming Dalgaard



# BOARD OF DIRECTORS



## TORBEN ØSTERGAARD-NIELSEN

### Board member

Born in 1954.  
Board member since 1994.  
Chairman since 2014.  
CEO, founder and owner of the USTC Group (A/S United Shipping & Trading Company).

### Special competences

Extensive background and global experience within the shipping industry.

### Other directorships

Chairman and member of the boards in most USTC Group companies.  
Member of the boards in FAYARD Holding A/S, Fiberline Composites A/S, H.J. Hansen Holding A/S, Gottfred Petersen Holding A/S and Jensen's Food Group A/S. Chairman of the board in Middelfart Bycenter A/S and Selected Car Leasing A/S.

### Other

German Honorary Consul since 1988, member of Corps Consulaire since 1988. Member of Danske Bank Erhvervsråd.



## MICHAEL KELDSEN

### Board member

Born in 1950.  
Board member since 1991.  
Chairman of the board from 2004-2014.  
Of Counsel, Gorrissen Federspiel law firm.

### Special competences

In-depth knowledge and experience within corporate matters, as a member through the years of boards of directors in a number of Danish and foreign companies. Further, 40 years engagement in extensive business and legal matters related to Greenland, such as ship building, corporate structuring particularly within fisheries and infrastructure etc.

### Other directorships

Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, A/S United Shipping & Trading Company, Iron Pump A/S, Nemco Machinery A/S, Autronica Fire & Security A/S, Stanley Nordic ApS and a number of foundations in Denmark and USA.

### Education

LL.M. (Master of Law), Copenhagen.





### NINA ØSTERGAARD BORRIS

#### Board member

Born in 1983.  
Board member since 2014.  
Executive Assistant Bunker Holding A/S.

#### Special competences

Company evaluations, mergers and acquisitions, financial due diligence, business restructuring, reorganisation, turnarounds and compliance.

#### Other directorships

Member of the boards in Uni-Tankers A/S and A/S United Shipping & Trading Company.

#### Education

Master's degree in applied economics and finance (Cand. merc. AEF) supplemented by courses at Harvard University and London School of Economics and Political Science.



### HENRIK HOLM

#### Board member

Born in 1959.  
Board member since 2012.  
CEO GDL Transport AB, headquarter Helsingborg Sweden.

#### Special competences

37 years of experience in Transportation and Logistics. General Management. Mergers and acquisitions.

#### Other directorships

Chairman of the board in Kathrineholm Rail Point AB, HTL AB and Jalog AB.

#### Education

General management and logistics.



### LARS KREJBERG PETERSEN

#### Board member

Born 1963.  
Board member since 2012.  
CEO Dansk Retursystem A/S.

#### Special competences

Supply Chain, Logistics and Business Processes.

#### Other directorships

Member of the boards in Nemco 98 A/S.

#### Education

BBA and BBA(M).



### FLEMMING DALGAARD

#### Board member

Born in 1964.  
Board member since 2015.  
Managing Partner, FLEDAL Advisory & Consulting.

#### Special competences

Executive management within the ports, logistics and shipping industry including M&A activities. 31 years of global experience both in mature/developed as well as emerging markets.

#### Other directorships

Non Exec Director at Harwich Haven Authority (UK), Independent Maritime Advisor for Arcus IP (UK), Senior Investment Advisor APM Capital (DK).

#### Education

Shipping education from A.P. Moller-Maersk as well as Chartered Director (CDIR) from IOD and Chartered Fellow at the UK Institute for Logistics and Transport (FCILT).

# SDK A/S EXECUTIVE BOARD



**SØREN GRAN HANSEN**

CEO – SDK A/S.  
CEO – TF Freight AB.  
Born in 1968.  
Employed since September 2013.

**Education/Background**

Bachelor of economy.  
Global experience with listed companies and extensive background within freight and logistics industry, primarily through 24 years with DSV A/S, with different director and board positions.



**HENRIK KLAUSEN**

CFO SDK A/S.  
Born in 1964.  
Employed since August 2014.

**Education/Background**

Master of Science in Business  
Economics and Auditing.



### LARS JESPERSEN

CEO SDK Shipping A/S, SDK Shipping AB, SDK Chartering A/S, and Shipping Consultancy A/S. Born in 1968.

Employed since November 1998.

**Education/Background**

Bachelor, Insead.

**Other external positions:**

Deputy chairman Danish Harbour Associations. Chairman Aabenraa Employers Association. British consul.



### HENRIK GYDESEN

CEO SDK Logistics A/S. Born in 1974. Employed since January 2014.

**Education/Background**

Bachelor Transport & Logistics.

**Other external position:**

Board member DASP Nord.



### MORTEN DREYER

Director SDK Logistics AB. Born in 1970. Employed since January 2015.

**Education/Background**

Forwarding Agent, Head of Department, Head of Division Transport & Logistics.



### DAVID YORK

CEO Danish Stevedore A/S. Born in 1960. Employed since 2004.

**Education/Background**

Bachelor of Maritime Transport and Nautical Science.

**Other external positions:**

Chairman Nordic Waste A/S. Chairman Danish Stevedore Holding A/S.

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF SDK A/S

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### OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2019, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SDK A/S for the financial year 1 May 2018 - 30 April 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

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

### STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, 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 in Management's Review.

### MANAGEMENT'S RESPONSIBILITIES FOR THE 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 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 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 financial statements unless Management either intends to liquidate the Group or the Parent Company 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 judgment and maintain professional skepticism 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 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 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 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the 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.

