
ALPI Air & Sea A/S

Fastrupdalen 2, DK-7400 Herning

Annual Report for 2024

CVR No. 25 86 96 56

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/4 2025

Morten Høgsberg
Nielsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ALPI Air & Sea A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

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.

Herning, 29 April 2025

Executive Board

Morten Høgsberg Nielsen
Manager

Board of Directors

Sandro Pitigliani
Chairman

Morten Høgsberg Nielsen

Alessio Albini

Independent Auditor's report

To the shareholders of ALPI Air & Sea A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ALPI Air & Sea A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements 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 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's report

- 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 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 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Trekantomraadet, 29 April 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Forthoft Lind

State Authorised Public Accountant

mne34169

Heidi Bonde

State Authorised Public Accountant

mne42815

Company information

| | |
|---------------------------|---|
| The Company | ALPI Air & Sea A/S Fastrupdalen 2 DK-7400 Herning CVR No: 25 86 96 56 Financial period: 1 January - 31 December Incorporated: 9 January 2001 Municipality of reg. office: Herning |
| Board of Directors | Sandro Pitigliani, chairman Morten Høgsberg Nielsen Alessio Albini |
| Executive Board | Morten Høgsberg Nielsen |
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle |

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|--------|--------|---------|---------|--------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Gross profit | 63,554 | 58,553 | 71,489 | 58,734 | 38,711 |
| Profit/loss of primary operations | 17,617 | 15,065 | 28,703 | 20,994 | 7,296 |
| Profit/loss of financial income and expenses | 2,238 | 1,161 | 3,016 | 210 | -1,124 |
| Net profit/loss for the year | 15,930 | 12,832 | 24,980 | 16,766 | 4,783 |
| Balance sheet | | | | | |
| Balance sheet total | 97,320 | 88,228 | 112,509 | 128,385 | 72,141 |
| Investment in property, plant and equipment | 2,226 | 507 | 976 | 806 | 987 |
| Equity | 53,997 | 53,021 | 60,471 | 50,611 | 33,556 |
| Number of employees | 79 | 75 | 72 | 64 | 54 |
| Ratios | | | | | |
| Return on assets | 18.1% | 17.1% | 25.5% | 16.4% | 10.1% |
| Solvency ratio | 55.5% | 60.1% | 53.7% | 39.4% | 46.5% |
| Return on equity | 29.8% | 22.6% | 45.0% | 39.8% | 15.3% |

For accounting practices and an explanation of the calculation of key figures and financial ratios, please refer to the description in the accounting policies.

Management's review

Key activities

The company is a forwarding company specialised within sea- and air transport.

Development in the year

The income statement of the Company for 2024 shows a profit of TDKK 15,930, and at 31 December 2024 the balance sheet of the Company shows a positive equity of TDKK 53,997.

The past year and follow-up on development expectations from last year

The result in 2024 exceeded expectations.

A decline in the general transport and logistics sector was anticipated compared to 2023. However, the global supply chain continued to face challenges, while a relatively high market volume remained the primary driver of a strong financial performance in 2024.

Targets and expectations for the year ahead

Management expects the result for 2025 to be 30% lower than in the current year.

We anticipate that the global supply chain market will stabilize in 2025 with the reopening of the Suez Canal and the resolution of port strikes in the USA. However, the economic downturn is expected to pose challenges to the financial performance of 2025.

External environment

Sustainability is an increasingly important focus in the logistics and transportation industry, and ALPI Air & Sea A/S is committed to contributing to this transition. Through our ALPI Go Green initiatives, we are working to integrate more sustainable practices across our operations and partnerships.

These initiatives aim to:

- Enhance transparency by identifying and highlighting transport options with lower carbon footprints, enabling us to guide customers toward more sustainable choices
- Strengthen our internal focus on sustainability by encouraging environmentally responsible behaviour across the entire organization
- Work with transport partners to promote initiatives that help reduce carbon emissions
- Develop the ALPI CO2 Calculator in collaboration with Aarhus University, allowing us to measure and communicate the carbon footprint of our transport services. Emission data is included on all invoices for road transport and is available upon request for air and sea shipments
- Implement initiatives that reduce the carbon footprint of road, sea, air, and rail transport
- Take steps to reduce the environmental impact of our offices and warehouse operations across Denmark

The goal is to ensure that ALPI and our partners actively consider and work toward reducing CO2 emissions in transportation and daily operations.

