



# ANNUAL REPORT

The Annual Report was presented and adopted at the  
Company's Annual General Meeting on 23 June 2020

A handwritten signature in black ink, appearing to read "Peter Appel".

Chairman of the meeting: Peter Appel  
Financial year: 1 May 2019 - 30 April 2020

SDK A/S, Oeankajen 12, 7000 Fredericia, company reg. no. 56 25 23 12



# 2019 2020







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# FINANCIAL HIGHLIGHTS OF THE GROUP



**7,500**

7,500 Agency calls handled.

We offer 24/365 Agency service.



**129,000 m<sup>2</sup>**

We have 129,000 m<sup>2</sup> of multi terminal space strategically located across Denmark and Sweden.



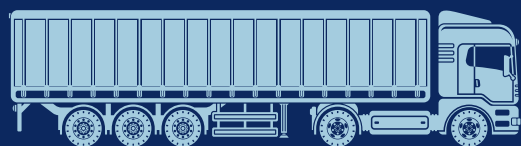
**7.7** mio.

7.7 mio. tons handled over quay.



**+600**

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



**1,379.9** MIO  
DKK

Revenue

**29.2** MIO  
DKK

EBIT

**64.8** MIO  
DKK

Cash flow operation activities

**324.1** MIO  
DKK

Gross profit

**26.0** MIO  
DKK

EBT

**400**

Employees

**55.8** MIO  
DKK

EBITDA

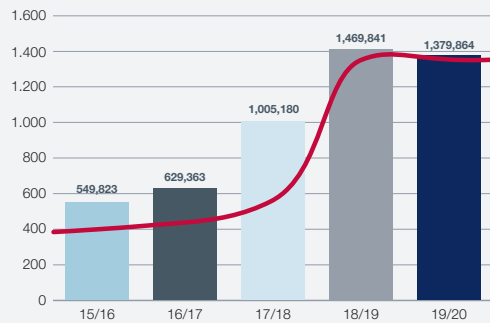
**2.3**

Gearing ratio

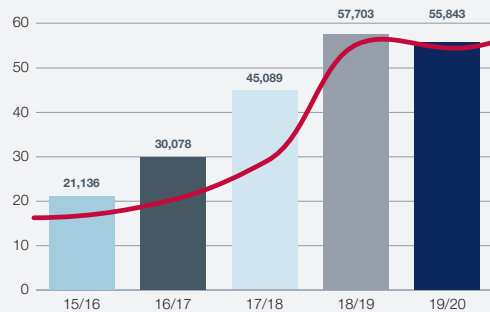




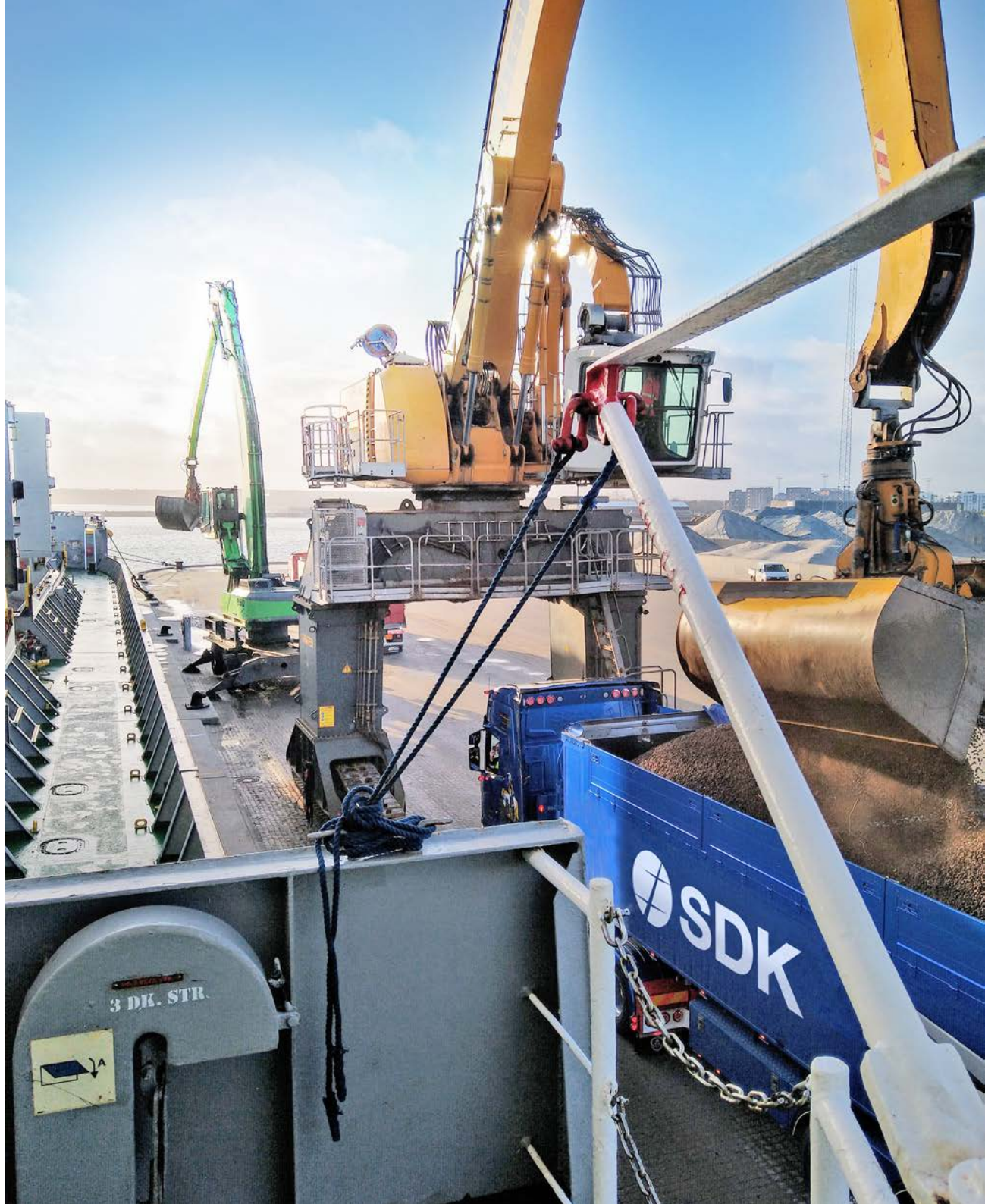
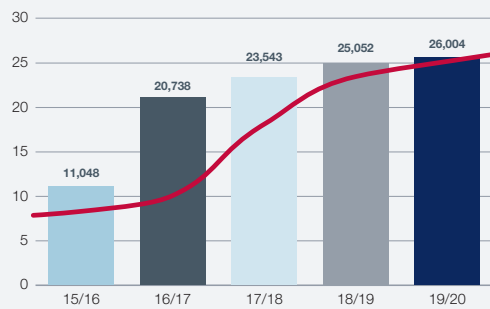
**NET REVENUE (DKK'000)**