Trekantområdet, 26 June 2019

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Gert Fisker Tomczyk  
State Authorised Public Accountant  
mne9777

Jan Bunk Harbo Larsen  
State Authorised Public Accountant  
mne30224



Gert Fisker Tomczyk  
State Authorised Public Accountant  
mne9777



Jan Bunk Harbo Larsen  
State Authorised Public Accountant  
mne30224

# MANAGEMENT'S REVIEW

## ACTIVITIES

The main activities of the SDK Group include stevedoring, agency, customs clearing, commercial chartering, liner services, cruise services, freight forwarding (road, air and sea), and logistics.

The main object of the Parent Company is as a holding company to hold shares in the subsidiaries and to contribute to the continued development of these.

## DEVELOPMENT IN THE YEAR

The SDK Group achieved revenue of DKK 1,469,841k (1,005,180k previous year) and a profit before tax of DKK 25,052k (23,543k). At the end of the year, equity amounted to DKK 111,056k (93,264k).

Compared to last year the profit before tax has increased by DKK 1,509k (2,805k) corresponding to a 6 % (14 %) increase. The increased profit comes from organic growth/ optimization of existing activities.

The growing profitability is considered a result of a continued strong and focused implementation of the Group's strategy together with a very strong performing and motivated staff of employees.

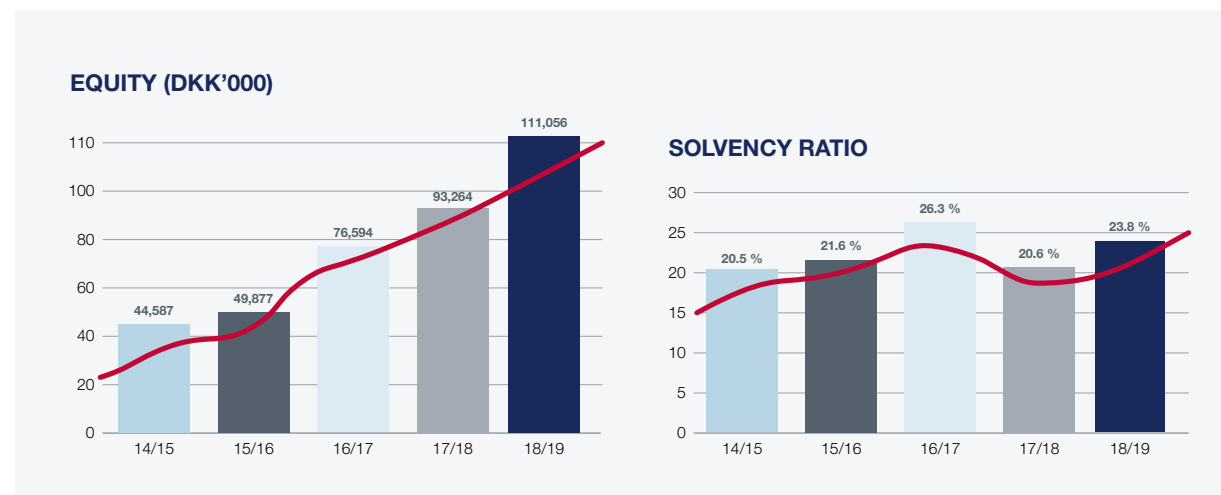
During the year no new acquisitions took place. Instead, focus has been on optimizing and automatization of internal procedures. Group has focus on risk management and has procedures and culture for observing risks and mitigating risks.

The Group's financial strength continued to improve over the last year. Equity grew with 17,792k (16.670k) and the solvency ratio ended at 23.8 % (20.6 %) end of the year.

The results for the year are considered satisfactory by Management and as expected in the Annual Report for 2017/2018.

## STRATEGY AND OBJECTIVE

The SDK vision is to be a growing and leading supplier of shipping and logistic services seen in a broader perspective.



SDK will on a continuous basis develop its business in line with the customers' wishes and requirements. The Group wants to be known for its high quality in a wide sense, and the quality of our services must follow the highest international standards.

The Group's strategy plan contains clear objectives for SDK as a whole and for the individual enterprises of the Group to support growth in activities and earnings. Current follow-up is made on the realisation of the goals set.

SDK focuses on organic growth, as well as growth through acquisitions.

## FINANCIAL AND OPERATIONAL RISKS

### Foreign exchange risks

The Group hedges against commercial foreign exchange exposure on a current basis and moreover assesses the need to hedge against foreign exchange exposure of future cash flows. Hedging mainly takes place by means of forward exchange contracts. Future expected cash flows are hedged for a maximum period of the first succeeding 12 months.

### Credit risks

The Group is exposed to credit risk relating to its customers, and all customers and other business partners are credit rated regularly in accordance with the Group's policy for assuming credit risks.



**24** offices

**Interest rate risks**

The Group's interest-bearing debt is based on a mix between fixed and variable interest rates, and therefore earnings are partly affected by any changes in the level of interest. The Group monitors and assesses on a current basis the financial consequences of interest rate changes and hedges the interest rate risk if considered adequate.

**Trading risks**

The Group's trading activities are widely spread on the various shipping segments and no single customer or supplier has a significant part of the Group's sales or purchases.

**CORPORATE SOCIAL RESPONSIBILITY**

(cf. Section 99 a of the Danish Financial Statements Act)

Reference is made to Parent Company A/S United Shipping & Trading Company CSR report including policy on gender equality.