ALPI Air & Sea A/S has already taken steps to reduce emissions internally by investing in greener solutions and energy-efficient technologies at our offices and terminals.

Key initiatives include:

- The CO2 Calculator, enabling us to provide customers with transparent reporting on emissions for all completed transports
- The implementation of sustainability-driven improvements in our warehouses and offices, with the aim of reducing our overall carbon footprint

These efforts align with our management's objectives for 2024, and we remain committed to continuously exploring ways to improve our environmental performance.

Management's review

Intellectual capital resources

Company staff have great knowledge of the transport and logistics market, which are the company's core activities. Employees' detailed knowledge of forwarding and transport services is vital for the company's market position and future earnings.

Income statement 1 January - 31 December

| | Note | 2024 | 2023 |
|---|------|---------------|---------------|
| | | TDKK | TDKK |
| Gross profit | | 63,554 | 58,553 |
| Staff expenses | 1 | -45,100 | -42,481 |
| Depreciation and impairment losses of property, plant and equipment | | -699 | -1,007 |
| Other operating expenses | | -138 | 0 |
| Profit/loss before financial income and expenses | | 17,617 | 15,065 |
| Income from investments in subsidiaries | | 2,578 | 1,320 |
| Income from investments in associates | | -317 | -271 |
| Financial income | 2 | 679 | 1,326 |
| Financial expenses | | -702 | -1,214 |
| Profit/loss before tax | | 19,855 | 16,226 |
| Tax on profit/loss for the year | 3 | -3,925 | -3,394 |
| Net profit/loss for the year | 4 | 15,930 | 12,832 |

Balance sheet 31 December

Assets

| | Note | 2024 | 2023 |
|--|------|---------------|---------------|
| | | TDKK | TDKK |
| Other fixtures and fittings, tools and equipment | | 2,944 | 1,417 |
| Property, plant and equipment | 5 | 2,944 | 1,417 |
| Investments in subsidiaries | 6 | 4,123 | 3,719 |
| Investments in associates | 7 | 0 | 0 |
| Fixed asset investments | | 4,123 | 3,719 |
| Fixed assets | | 7,067 | 5,136 |
| Trade receivables | | 41,957 | 26,334 |
| Contract work in progress | 8 | 27,453 | 12,050 |
| Receivables from group enterprises | | 5,883 | 34,200 |
| Receivables from associates | | 3,144 | 746 |
| Other receivables | | 4,873 | 3,948 |
| Deferred tax asset | 9 | 23 | 0 |
| Prepayments | 10 | 1,223 | 1,001 |
| Receivables | | 84,556 | 78,279 |
| Cash at bank and in hand | | 5,697 | 4,813 |
| Current assets | | 90,253 | 83,092 |
| Assets | | 97,320 | 88,228 |

Balance sheet 31 December

Liabilities and equity

| | Note | 2024 | 2023 |
|--|------|---------------|---------------|
| | | TDKK | TDKK |
| Share capital | | 500 | 500 |
| Reserve for net revaluation under the equity method | | 1,206 | 1,161 |
| Retained earnings | | 52,291 | 51,360 |
| Equity | | 53,997 | 53,021 |
| | | | |
| Provision for deferred tax | 9 | 0 | 59 |
| Provisions relating to investments in associates | | 0 | 256 |
| Provisions | | 0 | 315 |
| | | | |
| Credit institutions | | 90 | 82 |
| Trade payables | | 26,724 | 22,653 |
| Payables to group enterprises | | 6,482 | 2,864 |
| Corporation tax | | 4,007 | 3,461 |
| Other payables | | 5,842 | 5,731 |
| Deferred income | 11 | 178 | 101 |
| Short-term debt | | 43,323 | 34,892 |
| | | | |
| Debt | | 43,323 | 34,892 |
| | | | |
| Liabilities and equity | | 97,320 | 88,228 |
| | | | |
| Contingent assets, liabilities and other financial obligations | 12 | | |
| Related parties | 13 | | |
| Subsequent events | 14 | | |
| Accounting Policies | 15 | | |