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



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



## FIVE-YEAR OVERVIEW

Financials	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Profit (DKK '000)</b>					
Revenue	1,379,864	1,469,841	1,005,180	629,363	549,823
Gross profit	324,078	330,301	273,931	196,634	143,866
Operating profit before amortisation and depreciation (EBITDA)	55,843	57,703	45,089	30,078	21,136
Operating profit (EBIT)	29,229	31,995	24,449	21,343	13,601
Net financial expenses	3,220	6,943	906	605	2,553
Profit before tax (EBT)	26,004	25,052	23,543	20,738	11,048
Profit for the year	20,019	17,966	18,540	15,769	8,627
<b>Cash flow (DKK '000)</b>					
Cash flows from:					
- operating activities	64,766	61,290	3,144	54,384	13,706
- investing activities	(82,901)	(23,195)	(65,010)	(43,308)	(2,702)
Free cash flow	(18,135)	38,095	(61,866)	11,076	11,003
- financing activities	16,689	8,562	(7,768)	9,707	6,113
Cash flow for the year	(1,446)	46,657	(69,634)	20,783	17,116
<b>Financial position (DKK '000)</b>					
SDK A/S shareholders' share of equity	105,530	111,056	93,264	76,594	49,877
Non-controlling interests	1,201	1,871	1,054	0	0
Balance sheet total	492,005	467,563	452,670	291,449	230,831
Net working capital	9,859	10,675	39,850	(21,295)	2,016
Net interest-bearing debt	127,337	84,202	122,296	5,349	23,908
Investments in fixed tangible assets	(71,518)	(25,177)	(8,746)	(1,508)	(3,486)

Ratios	2019/20	2018/19	2017/18	2016/17	2015/16
<b>Financial ratios (%)</b>					
Gross margin	23.5	22.5	27.3	31.2	26.2
Operating margin	4.0	3.9	4.5	4.8	3.8
Profit margin	2.1	2.2	2.4	3.4	2.5
Conversion ratio	9.0	9.7	8.9	10.9	9.5
Effective tax rate	23.0	28.3	21.3	24.0	21.9
ROIC before tax	11.3	12.9	13.1	19.9	12.6
Return on equity (ROE)	18.5	17.6	21.8	24.9	18.3
Solvency ratio	21.5	23.8	20.6	26.3	21.6
Gearing ratio	2.3	1.5	2.7	0.2	1.1

Non-Financials	2019/20	2018/19	2017/18	2016/17	2015/16
Number of full-time employees	400	399	344	255	186

*For definition and calculation methods see accounting policies.*

# 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

Nina Østergaard Borris

Peter Appel

Henrik Holm

Lars Krejberg Petersen

Flemming Dalgaard

## AUDITORS

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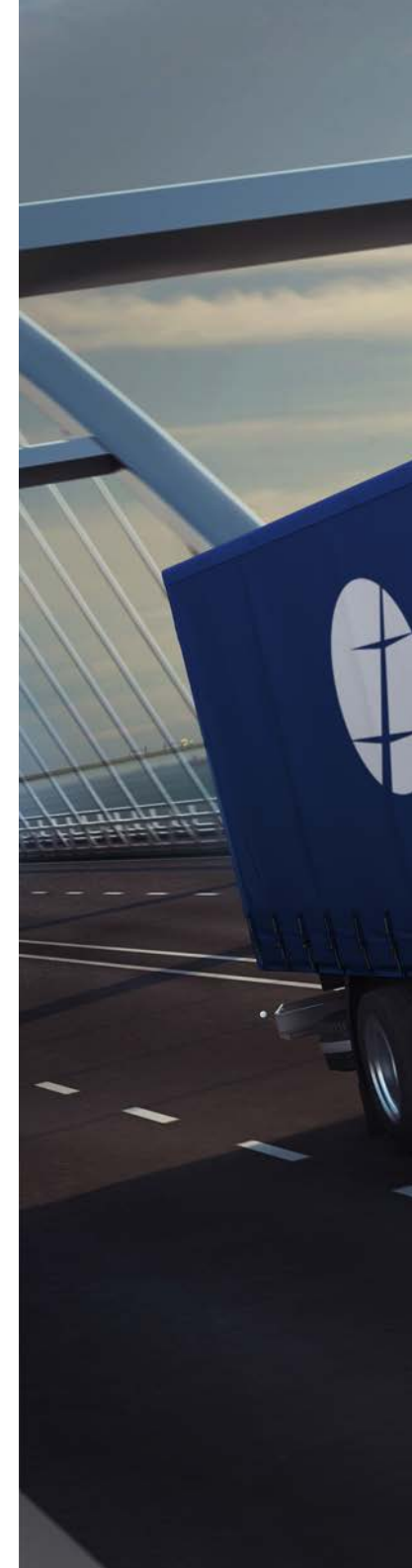
### PricewaterhouseCoopers