**GENDER COMPOSITION**

(cf. Section 99 b of the Danish Financial Statements Act)

**Targets for the under-represented gender on the board of directors**

SDK A/S Board of Directors is the supreme management body in the company and currently consists of 6 members. Today the percentage of female members of the board elected by the shareholder's committee is 17 %. The target for the underrepresented gender is set as 40 % for 2020.

Composition of the Board is intended to ensure that it has a diverse competency profile to be able to perform its duties as effectively as possible.

There have been no replacements on the Board of Directors this year.

**Policy for the under-represented gender at other management levels**

The policy of the Group is that the employees, irrespective of gender, must have equal career and management opportunities.

Moreover, the Group considers gender diversity a strength and tries actively to promote this at other management levels, among other things by:

- in connection with the use of external recruitment partners, requiring to be presented with both male and female candidates;
- inviting suitable candidates of both genders for an interview in connection with employment in management positions;
- increased focus on potential female management talents in the organisation and actively encouraging them to apply for management positions

Despite the efforts made, we have not yet seen any change in the gender representation at other management levels.





## EXPECTATIONS FOR THE YEAR AHEAD

The Group's level of activity, revenues and earnings are affected by a number of external factors, such as the development on the global shipping and freight market.

In the financial year 2019/20, Management expects years profit in line with actual result for 2018/19.



# INCOME STATEMENT

1 MAY - 30 APRIL

	Note	Group		Parent Company	
DKK '000		2018/19	2017/18	2018/19	2017/18
<b>Net revenue</b>	1	<b>1,469,841</b>	<b>1,005,180</b>	<b>0</b>	<b>0</b>
Direct costs		1,139,540	731,249	0	0
<b>Gross profit</b>		<b>330,301</b>	<b>273,931</b>	<b>0</b>	<b>0</b>
Other operating income		5,224	2,060	26,496	21,362
Other external expenses		45,766	46,928	7,686	8,344
Staff costs	2	232,056	183,974	17,571	14,295
<b>Operating profit (EBITDA)</b>		<b>57,703</b>	<b>45,089</b>	<b>1,239</b>	<b>(1,277)</b>
Depreciation and amortisation of intangible assets, property, plant and equipment	3	25,708	20,640	0	0
<b>Profit before financial income and expenses (EBIT)</b>		<b>31,995</b>	<b>24,449</b>	<b>1,239</b>	<b>(1,277)</b>
Profit from investments in group enterprises and associates	4	0	0	15,879	18,887
Financial income	5	7,436	6,238	3,078	2,423
Financial expenses	6	14,379	7,144	2,671	1,847
<b>Profit before tax (EBT)</b>		<b>25,052</b>	<b>23,543</b>	<b>17,525</b>	<b>18,186</b>
Tax on profit for the year	7	7,086	5,003	410	(54)
<b>Profit for the year</b>		<b>17,966</b>	<b>18,540</b>	<b>17,115</b>	<b>18,240</b>



# BALANCE SHEET

## AT 30 APRIL

ASSETS	Note	Group		Parent Company	
		2019	2018	2019	2018
DKK '000					
Goodwill		111,209	118,079	0	0
<b>Intangible assets</b>	9	<b>111,209</b>	<b>118,079</b>	<b>0</b>	<b>0</b>
Land and buildings		56,593	59,010	0	0
Fixtures and fittings, tools and equipment		66,773	60,265	221	0
<b>Property, plant and equipment</b>	10	<b>123,366</b>	<b>119,275</b>	<b>221</b>	<b>0</b>
Investments in subsidiaries		0	0	163,319	159,398
Investments in other securities and equity investments		1,304	824	0	0
Deposits		1,582	1,978	0	0
<b>Fixed asset investments</b>	11	<b>2,886</b>	<b>2,802</b>	<b>163,319</b>	<b>159,398</b>
<b>Fixed assets</b>		<b>237,461</b>	<b>240,156</b>	<b>163,540</b>	<b>159,398</b>
<b>Inventories</b>		<b>601</b>	<b>204</b>	<b>0</b>	<b>0</b>
Trade receivables		167,886	176,126	0	0
Receivables from group enterprises		577	0	31,843	72,032
Other receivables		16,923	8,443	35	0
Deferred tax asset	13	1,950	727	0	0
Prepayments	12	10,556	11,200	110	333
Corporation tax		0	0	0	142
<b>Receivables</b>		<b>197,892</b>	<b>196,496</b>	<b>31,988</b>	<b>72,507</b>
<b>Cash and equivalents</b>		<b>31,609</b>	<b>15,814</b>	<b>0</b>	<b>11</b>
<b>Current assets</b>		<b>230,102</b>	<b>212,514</b>	<b>31,988</b>	<b>72,518</b>
<b>Assets</b>		<b>467,563</b>	<b>452,670</b>	<b>195,528</b>	<b>231,916</b>