Statement of changes in equity

| | Share capital | Reserve for net revaluation under the equity method | Retained earnings | Total |
|------------------------------|---------------|--|----------------------|---------------|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 500 | 1,161 | 51,360 | 53,021 |
| Exchange adjustments | 0 | 46 | 0 | 46 |
| Extraordinary dividend paid | 0 | 0 | -15,000 | -15,000 |
| Net profit/loss for the year | 0 | -1 | 15,931 | 15,930 |
| Equity at 31 December | 500 | 1,206 | 52,291 | 53,997 |

Notes to the Financial Statements

| | 2024 | 2023 |
|--------------------------------|---------------|---------------|
| | TDKK | TDKK |
| 1. Staff expenses | | |
| Wages and salaries | 41,409 | 39,067 |
| Pensions | 3,047 | 2,683 |
| Other social security expenses | 644 | 731 |
| | 45,100 | 42,481 |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

| | | |
|-----------------------------|----|----|
| Average number of employees | 79 | 75 |
|-----------------------------|----|----|

| | 2024 | 2023 |
|--|------------|--------------|
| | TDKK | TDKK |
| 2. Financial income | | |
| Interest received from group enterprises | 497 | 1,023 |
| Other financial income | 182 | 303 |
| | 679 | 1,326 |

| | 2024 | 2023 |
|------------------------------|--------------|--------------|
| | TDKK | TDKK |
| 3. Income tax expense | | |
| Current tax for the year | 4,007 | 3,461 |
| Deferred tax for the year | -82 | -67 |
| | 3,925 | 3,394 |

| | 2024 | 2023 |
|---|---------------|---------------|
| | TDKK | TDKK |
| 4. Profit allocation | | |
| Extraordinary dividend paid | 15,000 | 0 |
| Reserve for net revaluation under the equity method | -1 | 52 |
| Retained earnings | 931 | 12,780 |
| | 15,930 | 12,832 |
| Extraordinary dividend after year end | 0 | 15,000 |

Notes to the Financial Statements

5. Property, plant and equipment

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Cost at 1 January | 6,122 |
| Additions for the year | 2,226 |
| Cost at 31 December | <u>8,348</u> |
| Impairment losses and depreciation at 1 January | 4,705 |
| Depreciation for the year | 699 |
| Impairment losses and depreciation at 31 December | <u>5,404</u> |
| Carrying amount at 31 December | <u>2,944</u> |

6. Investments in subsidiaries

| | 2024 | 2023 |
|---------------------------------------|---------------------|---------------------|
| | TDKK | TDKK |
| Cost at 1 January | 2,277 | 2,238 |
| Additions for the year | 0 | 39 |
| Cost at 31 December | <u>2,277</u> | <u>2,277</u> |
| Value adjustments at 1 January | 1,442 | 1,391 |
| Exchange adjustment | 89 | -273 |
| Net profit/loss for the year | 2,578 | 1,320 |
| Dividend to the Parent Company | -2,263 | -996 |
| Value adjustments at 31 December | <u>1,846</u> | <u>1,442</u> |
| Carrying amount at 31 December | <u>4,123</u> | <u>3,719</u> |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Ownership |
|---|----------------------------------|-----------|
| ALPI International Logistics (Shanghai) Ltd | Shanghai, China | 51% |
| ALPI Singapore Pte. Ltd | Singapore, Singapore | 51% |

Notes to the Financial Statements

| | 2024 | 2023 |
|---|-----------------|-----------------|
| | TDKK | TDKK |
| 7. Investments in associates | | |
| Cost at 1 January | 23 | 0 |
| Additions for the year | 5 | 23 |
| Cost at 31 December | <u>28</u> | <u>23</u> |
| Value adjustments at 1 January | -279 | 0 |
| Exchange adjustment | -44 | -8 |
| Net profit/loss for the year | -317 | -271 |
| Value adjustments at 31 December | <u>-640</u> | <u>-279</u> |
| Equity investments with negative net asset value amortised over receivables | <u>612</u> | <u>0</u> |
| Equity investments with negative net asset value transferred to provisions | <u>0</u> | <u>256</u> |
| Carrying amount at 31 December | <u>0</u> | <u>0</u> |

