

Scandlines Danmark ApS

Havneholmen 25, 8.
1561 Copenhagen
Business Registration No
18605600

Annual report 2020

The Annual General Meeting adopted the annual report on 23 April 2021

Chairman of the General Meeting

Name: Søren Poulsgaard Jensen

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Company details

Company

Scandlines Danmark ApS

Havneholmen 25, 8.

1561 Copenhagen

Central Business Registration No (CVR): 18605600

Registered in: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

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Website: www.scandlines.dk

E-Mail: scandlines@scandlines.dk

Supervisory Board

Frans Blach Rossen, Chairman of the Board

Gerlinde Waltraud Helene Krieger

Stig Dambmann

Claus Peter Vitting Nikolajsen

Michael Skeller Andersen

Renée Ulla Mamsen-Svarter

Henrik Sten Hansen

Executive Board

Søren Poulsgaard Jensen, CEO

Per Johannesen Madsen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of Scandlines Danmark ApS for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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

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

Copenhagen, 23 April 2021

Executive Board

Søren Poulsgaard Jensen
CEO

Per Johannesen Madsen
CFO

Supervisory Board

Frans Blach Rossen
Chairman of the Board

Gerlinde Waltraud Helene
Krieger

Stig Dambmann

Claus Peter Vitting
Nikolajsen

Michael Skeller Andersen

Renée Ulla Mamsen-
Svarter

Henrik Sten Hansen

Independent auditor's report

To the shareholder of Scandlines Danmark ApS

Opinion

We have audited the financial statements of Scandlines Danmark ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 23 April 2021

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Bjarne Iver Jørgensen
State Authorised Public Accountant
Identification No (MNE) mne35659

Management Commentary

	2020	2019	2018	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key figures					
Revenue	492.440	769.457	701.273	699.662	674.682
Other operating income	521.019	227.719	228.644	126.697	123.182
Gross profit/loss	758.701	770.237	693.092	590.758	611.645
Operating profit/loss	490.183	466.498	434.801	314.766	359.195
Net financials	29.624	92.269	111.044	30.619	-10.058
Profit/loss for the year	515.732	556.044	551.491	334.342	315.569
Total assets	2.225.422	1.712.430	1.139.863	1.203.480	1.756.508
Investments in property, plant and equipment	69.040	85.538	76.185	80.809	72.417
Equity	1.717.665	1.201.933	991.247	894.135	864.095
Average numbers of employees	327	336	326	325	302
Ratios					
Gross margin (%)	154,1	100,1	98,8	84,4	90,7
Net margin (%)	104,7	72,3	78,6	47,8	46,8
Return on equity (%)	35,3	50,7	58,5	38,0	39,4
Equity ratio (%)	77,2	70,2	87,0	74,3	49,2
Revenue per employee	1.505,9	2.290,1	2.151,1	2.152,8	2.234,0

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management Commentary

Primary activities

The Company's primary activities are to operate ferries on the route Puttgarden-Rødby.

Development in activities and finances

The financial year 2020 shows a profit for the year of DKK 515.732 thousands, which is DKK 40.312 thousands lower than 2019.

As of 31 December 2020, total assets were DKK 2,225,422 thousands (2019: DKK 1,712,430 thousands) with a total equity of DKK 1,717,665 thousands (2019: DKK 1,201,933 thousands).

The performance is considered satisfactory.

For a detailed description of finances and activities, we refer to the Group financial statements of Scandlines Infrastructure ApS.

Outlook

COVID-19 impacted all aspects of our business in 2020 as car and passenger traffic was immediately and dramatically affected by travel restrictions, quarantine measures and border closures imposed by political decision makers in Germany and Denmark from March to limit the spread of COVID-19. Dramatic impact on traffic volumes Traffic figures were most severely affected by the restrictions in the second quarter of 2020, and shopping traffic quickly rebounded during the summer on the back of temporary easing of restrictions, whereas leisure traffic increased slowly over the summer and early autumn. When new regional and national travel restrictions were introduced in Sweden, Denmark and Germany in the autumn, shopping and leisure traffic volumes dropped again.

Freight traffic was relatively stable during the outbreak of COVID-19 as we implemented precautionary measures to protect our employees, customers and partners while continuing to serve our customers.

We were able to avoid collective redundancies as we imposed strict cost control and made use of state salary compensation schemes in Germany and Denmark during 2020.

In 2021, we expect car and passenger traffic as well as shopping and bus travel to be significantly impaired by the effects of COVID-19. Freight traffic is expected to remain at a relatively stable and high level throughout the year.

We will maintain a strict focus on efficiency and cost control to alleviate the impact of these negative external effects in a period of continued uncertainty. Due to the high degree of uncertainty and very low visibility, management is currently not in a position to provide precise financial guidance for 2021.

Particular risks

The most material financial risks are currency, oil, interests and credit risks, which only occur in relation to the operating activities. The risk factors are hedged at Group level and

we refer to the "Management commentary" in the Group financial statements of Scandlines Infrastructure ApS for a detailed description.

Intellectual capital resources

For a detailed description of intellectual capital resources, we refer to the Group Financial statements of Scandlines Infrastructure ApS.

Staff

The company employed an average of 327 people in the financial year 2020, which is a decrease of 9 employees compared to 2019.

We continuously work to optimize the psychical and mental work environment. All work related to security is coordinated by the security group. Additionally, we have a constructive dialogue on the development.

Environmental performance

Safety for our passengers, crew and vessels is paramount to any other parameter in our business. Weekly and monthly exercises for our crewmembers and testing of our equipment follow mandatory education.

All the vessels are inspected several times during a year, and we are satisfied to hold a high quality in 2020. For a more detailed description please see "Management commentary" in the Group financial statements of Scandlines Infrastructure ApS.