## LIABILITIES AND EQUITY

	Note	Group		Parent Company	
		2019	2018	2019	2018
DKK '000					
Share capital		6,000	6,000	6,000	6,000
Retained earnings		105,056	87,264	105,056	87,264
<b>Equity attributable to shareholders of the Parent Company</b>		<b>111,056</b>	<b>93,264</b>	<b>111,056</b>	<b>93,264</b>
<b>Minority interests</b>		<b>1,871</b>	<b>1,054</b>	<b>0</b>	<b>0</b>
<b>Equity</b>		<b>112,927</b>	<b>94,318</b>	<b>111,056</b>	<b>93,264</b>
Provision for deferred tax	13	8,660	8,080	12	0
Other provisions	14	4,835	5,035	0	0
<b>Provisions</b>		<b>13,495</b>	<b>13,115</b>	<b>12</b>	<b>0</b>
Mortgage debt		36,022	37,950	0	0
Leasing debt		37,854	29,427	0	0
<b>Long-term debt</b>	15	<b>73,876</b>	<b>67,377</b>	<b>0</b>	<b>0</b>
Mortgage debt		2,117	2,266	0	0
Credit institutions		27,698	58,560	20,997	56,166
Leasing debt		12,120	9,907	0	0
Trade payables		157,812	136,480	476	1,305
Prepayments received	16	8,760	4,653	0	0
Payables to group enterprises		416	0	49,555	73,386
Corporation tax		4,861	3,373	397	0
Other payables		53,481	62,621	13,035	7,795
<b>Short-term debt</b>		<b>267,265</b>	<b>277,860</b>	<b>84,460</b>	<b>138,652</b>
<b>Debt</b>		<b>341,141</b>	<b>345,237</b>	<b>84,460</b>	<b>138,652</b>
<b>Liabilities and equity</b>		<b>467,563</b>	<b>452,670</b>	<b>195,528</b>	<b>231,916</b>
Distribution of profit	8				
Security and contingent liabilities	17				
Related parties	18				
Subsequent events	19				

23.8

Solvency ratio

1.50

Gearing ratio

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 2018/19 GROUP

DKK '000	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 May	6,000	87,264	93,264	1,054	94,318
Additions aquisition	0	0	0	(34)	(34)
Net profit for the year	0	17,115	17,115	851	17,966
Exchange adjustment	0	(16)	(16)	0	(16)
Capital adjustments	0	693	693	0	693
<b>Equity at 30 April</b>	<b>6,000</b>	<b>105,056</b>	<b>111,056</b>	<b>1,871</b>	<b>112,927</b>

## 2017/18 GROUP

DKK '000	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 May	6,000	70,594	76,594	0	76,594
Additions aquisition	0	0	0	754	754
Net profit for the year	0	18,240	18,240	300	18,540
Exchange adjustment	0	(1,625)	(1,625)	0	(1,625)
Capital adjustments	0	55	55	0	55
<b>Equity at 30 April</b>	<b>6,000</b>	<b>87,264</b>	<b>93,264</b>	<b>1,054</b>	<b>94,318</b>



# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

## 2018/19 PARENT COMPANY

DKK '000	Share capital	Retained earnings	Total
Equity at 1 May	6,000	87,264	93,264
Net profit for the year	0	17,115	17,115
Exchange adjustment	0	(16)	(16)
Capital adjustments	0	693	693
<b>Equity at 30 April</b>	<b>6,000</b>	<b>105,056</b>	<b>111,056</b>

## 2017/18 PARENT COMPANY

DKK '000	Share capital	Retained earnings	Total
Equity at 1 May	6,000	70,594	76,594
Net profit for the year	0	18,240	18,240
Exchange adjustment	0	(1,625)	(1,625)
Capital adjustments	0	55	55
<b>Equity at 30 April</b>	<b>6,000</b>	<b>87,264</b>	<b>93,264</b>

The share capital consists of 6,000 shares of a nominal value of DKK 1,000.  
No shares carry any special rights.





# CONSOLIDATED CASH FLOW STATEMENT

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## 1 MAY - 30 APRIL

DKK '000	Group	
	2018/19	2017/18
Profit for the year before tax	25,052	23,543
Amortisation and depreciation for the year	25,708	20,640
Changes in receivables	(570)	(41,787)
Changes in trade payables, other payables, etc	16,715	6,741
Exchange adjustments and other adjustments	(662)	(1,980)
<b>Cash flows from operating activities before tax</b>	<b>66,243</b>	<b>7,157</b>
Corporation tax paid	(4,953)	(4,013)
<b>Cash flows from operating activities</b>	<b>61,290</b>	<b>3,144</b>
Purchase of intangible assets	(347)	0
Purchase of tangible assets	(25,177)	(8,746)
Sale of tangible assets	2,413	3,704
Purchase of financial assets	(774)	0
Sale of financial assets	690	0
Business acquisition	0	(59,968)
<b>Cash flows from investing activities</b>	<b>(23,195)</b>	<b>(65,010)</b>
<b>Free cash flow</b>	<b>38,095</b>	<b>(61,866)</b>
Change in debt to mortgage credit institutes and lease institutes	8,562	(7,768)
<b>Cash flows from financing activities</b>	<b>8,562</b>	<b>(7,768)</b>
<b>Change in cash and cash equivalents</b>	<b>46,657</b>	<b>(69,634)</b>
Cash and cash equivalents at 1 May	(42,746)	37,316
Additions through acquisition	0	(10,428)
<b>Cash and cash equivalents at 30 April</b>	<b>3,911</b>	<b>(42,746)</b>

# 38.1 MIO DKK

Free cash flow

# 46.7 MIO DKK

Cash flow for the year

# NOTES TO THE ANNUAL REPORT

## 1 SEGMENT INFORMATION

The Group's activities are considered one segment.