Herredsvej 32  
DK-7100 Vejle

## EXECUTIVE BOARD

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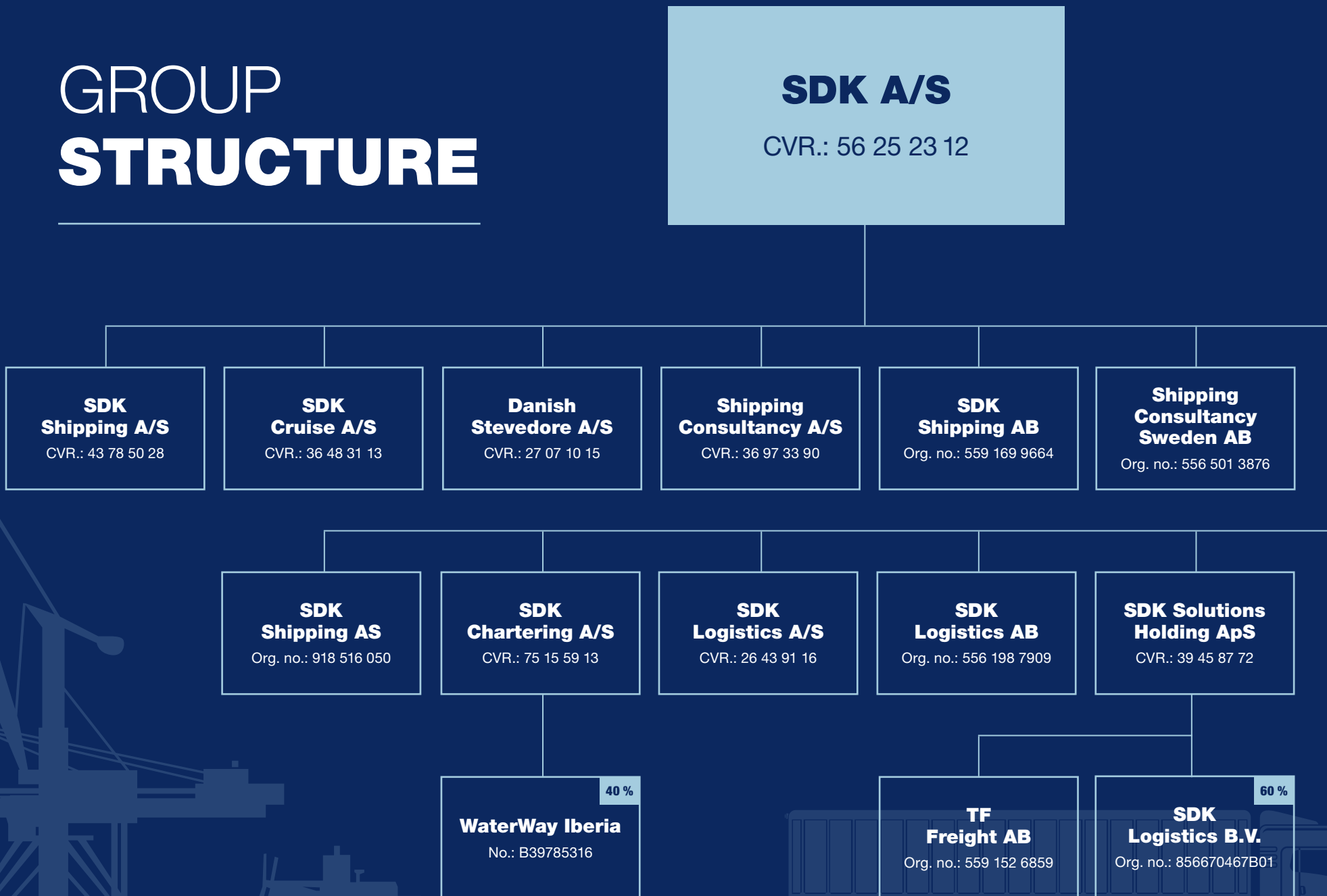
Søren Gran Hansen







# GROUP STRUCTURE







# CORPORATE GOVERNANCE

## MANAGEMENT STRUCTURE

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

The Board of Directors supervises and outlines the overall vision, 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 A/S 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 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 2019/2020 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 2019/2020. The content of the meetings is determined by the annual cycle of the Board, thus ensuring that all important policies are reviewed.

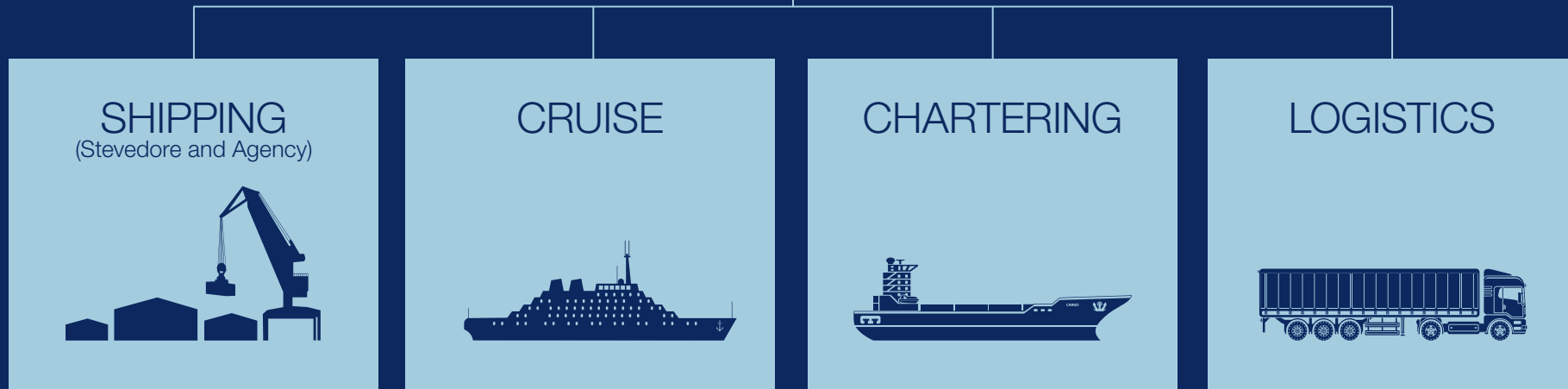


ANNUAL **GENERAL MEETING**

BOARD OF **DIRECTORS**

EXECUTIVE **BOARD**

DIVISION **MANAGEMENT**



# 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 2019 - 30 April 2020.

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 2020 and of the results of the Parent Company and Group operations and consolidated cash flows for 2019/20.

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, 23 June 2020.

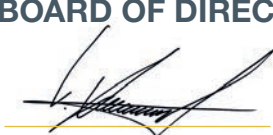
## EXECUTIVE BOARD



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Søren Gran Hansen

## BOARD OF DIRECTORS



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Torben Østergaard-Nielsen  
Chairman



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Nina Østergaard Borris



---

Henrik Holm



---

Peter Appel



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Lars Krejberg Petersen



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Flemming Dalgaard





# BOARD OF DIRECTORS



**TORBEN ØSTERGAARD-NIELSEN**

**Chairman**

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 and bunker industry.

**Other directorships**

Chairman and member of the boards in most USTC Group companies.  
Member of the boards in Fayard Holding ApS, Fayard 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.



**NINA ØSTERGAARD BORRÍS**

**Board member**

Born in 1983.  
Board member since 2014.  
COO, USTC (A/S United Shipping & Trading Company).

**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





## PETER APPEL

### Board member

Born in 1961.  
Board member since 2019.  
Partner, Gorrissen Federspiel law firm.

### Special competences

In-depth knowledge and extensive experience within legal matters related to the shipping industry, as an adviser to and member of directors in a number of Danish shipping companies. Specialised in the transport sector and infrastructure projects, extensive knowledge about ferry service, train and harbour projects.