Investments in associates are specified as follows:

| Name | Place of registered office | Ownership |
|-------------------|----------------------------|-----------|
| ALPI Air & Sea AB | Gothenburg, Sweden | 45% |

| | 2024 | 2023 |
|--|---------------|---------------|
| | TDKK | TDKK |
| 8. Contract work in progress | | |
| Contract work in progress is recognised in the balance sheet as follows: | | |
| Contract work in progress recognised in assets | 27,453 | 12,050 |
| | <u>27,453</u> | <u>12,050</u> |

Notes to the Financial Statements

| | 2024 | 2023 |
|---|-----------|------------|
| | TDKK | TDKK |
| 9. Deferred tax asset | | |
| Deferred tax asset at 1 January | -59 | -126 |
| Amounts recognised in the income statement for the year | 82 | 67 |
| Deferred tax asset at 31 December | 23 | -59 |

Deferred tax assets primarily arise from the difference between the accounting and tax treatment of fixed assets. The deferred tax asset is expected to be utilized within 3-5 years.

10. Prepayments

Prepayments comprise prepaid expenses concerning rent, subscriptions ect.

11. Deferred income

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

| | 2024 | 2023 |
|---|--------------|--------------|
| | TDKK | TDKK |
| 12. Contingent assets, liabilities and other financial obligations | | |
| Rental and lease obligations | | |
| Lease obligations under operating leases. Total future lease payments: | | |
| Within 1 year | 1,244 | 993 |
| Between 1 and 5 years | 2,255 | 471 |
| | 3,499 | 1,464 |
| Rental obligations, non-cancellation period up to 6 (6) months | 2,101 | 2,071 |

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of ALPI Danmark A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The company has other contingent liabilities of TDKK 491, which apply to remaining capital contributions in subsidiaries.

Notes to the Financial Statements

13. Related parties and disclosure of consolidated financial statements

| | <u>Basis</u> |
|--|------------------------------|
| Controlling interest | |
| ALPI Danmark A/S, Fastrupdalen 2, 7400 Herning, Denmark | Majority shareholder, direct |
| Albini & Pitigliani SpA, Viale G. Marconi 46, 59100 Prato, Italy | Majority shareholder |

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

All transactions have been made on arm's length basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| <u>Name</u> | <u>Place of registered office</u> |
|-------------------------|---|
| Albini & Pitigliani SpA | Viale G. Marconi 46, 59100 Prato, Italy |
| ALPI Danmark A/S | Fastrupdalen 2, 7400 Herning |

The Group Annual Report of Albini & Pitigliani SpA may be obtained at the following address:
www.registroimprese.it/en

The Group Annual Report of ALPI Danmark A/S may be obtained at the following address: www.cvr.dk

14. Subsequent events

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

Notes to the Financial Statements

15. Accounting policies

The Annual Report of ALPI Air & Sea A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of ALPI Danmark A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of ALPI Danmark A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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 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 Company, 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 Company, 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.

Leases

All 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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated 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 that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the delivery of services is recognised in the income statement to the extent that the services in question have been performed and the revenue can be measured reliably and is expected to be received.

Shipping services are typically characterised by a short execution period. Income is recognised over time as work is performed, since control of the work is transferred to the customer on a continuous basis.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Expenses for consumables include costs incurred to achieve net revenue for the year. The costs include settlement for hauliers, etc. as well as other direct costs.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as the Company's administration, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of goods sold and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

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 property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

Notes to the Financial Statements

The Company is jointly taxed with the Danish Group Company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

| | |
|--|-----------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
|--|-----------|

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

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 the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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 distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

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

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, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Notes to the Financial Statements

Contract work in progress

Work in progress comprises in-progress shipping activities and includes services that have yet to be settled with customers or suppliers at 31 December. Revenue which has not been settled and vendor invoices which have yet to be received are estimated and recognised according to the recognition criteria for a sale transaction.

Prepayments

Prepayments comprise prepaid expenses concerning rent, subscriptions etc.

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as loans from credit institutions, 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.

Deferred income

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

| | |
|------------------|---|
| Return on assets | $\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$ |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$ |