## 2 STAFF EXPENSES

DKK '000	2018/19	2017/18
<b>Group</b>		
Wages and salaries	200,155	162,391
Pensions	11,657	9,572
Other social security expenses	20,244	12,011
	<b>232,056</b>	<b>183,974</b>
Number of employees	399	344
Salaries and remuneration to the Board of Directors and the Executive Board amount to:	3,980	3,838
<b>Parent company</b>		
Wages and salaries	16,784	13,729
Pensions	680	507
Other social security expenses	107	59
	<b>17,571</b>	<b>14,295</b>
Number of employees	15	12
Salaries and remuneration to the Board of Directors and the Executive Board amount to:	3,980	3,838

### 3 DEPRECIATION AND AMORTISATION

DKK '000	2018/19	2017/18
<b>Group</b>		
Goodwill	7,035	6,463
Buildings	2,417	3,036
Fixtures and fittings, tools and equipment	16,256	11,141
	<b>25,708</b>	<b>20,640</b>

### 4 PROFIT FROM INVESTMENTS IN GROUP ENTERPRISES AND ASSOCIATES

DKK '000	2018/19	2017/18
<b>Parent Company</b>		
Shares of profit for the year	19,904	22,456
Amortisation of goodwill	(4,025)	(3,569)
<b>Profit from investments in group enterprises</b>	<b>15,879</b>	<b>18,887</b>

### 5 FINANCIAL INCOME

DKK '000	2018/19	2017/18
<b>Parent Company</b>		
Intercompany interest	752	72

### 6 FINANCIAL EXPENCES

DKK '000	2018/19	2017/18
<b>Parent Company</b>		
Intercompany interest	24	11

### 7 CORPORATION TAX

DKK '000	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Current tax for the year	7,273	3,847	398	(142)
Tax concerning previous years	456	(1,681)	0	0
Adjustment of provision for deferred tax	(643)	2,837	12	88
<b>Total tax for the year</b>	<b>7,086</b>	<b>5,003</b>	<b>410</b>	<b>(54)</b>
Allocated as follows:				
Tax in profit & loss	7,086	5,003	410	(54)
Adjustment of provision for deferred tax	0	0	0	0
<b>Total tax for the year</b>	<b>7,086</b>	<b>5,003</b>	<b>410</b>	<b>(54)</b>

## 8 DISTRIBUTION OF PROFIT

DKK '000	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Minority interests' share of profit/loss for the year	851	300	0	0
Retained earnings	17,115	18,240	17,115	18,240
	<b>17,966</b>	<b>18,540</b>	<b>17,115</b>	<b>18,240</b>

## 9 INTANGIBLE ASSETS

DKK '000	Goodwill
<b>Group</b>	
Cost at 1 May	165,225
Additions for the year	279
Exchange adjustment	(122)
Disposals for the year	0
<b>Cost at 30 April</b>	<b>165,382</b>
Amortisation at 1 May	47,146
Exchange adjustment	(8)
Amortisation for the year	7,035
<b>Amortisation at 30 April</b>	<b>54,173</b>
<b>Carrying amount at 30 April</b>	<b>111,209</b>



## 10 PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Fixtures and fittings, tools and equipment
<b>Group</b>		
Cost at 1 May	115,790	154,388
Additions for the year	0	25,177
Disposals for the year	0	(13,449)
<b>Cost at 30 April</b>	<b>115,790</b>	<b>166,116</b>
Depreciation at 1 May	56,780	94,123
Depreciation for the year	2,417	16,256
Reversed depreciation of disposals for the year	0	(11,036)
<b>Depreciation at 30 April</b>	<b>59,197</b>	<b>99,343</b>
<b>Carrying amount at 30 April</b>	<b>56,593</b>	<b>66,773</b>
<b>Including assets hold under finance lease</b>	<b>0</b>	<b>49,797</b>

DKK '000	Fixtures and fittings, tools and equipment
<b>Parent Company</b>	
Cost at 1 May	0
Additions for the year	221
Disposals for the year	0
<b>Cost at 30 April</b>	<b>221</b>
Depreciation at 1 May	0
Depreciation for the year	0
<b>Depreciation at 30 April</b>	<b>0</b>
<b>Carrying amount at 30 April</b>	<b>221</b>
<b>Including assets hold under finance lease</b>	<b>0</b>

## 11 FIXED ASSET INVESTMENTS

DKK '000	Other securities and equity investments	Deposits
<b>Group</b>		
Cost at 1 May	825	1,978
Additions aquisition	0	0
Transfer for the year	30	0
Additions for the year	459	285
Disposals for the year	(9)	(681)
<b>Cost at 30 April</b>	<b>1,305</b>	<b>1,582</b>
Value adjustments at 1 May	(1)	0
<b>Value adjustments at 30 April</b>	<b>(1)</b>	<b>0</b>
<b>Carrying amount at 30 April</b>	<b>1,304</b>	<b>1,582</b>

DKK '000	Investments in subsidiaries
<b>Parent Company</b>	
Cost at 1 May	295,399
Additions for the year	8,072
Disposals for the year	0
<b>Cost at 30 April</b>	<b>303,471</b>
Value adjustments at 1 May	(136,001)
Exchange adjustment	(16)
Shares of profit for the year	15,879
Other adjustments	693
Dividend	(20,707)
<b>Value adjustments at 30 April</b>	<b>(140,152)</b>
<b>Carrying amount at 30 April</b>	<b>163,319</b>
Remaining positive differences included in the above carrying amount at 30 April 2019	68,475

### THE PARENT COMPANY'S INVESTMENTS IN SUBSIDIARIES COMPRISE:

Name	Place of reg. office	Votes and ownership	Name	Place of reg. office	Votes and ownership
SDK Shipping A/S	Denmark	100 %	Shipping Consultancy Sweden AB	Sweden	100 %
SDK Cruise A/S	Denmark	100 %	SDK Shipping AS	Norway	100 %
Shipping Consultancy A/S	Denmark	100 %	SDK Logistics AB	Sweden	100 %
SDK Chartering A/S	Denmark	100 %	SDK Solutions Holding ApS	Denmark	100 %
SDK Logistics A/S	Denmark	100 %	TF Freight AB	Sweden	100 %
Danish Stevedore A/S	Denmark	95.45 %	SDK Logistics AS	Norge	51 %
SDK Shipping AB	Sweden	100 %	SDK Logistics B.V.	Holland	60 %

Moreover the Group owns enterprises without any business activity, which are not included in the list above.