### Other directorships

Chairman of the boards in Deloitte Fonden, Deloitte Huset Holding A/S, Clipper Group A/S, Fayard Holding Aps, Fayard A/S and Den Danske Sørretsforening. Member of the boards in Bunker Holding A/S, Uni-Tankers A/S, A/S United Shipping & Trading Company, Clipper Group Ltd., BIMCO Informatique A/S, Norchem A/S, British Chamber of Commerce in Denmark.

### Education

LL.M. (Master of Laws), Copenhagen. Maritime Law, University of Oslo and Corporate Law, London School of Economics



## HENRIK HOLM

### Board member

Born in 1959.  
Board member since 2012.  
Managing Partner, OCCHI, Advisory & Consulting.

### Special competences

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

### Other directorships

Board member GDL 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 Specialist Adviser for IFM Investors (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), supplemented by courses at London Business School and Columbia University.



# SDK A/S EXECUTIVE BOARD

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**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.



**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.



**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.

# 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 2020, 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 2019 - 30 April 2020 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 2019 - 30 April 2020, 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, 23 June 2020

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Gert Fisker Tomczyk  
State Authorised Public Accountant  
mne9777

Henrik Forthoft Lind  
State Authorised Public Accountant  
mne34169



Gert Fisker Tomczyk  
State Authorised Public Accountant  
mne9777



Henrik Forthoft Lind  
State Authorised Public Accountant  
mne34169

# MANAGEMENT'S REVIEW

## ACTIVITIES

The main activities of the SDK A/S Group include stevedoring, agency, customs clearing, commercial chartering, liner services, cruise services, road, air & sea and logistics.

The main objective 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 A/S Group achieved a revenue of DKK 1,379,864k (1,469,841k previous year). The decrease in revenue for the year is primarily attributable to the closure of SDK Logistics AS in Norway, lower oil prices and to a lesser extent Covid-19.

Profit before tax of DKK 26,004k (25,052k). At the end of the year, equity amounted to DKK 105,530k (111,056k).

Compared to last year the profit before tax has increased by DKK 952k (1,509k) corresponding to a 4 % (6 %) increase. The increased profit comes from organic growth/ optimization of existing activities, and new business (acquisitions).

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 3 new acquisitions took place - Niels Winther Maritime ApS, Juhl & Ehrhorn ApS and G. Sunesen Klarering og Befragtning ApS. They all contribute positively to the profit of the Group.

Focus for the year has been to integrate the new companies and to continue the work with optimizing and automatization of internal procedures. The Group has focus on risk management and has procedures and culture for observing and mitigating risks.

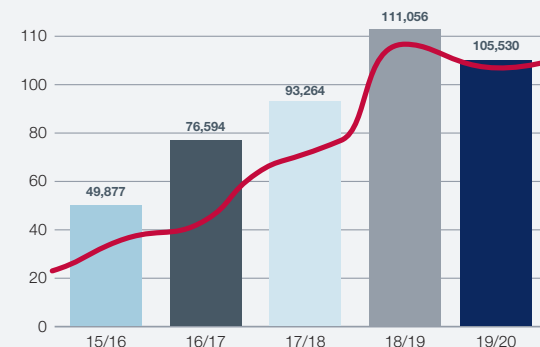
The solvency ratio ended at 21.5 % (23.8 %) after a dividend distribution of DKK 25,000k.

The results for the year are considered satisfactory by Management and as expected in the Annual Report for 2018/2019. Net impact of Covid-19 is limited for 2019/2020.

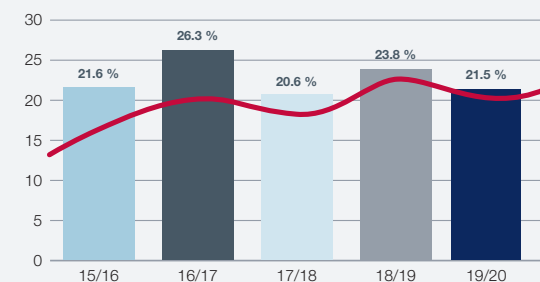
## STRATEGY AND OBJECTIVE

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

### EQUITY (DKK'000)



### SOLVENCY RATIO



# 25 offices

SDK A/S 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.

A new 5-year strategy is currently being developed and will be implemented during 2020/2021. The Group's new strategy plan will contain clear objectives for SDK A/S as a whole and for the individual enterprises of the Group to support growth in activities and improve earnings further. Continuous follow-up is being performed to achieve and realize the goals which have been set.

SDK A/S focuses on organic growth, as well as growth through acquisitions.

## FINANCIAL AND OPERATIONAL RISKS

### Foreign exchange risks

The Group monitors and assesses on a current basis the financial consequences of foreign exchange rates changes and hedges the foreign exchange rates if considered required.

### Credit risks

The majority of the Group's customers and other business partners are credit insured. All customers are credit rated regularly in accordance with the Group's policy for assuming credit risks.





**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 customer 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 35 % for 2023.

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 one 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 all 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**

Before the COVID-19 outbreak, Group Management expected a modest revenue growth and a net profit levelling that of 2019/20. The Group's outlook for the future will to some extent be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Mainly The Group's cruise activity is negatively affected.





# INCOME STATEMENT

1 MAY - 30 APRIL

	Note	Group		Parent Company	
DKK '000		2019/20	2018/19	2019/20	2018/19
<b>Net revenue</b>	1	<b>1,379,864</b>	<b>1,469,841</b>	<b>0</b>	<b>0</b>
Direct costs		1,055,786	1,139,540	0	0
<b>Gross profit</b>		<b>324,078</b>	<b>330,301</b>	<b>0</b>	<b>0</b>
Other operating income		4,796	5,224	19,703	26,496
Other external expenses		52,653	45,766	10,575	7,686
Staff costs	2	220,378	232,056	13,645	17,571
<b>Operating profit (EBITDA)</b>		<b>55,843</b>	<b>57,703</b>	<b>(4,517)</b>	<b>1,239</b>
Depreciation and amortisation of intangible assets, property, plant and equipment	3	26,614	25,708	54	0
<b>Profit before financial income and expenses (EBIT)</b>		<b>29,229</b>	<b>31,995</b>	<b>(4,571)</b>	<b>1,239</b>
Profit from investments in group enterprises and associates	4	95	0	23,185	15,879
Financial income	5	6,281	7,436	1,718	3,078
Financial expenses	6	9,601	14,379	1,320	2,671
<b>Profit before tax (EBT)</b>		<b>26,004</b>	<b>25,052</b>	<b>19,012</b>	<b>17,525</b>
Tax on profit for the year	7	5,985	7,086	(951)	410
<b>Profit for the year</b>		<b>20,019</b>	<b>17,966</b>	<b>19,963</b>	<b>17,115</b>





# BALANCE SHEET

## AT 30 APRIL

ASSETS	Note	Group		Parent Company	
		2020	2019	2020	2019
DKK '000					
Goodwill		115,134	111,209	0	0
<b>Intangible assets</b>	9	<b>115,134</b>	<b>111,209</b>	<b>0</b>	<b>0</b>
Land and buildings		97,887	56,593	0	0
Fixtures and fittings, tools and equipment		72,779	66,773	249	221
<b>Property, plant and equipment</b>	10	<b>170,666</b>	<b>123,366</b>	<b>249</b>	<b>221</b>
Investments in subsidiaries		0	0	177,075	163,319
Investments in other securities and equity investments		1,622	1,304	0	0
Deposits		1,723	1,582	0	0
<b>Fixed asset investments</b>	11	<b>3,345</b>	<b>2,886</b>	<b>177,075</b>	<b>163,319</b>
<b>Fixed assets</b>		<b>289,145</b>	<b>237,461</b>	<b>177,324</b>	<b>163,540</b>
<b>Inventories</b>		<b>264</b>	<b>601</b>	<b>0</b>	<b>0</b>
Trade receivables		172,014	167,886	0	0
Receivables from group enterprises		478	577	427	31,843
Other receivables		14,542	16,923	35	35
Deferred tax asset	13	0	1,950	217	0
Prepayments	12	13,097	10,556	308	110
Corporation tax		0	0	722	0
<b>Receivables</b>		<b>200,131</b>	<b>197,892</b>	<b>1,709</b>	<b>31,988</b>
<b>Cash and equivalents</b>		<b>2,465</b>	<b>31,609</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>		<b>202,860</b>	<b>230,102</b>	<b>1,709</b>	<b>31,988</b>
<b>Assets</b>		<b>492,005</b>	<b>467,563</b>	<b>179,033</b>	<b>195,528</b>



## LIABILITIES AND EQUITY

	Note	Group		Parent Company	
DKK '000		2020	2019	2020	2019
Share capital		6,000	6,000	6,000	6,000
Retained earnings		99,530	105,056	99,530	105,056
<b>Equity attributable to shareholders of the Parent Company</b>		<b>105,530</b>	<b>111,056</b>	<b>105,530</b>	<b>111,056</b>
<b>Minority interests</b>		<b>1,201</b>	<b>1,871</b>	<b>0</b>	<b>0</b>
<b>Equity</b>		<b>106,731</b>	<b>112,927</b>	<b>105,530</b>	<b>111,056</b>
Provision for deferred tax	13	7,350	8,660	0	12
Other provisions	14	3,273	4,835	0	0
<b>Provisions</b>		<b>10,623</b>	<b>13,495</b>	<b>0</b>	<b>12</b>
Mortgage debt		46,626	36,022	0	0
Leasing debt		42,729	37,854	0	0
Other payables		8,697	0	618	0
<b>Long-term debt</b>	15	<b>98,052</b>	<b>73,876</b>	<b>618</b>	<b>0</b>
Mortgage debt		2,903	2,117	0	0
Credit institutions		25,958	27,698	0	20,997
Leasing debt		11,586	12,120	0	0
Trade payables		162,419	157,812	3,966	476
Prepayments received	16	8,711	8,760	0	0
Payables to associate		850	416	0	0
Payables to group enterprises		0	0	61,418	49,555
Corporation tax		5,966	4,861	0	397
Other payables		58,206	53,481	7,501	13,035
<b>Short-term debt</b>		<b>276,599</b>	<b>267,265</b>	<b>72,885</b>	<b>84,460</b>
<b>Debt</b>		<b>374,651</b>	<b>341,141</b>	<b>73,503</b>	<b>84,460</b>
<b>Liabilities and equity</b>		<b>492,005</b>	<b>467,563</b>	<b>179,033</b>	<b>195,528</b>
Distribution of profit	8				
Security and contingent liabilities	17				
Related parties	18				
Subsequent events	19				

21.5

Solvency ratio

2.3

Gearing ratio



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 2019/20 GROUP

DKK '000	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 May	6,000	105,056	111,056	1,871	112,927
Extraordinary dividend paid	0	(25,000)	(25,000)	0	(25,000)
Net profit for the year	0	19,963	19,963	56	20,019
Exchange adjustment	0	(312)	(312)	0	(312)
Capital adjustments	0	(177)	(177)	(726)	(903)
<b>Equity at 30 April</b>	<b>6,000</b>	<b>99,530</b>	<b>105,530</b>	<b>1,201</b>	<b>106,731</b>

## 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>



# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

## 2019/20 PARENT COMPANY

DKK '000	Share capital	Retained earnings	Total
Equity at 1 May	6,000	105,056	111,056
Extraordinary dividend paid	0	(25,000)	(25,000)
Net profit for the year	0	19,963	19,963
Exchange adjustment	0	(312)	(312)
Capital adjustments	0	(177)	(177)
<b>Equity at 30 April</b>	<b>6,000</b>	<b>99,530</b>	<b>105,530</b>

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

## 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>





# CONSOLIDATED CASH **FLOW STATEMENT**

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**1 MAY - 30 APRIL**

DKK '000	Group	
	2019/20	2018/19
Profit for the year before tax	26,004	25,052
Amortisation and depreciation for the year	26,086	25,708
Changes in receivables	2,490	(570)
Changes in trade payables, other payables, etc	17,251	16,715
Exchange adjustments and other adjustments	(2,808)	(662)
<b>Cash flows from operating activities before tax</b>	<b>69,023</b>	<b>66,243</b>
Corporation tax paid	(4,257)	(4,953)
<b>Cash flows from operating activities</b>	<b>64,766</b>	<b>61,290</b>
Purchase of intangible assets	0	(347)
Sale of intangible assets	0	0
Purchase of tangible assets	(71,518)	(25,177)
Sale of tangible assets	5,533	2,413
Purchase of financial assets	(366)	(774)
Sale of financial assets	0	690
Business acquisition	(16,550)	0
<b>Cash flows from investing activities</b>	<b>(82,901)</b>	<b>(23,195)</b>
<b>Free cash flow</b>	<b>(18,135)</b>	<b>38,095</b>
Change in debt to mortgage credit institutes and lease institutes	41,689	8,562
Dividend paid	(25,000)	0
<b>Cash flows from financing activities</b>	<b>16,689</b>	<b>8,562</b>
<b>Change in cash and cash equivalents</b>	<b>(1,446)</b>	<b>46,657</b>
Cash and cash equivalents at 1 May	3,911	(42,746)
<b>Cash and cash equivalents at 30 April</b>	<b>2,465</b>	<b>3,911</b>

Cash and cash equivalents comprise cash and equivalents.