## 12 PREPAYMENTS

### Group /Parent company

Prepayment comprise prepaid expenses relating to rent, insurance premiums, subscriptions and interest

## 13 DEFERRED TAX

DKK '000

	2019	2018
<b>Group</b>		
Deferred tax at 1 May	7,353	2,958
Years acquisition	0	1,558
Change for the year (Profit & Loss)	(643)	2,837

### Deferred tax at 30 April

**6,710**      **7,353**

*Deferred tax relates to intangible assets, property, plant and equipment and other debt*

### Parent Company

Deferred tax at 1 May	0	0
Change for the year (Profit & Loss)	12	0

### Deferred tax at 30 April

**12**      **0**

*Deferred tax relates to property, plant and equipment*

## 14 OTHER PROVISIONS

### Group

Other provisions relate to restructuring liabilities concerning severance pay and leases not utilized.

All other provisions falls due within 5 years.

## 15 LONG-TERM DEBT

### Group

Of the long-term debt, DKK 32,698k (2017/18 DKK 29,873) falls due after more than 5 years.

## 16 PREPAYMENT RECEIVED

Prepayments consist of received prepayments relating to income in the following year.

## 17

**SECURITY, CONTINGENT LIABILITIES AND LEASE AND CONTRACTUAL OBLIGATIONS**

DKK '000	2019	2018
<b>Group</b>		
<b>Security</b>		
At the balance sheet date, the carrying amount of the assets provided as security was – net booked value	51,119	53,217
Deposited owner's mortgage, TDKK 20.661 on buildings on owned and leased land provided as security for balance with mortgage credit and credit institutions.	33,016	34,567
As security for bank debt, company charge has been provided in receivables, machinery, etc.	18,776	18,982
<b>Lease and rent obligations</b>		
Lease and rent obligations	263,822	112,135

**Contingent liabilities**

The Group's Danish companies are jointly and severally liable for the tax on the Group's jointly taxed income etc. Total accrued corporation tax appears from the Annual Report of Selfinvest ApS which acts as management company in the jointly taxed group. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax. Any subsequent adjustments to the corporation tax or withholding tax may result in an increase of the Company's liability.

Considerable parts of the Company's activities are performed with basis in storage halls situated on leased sites. As is usual practice and according to the leases, the Company is obliged to surrender and yield up the sites in the state and condition in which they were taken over. It has not been possible to reliably calculate the amount which the Company may have to pay upon vacation of the storage halls as this is subject to material uncertainty. The possible restoration costs etc may be considerable. The leased sites are all subject to a long period of non-terminability on the part of the lessor (15-30 years) and are not expected to be vacated.

DKK '000	2019	2018
<b>Parent Company</b>		
<b>Guarantees</b>		
Guarantees provided as security for group companies' debt to credit institutes	0	463
Payment guarantee has been provided to Suppliers in Group subsidiaries	745	11,497
<b>Lease and rent obligations</b>		
Lease and rent obligations	421	375

## 18 RELATED PARTIES

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Related parties comprise the Board of Directors, the Executive Board and senior executives in group enterprises as well as companies in which these persons have significant interests.

With reference to section 98 c,7 of the Danish Financial Statements Act, related party transactions details are not disclosed.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, A/S United Shipping & Trading Company, DK-Middelfart.

Controlling interest is exercised through the Company's immediate Parent Company, A/S United Shipping & Trading Company. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, DK-Middelfart in which Torben Østergaard-Nielsen, CEO, Middelfart, exercises control.

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## 19 SUBSEQUENT EVENTS

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No significant events affecting the assessment of the Annual Report have occurred after the balance sheet date.

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# ACCOUNTING POLICIES

## **Basis of Preparation**

The Annual Report of SDK A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2018/19 is presented in DKK thousands.

## **Recognition and measurement**

The Financial Statements have been prepared based on the historic cost principle.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Group, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

DKK is used as the measurement currency. All other currencies are regarded as foreign currencies.

## **Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, SDK A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50 % of the votes or otherwise exercises control. Enterprises in which the Group holds between 20 % and 50 % of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences

are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

### Minority interests

Minority interests constitute a portion of the Group's total equity. The share of profit/loss for the year attributable to minorities and the share attributable to the Parent Company's equity are distributed through distribution of profit/loss. Minority interests are recognised at the carrying amounts of the assets and liabilities acquired at the time of the acquisition of subsidiaries.

Considerations relating to subsequent changes to minority interests where the Group keeps the control over the subsidiary are recognised directly in equity.

### Leasing

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under the finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.



The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

## INCOME STATEMENT

### Net revenue

Revenue comprises the sale of goods and services and is recognised based on the following criteria:

- delivery has been made before year end
- a binding sales agreement has been made
- the sales price has been determined
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Direct cost

Direct expenses include expenses for the purchase of goods for resale.