**64.8** MIO  
DKK

Cash flow from operating activities

**71.5** MIO  
DKK

Investments in tangible assets



# NOTES TO THE ANNUAL REPORT

## 1 REVENUE

DKK '000	2019/20	2018/19
<b>Business segments</b>		
Stevedore	267,336	267,147
Agency	238,590	255,416
Logistics	665,945	754,221
Other	207,993	193,057
	<b>1,379,864</b>	<b>1,469,841</b>

## 2 STAFF EXPENSES

DKK '000	2019/20	2018/19
<b>Group</b>		
Wages and salaries	190,306	200,155
Pensions	14,081	14,233
Other social security expenses	15,991	17,668
	<b>220,378</b>	<b>232,056</b>
Number of employees	400	399
Salaries and remuneration to the Board of Directors and the Executive Board amount to:	4,637	3,980
<b>Parent company</b>		
Wages and salaries	12,757	16,784
Pensions	776	680
Other social security expenses	112	107
	<b>13,645</b>	<b>17,571</b>
Number of employees	15	15
Salaries and remuneration to the Board of Directors and the Executive Board amount to:	4,637	3,980

### 3 DEPRECIATION AND AMORTISATION

DKK '000	2019/20	2018/19
<b>Group</b>		
Goodwill	7,214	7,035
Buildings	2,689	2,417
Fixtures and fittings, tools and equipment	16,711	16,256
	<b>26,614</b>	<b>25,708</b>

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

DKK '000	2019/20	2018/19
<b>Parent Company</b>		
Shares of profit for the year	27,210	19,904
Amortisation of goodwill	(4,025)	(4,025)
<b>Profit from investments in group enterprises</b>	<b>23,185</b>	<b>15,879</b>

### 5 FINANCIAL INCOME

DKK '000	2019/20	2018/19
<b>Parent Company</b>		
Intercompany interest	972	752

### 6 FINANCIAL EXPENCES

DKK '000	2019/20	2018/19
<b>Parent Company</b>		
Intercompany interest	810	24

### 7 CORPORATION TAX

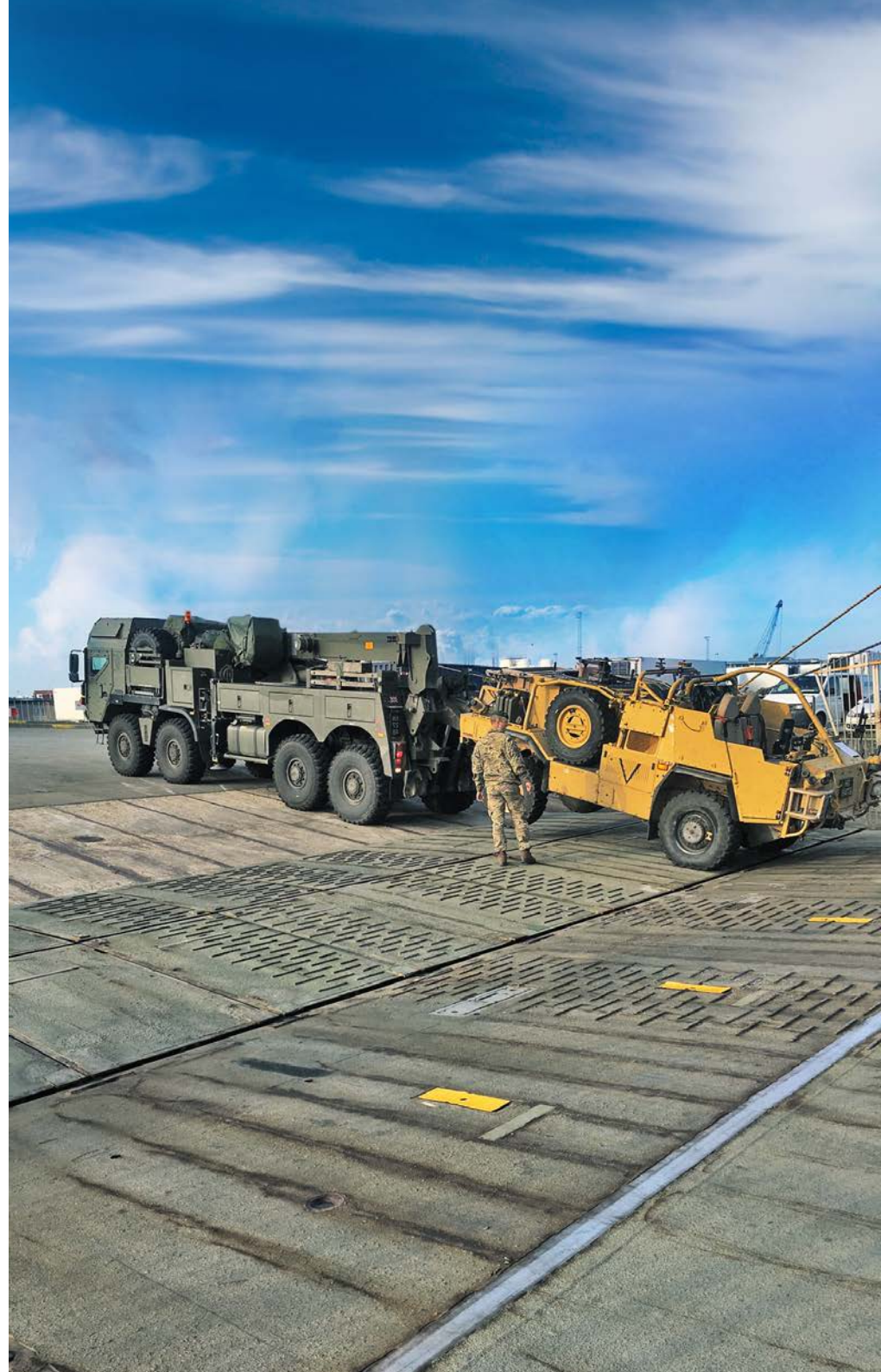
DKK '000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Current tax for the year	5,333	7,273	(722)	398
Tax concerning previous years	12	456	0	0
Adjustment of provision for deferred tax	640	(643)	(229)	12
<b>Total tax for the year</b>	<b>5,985</b>	<b>7,086</b>	<b>(951)</b>	<b>410</b>
Allocated as follows:				
Tax in profit & loss	5,985	7,086	(951)	410
Adjustment of provision for deferred tax	0	0	0	0
<b>Total tax for the year</b>	<b>5,985</b>	<b>7,086</b>	<b>(951)</b>	<b>410</b>

## 8 DISTRIBUTION OF PROFIT

DKK '000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Minority interests' share of profit/loss for the year	56	851	0	0
Retained earnings	19,963	17,115	19,963	17,115
	<b>20,019</b>	<b>17,966</b>	<b>19,963</b>	<b>17,115</b>

## 9 INTANGIBLE ASSETS

DKK '000	Goodwill
<b>Group</b>	
Cost at 1 May	165,382
Additions for the year	11,171
Exchange adjustment	(37)
Disposals for the year	0
<b>Cost at 30 April</b>	<b>176,516</b>
Amortisation at 1 May	54,173
Exchange adjustment	(5)
Amortisation for the year	7,214
<b>Amortisation at 30 April</b>	<b>61,382</b>
<b>Carrying amount at 30 April</b>	<b>115,134</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	166,116
Exchange adjustments	0	(32)
Additions for the year	43,982	27,536
Disposals for the year	0	(8,883)
<b>Cost at 30 April</b>	<b>159,772</b>	<b>184,737</b>
Depreciation at 1 May	59,197	99,343
Exchange adjustments	(1)	(18)
Depreciation for the year	2,689	16,711
Reversed depreciation of disposals for the year	0	(4,078)
<b>Depreciation at 30 April</b>	<b>61,885</b>	<b>111,958</b>
<b>Carrying amount at 30 April</b>	<b>97,887</b>	<b>72,779</b>
<b>Including assets hold under finance lease</b>	<b>0</b>	<b>52,210</b>

DKK '000	Fixtures and fittings, tools and equipment
<b>Parent Company</b>	
Cost at 1 May	221
Additions for the year	82
Disposals for the year	0
<b>Cost at 30 April</b>	<b>303</b>
Depreciation at 1 May	0
Depreciation for the year	54
<b>Depreciation at 30 April</b>	<b>54</b>
<b>Carrying amount at 30 April</b>	<b>249</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	1,305	1,582
Additions for the year	225	141
Disposals for the year	0	0
<b>Cost at 30 April</b>	<b>1,530</b>	<b>1,723</b>
Value adjustments at 1 May	(1)	0
Exchange adjustment	(2)	0
Profit of the year	95	0
<b>Value adjustments at 30 April</b>	<b>92</b>	<b>0</b>
<b>Carrying amount at 30 April</b>	<b>1,622</b>	<b>1,723</b>

DKK '000	Investments in subsidiaries
<b>Parent Company</b>	
Cost at 1 May	303,471
Additions for the year	5,230
Disposals for the year	0
<b>Cost at 30 April</b>	<b>308,701</b>
Value adjustments at 1 May	(140,152)
Exchange adjustment	(312)
Shares of profit for the year	23,184
Other adjustments	(175)
Dividend	(14,171)
<b>Value adjustments at 30 April</b>	<b>(131,626)</b>
<b>Carrying amount at 30 April</b>	<b>177,075</b>
Remaining positive differences included in the above carrying amount at 30 April 2020	64,450

### 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 %	SDK Shipping AB	Sweden	100 %
Niels Winther Maritime ApS	Denmark	100 %	Shipping Consultancy Sweden AB	Sweden	100 %
Juhl & Ehrhorn ApS	Denmark	100 %	SDK Shipping AS	Norway	100 %
SDK Cruise A/S	Denmark	100 %	SDK Logistics AB	Sweden	100 %
Shipping Consultancy A/S	Denmark	100 %	SDK Solutions Holding ApS	Denmark	100 %
SDK Chartering A/S	Denmark	100 %	TF Freight AB	Sweden	100 %
SDK Logistics A/S	Denmark	100 %	SDK Logistics B.V.	Holland	60 %
Danish Stevedore A/S	Denmark	95.45 %			

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

	2020	2019
<b>Group</b>		
Deferred tax at 1 May	6,710	7,353
Years acquisition	0	0
Change for the year (Profit & Loss)	640	(643)
<b>Deferred tax at 30 April</b>	<b>7,350</b>	<b>6,710</b>
<i>Deferred tax relates to intangible assets, property, plant and equipment and other debt</i>		
<b>Parent Company</b>		
Deferred tax at 1 May	12	0
Change for the year (Profit & Loss)	(229)	12
<b>Deferred tax at 30 April</b>	<b>(217)</b>	<b>12</b>
<i>Deferred tax relates to property, plant and equipment</i>		

## 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

DKK '000

### Group

Of the long-term debt, 41,926 (2018/19 32,698) 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	2020	2019
<b>Group</b>		
<b>Security</b>		
At the balance sheet date, the carrying amount of the assets provided as security was – net booked value	39,686	40,738
Deposited owner's mortgage, 38.800 (2018/2019 20.661) on buildings on owned and leased land provided as security for balance with mortgage credit and credit institutions.	43,455	33,016
As security for bank debt, company charge has been provided in receivables, machinery, etc.	18,705	18,776
Guarantee obligations	10,899	4,899
<b>Lease and rent obligations</b>		
Lease and rent obligations	184,935	150,483

### 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	2020	2019
<b>Parent Company</b>		
<b>Guarantees</b>		
Payment guarantee has been provided to Suppliers in Group subsidiaries	0	745
<b>Lease and rent obligations</b>		
Lease and rent obligations	244	421

## 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 98c.3 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, in which Torben Østergaard-Nielsen, CEO, Middelfart exercises control.