### Other external expenses

Other external expenses include expenses for sales, administration as well as the running of office facilities, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement of the Parent Company includes the proportionate share of net profit for the year less goodwill amortisation.



**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## BALANCE SHEET

### Intangible assets

Intangible assets are measured at cost less accumulated amortisation.

The period of amortisation of goodwill is longest for enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Amortisation based on cost is calculated on a straight line basis over the expected useful lives of the assets, which are:

**Goodwill max.** 20 years

20 years are used when investment is considered a longer lasting strategic nature.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when

the asset is ready for use. Land is measured at cost. No depreciation is made on land.

Interest paid on loans raised for indirect or direct financing or production of property, plant and equipment is recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets:

**Buildings:** 10-60 years

**Other fixtures and fittings, tools and equipment:** 3-12 years

Gains and losses on sale of property, plant and equipment are recognised in the income statement under other operating income and other external expenses, respectively.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other

than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributions and adjusted for other equity movements in subsidiaries and associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Group to cover the negative balance of the enterprise is recognised in provisions.

### Securities and investments

Securities and investments recognised in fixed asset investments are recognised and measured at fair value.

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**dedicated and competent employees are our most important driving force.**





**Inventories**

The cost of goods for resale, raw materials and consumables equals landed cost.

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

**Prepayments**

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, interest and hire on ships.

**Dividend**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

**Provisions**

Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

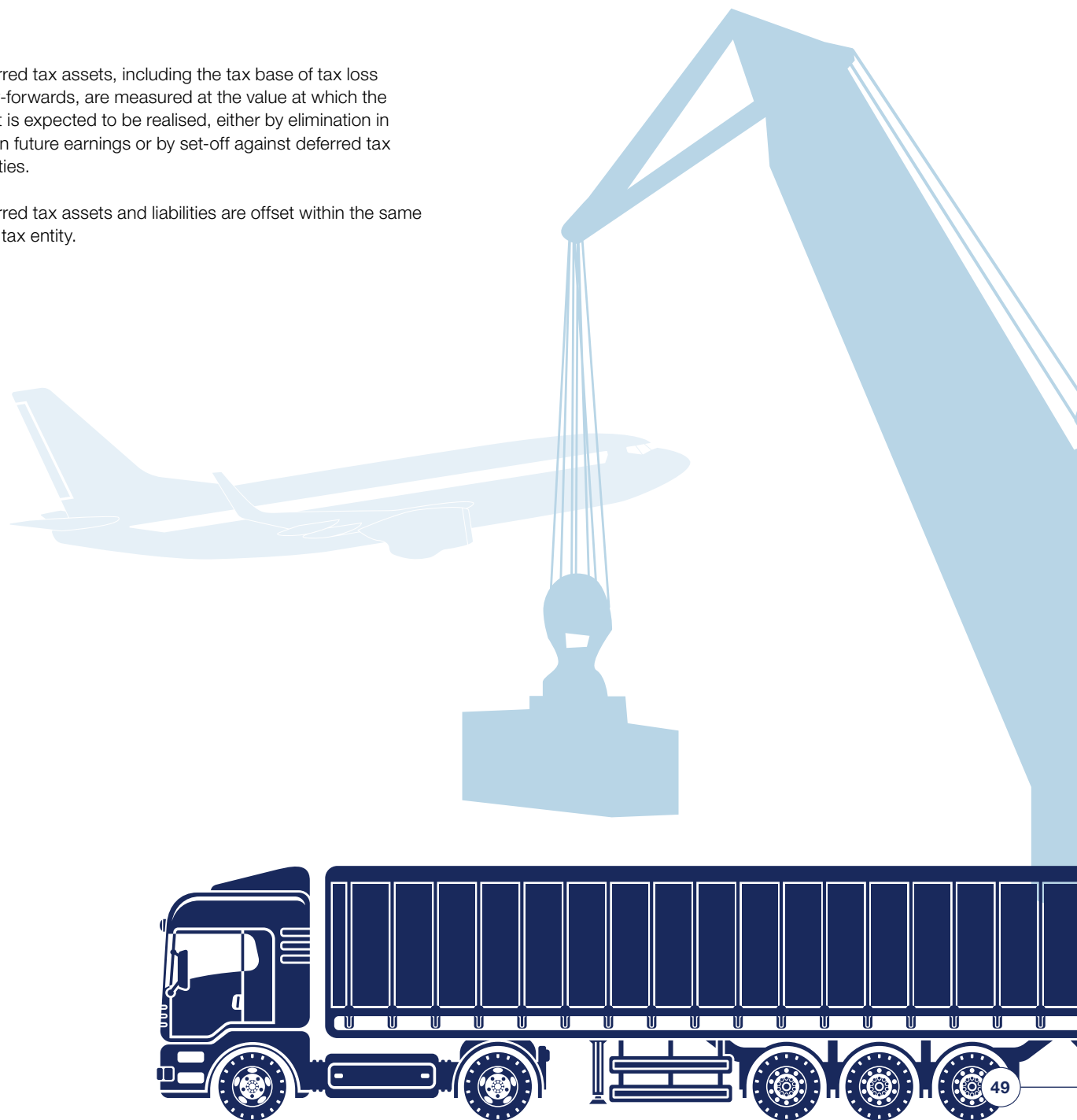
**Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.



**Current tax receivables and liabilities**

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

**Prepayments received**

Deferred income consists of payments received in respect of income in subsequent years.