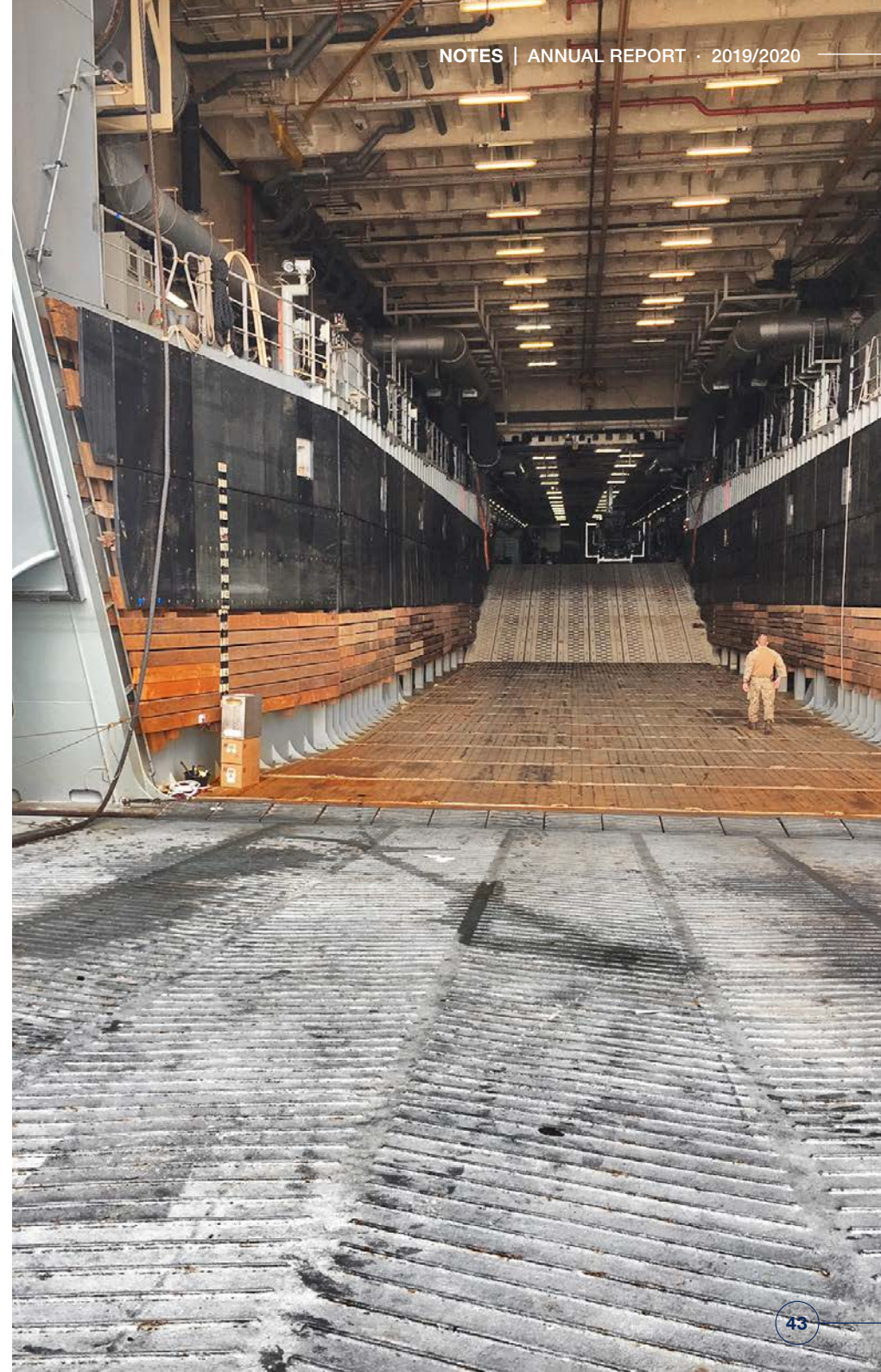
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## 19 SUBSEQUENT EVENTS

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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 2019/20 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 2019/20 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.

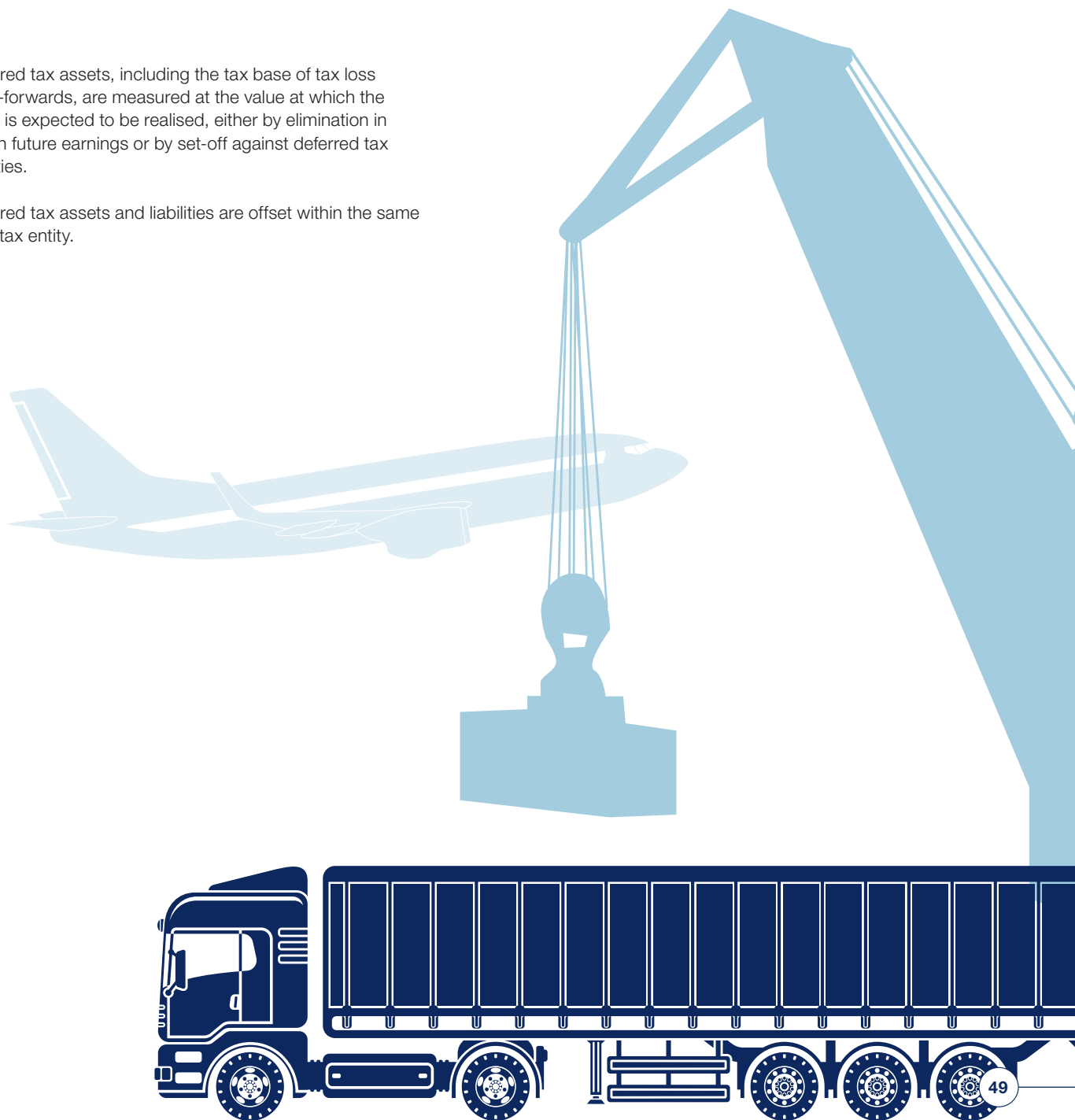
**Deferred tax assets and liabilities**

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.

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 the definitions of financial highlights mentioned on page 51.







## 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