**Financial debts**

Fixed-interest loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

**CASH FLOW STATEMENT**

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

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

**Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

**Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

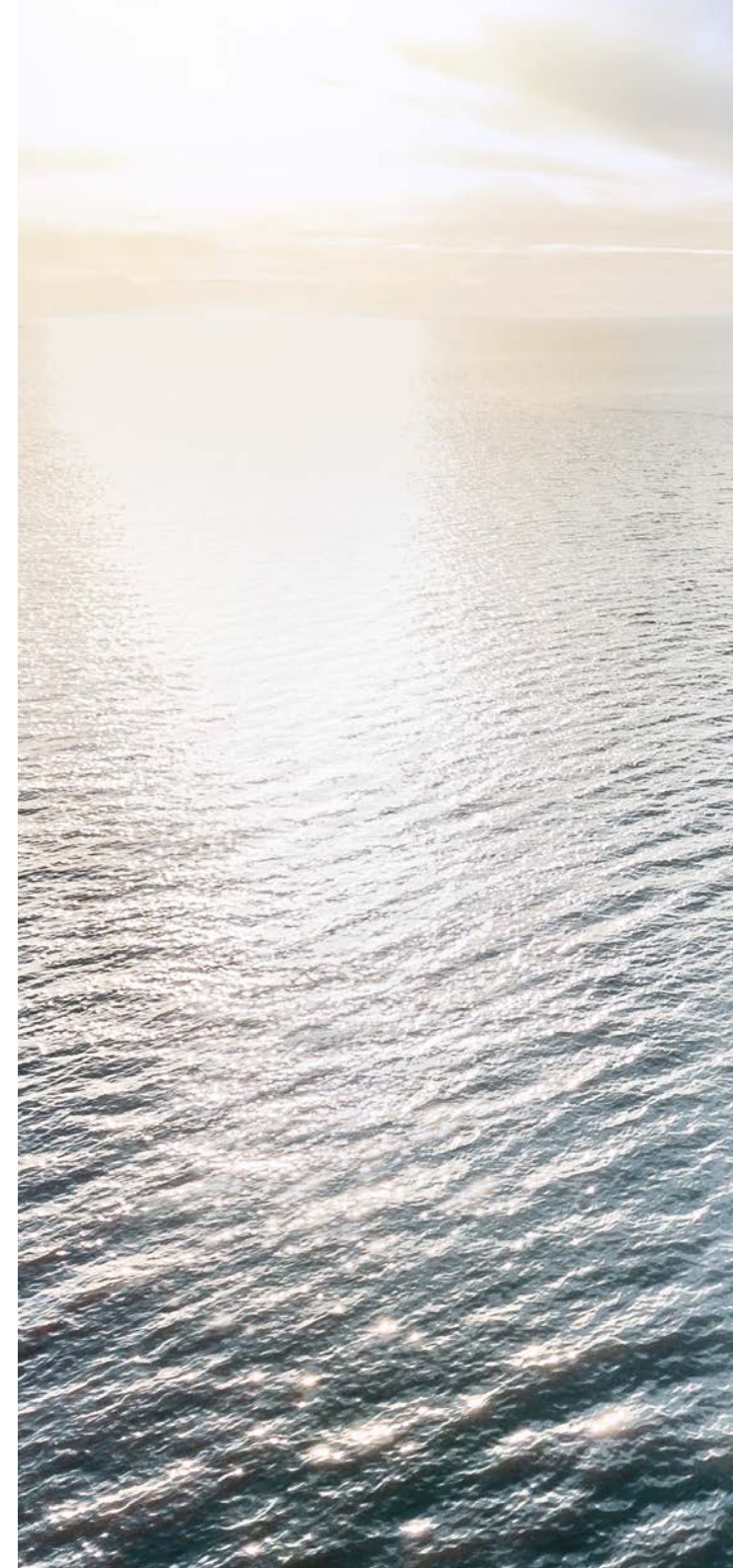
**Cash and cash equivalents**

Cash and cash equivalents comprise the items "Cash at bank and in hand" under current assets as well as "Credit institutions" under short-term debt.

The cash flow statement cannot be immediately derived from the published financial records.

**DEFINITION OF FINANCIAL HIGHLIGHTS**

Key figures, financial and share ratios are calculated in accordance with 'Recommendations & Financial Ratios 2018' published by the Danish Finance Society, except for financial ratios marked with \* as these are either derived or not included in the Recommendations.



## DEFINITION OF FINANCIAL HIGHLIGHTS

### Key figures and financial ratios

Net interest-bearing debt (NIBD) = Interest-bearing debt less interest-bearing assets and cash and cash equivalents

Net working capital (NWC) = Receivables and other current operating assets less trade payables and other payables and other current operating liabilities

Invested capital = NWC + Property, plant and equipment, intangible assets including goodwill less long term provisions

Gross margin =  $\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$

Operating margin =  $\frac{\text{EBITDA} \times 100}{\text{Net revenue}}$

Profit margin =  $\frac{\text{EBIT} \times 100}{\text{Net revenue}}$

Conversion ratio =  $\frac{\text{EBIT} \times 100}{\text{Gross profit}}$

ROIC before tax =  $\frac{\text{EBIT} \times 100}{\text{Average invested capital}}$

Return on equity (ROE) =  $\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$

Solvency ratio =  $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$

Gearing ratio =  $\frac{\text{Net interest bearing debt} \times 100}{\text{EBITDA}}$

Number of employees = Employees are converted to annual full-time employees