Uncertainty in relation to recognition and measurement

The Company has no material uncertainty in relation to recognition and measurement.

Unusual circumstances

There are no unusual circumstances in 2020.

We refer to the description under "Outlook" in relation to COVID-19.

Research- and development activities

The Company has no research- and development activities.

Branches

The Company has no branches.

Statutory report on corporate social responsibility

Scandlines Danmark ApS considers such matters as human rights, social aspects, environment and anticorruption as important elements of the Group's business strategy and activities.

Corporate Social Responsibility is about living the values and principles that govern our behavior as a responsible business in respect of customers, staff, suppliers and investors. It is our clear policy to comply with the words and spirit of the laws, rules and regulations that apply in the countries within our companies operate.

Statutory report on the underrepresented gender

The Supervisory Board of Scandlines Danmark ApS currently has two female members.

For further detailed description, please see the "Management commentary" in the Group financial statements of Scandlines Infrastructure ApS.

We refer to separate CSR report for Scandlines Infrastructure ApS.

Income statement for 2020

	<u>Notes</u>	<u>2020</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>
Revenue	1	492.440	769.457
Other operating income	2	521.019	227.719
Revenue total		1.013.459	997.176
Costs of raw materials and consumables		-32.157	-70.699
Other external expenses		-159.486	-156.240
Other operating costs		-63.115	0
Gross profit / loss		758.701	770.237
Staff costs	3	-175.226	-216.249
Depreciation and amortisation		-93.292	-87.490
Operating profit/loss		490.183	466.498
Income/loss from investments in group enterprises		-9.569	93.959
Other financial income	4	57.126	79.171
Other financial expenses	5	-17.933	-80.861
Profit / loss before tax		519.807	558.767
Tax on profit for the year	6	-4.075	-2.723
Profit / loss for the year	7	515.732	556.044

Balance sheet at 31.12.2020

	<u>Notes</u>	<u>31.12.2020</u> <u>DKK'000</u>	<u>31.12.2019</u> <u>DKK'000</u>
Acquired intangible assets		77.379	38.561
Intangible assets	8	<u>77.379</u>	<u>38.561</u>
Vessels		150.214	194.162
Land and buildings		51.772	56.216
Plant and machinery		117.858	127.896
Other fixtures and fittings, tools and equipment		5.989	3.354
Leasing of property, plant and equipment		16.433	21.669
Assets under construction		128.180	145.391
Tangible assets	9	<u>470.446</u>	<u>548.688</u>
Investments in group enterprises	10	165.657	175.226
Deposits		2.719	2.606
Fixed assets investments		<u>168.376</u>	<u>177.832</u>
Fixed Assets		<u>716.201</u>	<u>765.081</u>
Finished goods		28.064	28.447
Inventories		<u>28.064</u>	<u>28.447</u>
Trade receivables		44.497	59.232
Receivable from affiliated companies		1.430.184	838.448
Other receivables	11	73	8.558
Prepayments	12	5.893	12.062
Receivables		<u>1.480.647</u>	<u>918.300</u>
Cash		<u>510</u>	<u>602</u>
Current assets		<u>1.509.221</u>	<u>947.349</u>
Assets		<u>2.225.422</u>	<u>1.712.430</u>

Balance sheet at 31.12.2020

	<u>Notes</u>	<u>31.12.2020</u> <u>DKK'000</u>	<u>31.12.2019</u> <u>DKK'000</u>
Contributed capital		500.000	500.000
Retained earnings		1.217.665	701.933
Equity		<u>1.717.665</u>	<u>1.201.933</u>
Other payables	13	0	4.725
Leasing debt		16.858	21.963
Non-current liabilities		<u>16.858</u>	<u>26.688</u>
Trade payables		60.736	43.533
Payable to affiliated companies		347.168	348.120
Other payables	13	73.733	79.619
Income tax payable		4.644	2.711
Deferred income	14	4.618	9.826
Current liabilities other than provisions		<u>490.899</u>	<u>483.809</u>
Liabilities other than provisions		<u>507.757</u>	<u>510.497</u>
Equity and liabilities		<u>2.225.422</u>	<u>1.712.430</u>
Contingent Liabilities	15		
Assets charged and collateral	16		
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Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2020	500.000	701.933	1.201.933
Profit / loss for the year	0	515.732	515.732
Equity at 31 december 2020	500.000	1.217.665	1.717.665

The share capital consists of 500.000 share at DKK 1.000 nominal. There have not been any changes in the share capital in the past five years.

Notes

	31.12.2020	31.12.2019
	DKK'000	DKK'000
1 Revenue		
Ferry transport	492.440	769.457
Total	492.440	769.457
2 Other operating income		
Rent income from harbour, land and buildings	1.035	40.732
Shared Service Center	511.343	186.955
Salary compensation (COVID-19)	8.152	0
Other miscellaneous income	489	32
Total	521.019	227.719
<p>In 2020, income from Shared Service Center is impacted by a catch-up adjustment relating to previous years.</p> <p>Rent income from harbour, land and buildings includes leasehold income from the ferries in 2019. The leasehold from the ferries is a cost in 2020 and classified as other operating costs in the profit and loss statement.</p> <p>The Company has during the financial year received Covid-19 compensations for fixed costs and salary.</p> <p>In total, the Company received compensations of DKK 36.7 million. However, DKK 28.5 million in relation to the fixed cost compensation was repaid to the Danish Authorities in December 2020. The remaining amount of DKK 8.2 million have been recognized under other operating income.</p>		
3 Staff costs		
Salaries and wages	-155.333	-195.381
Pension costs	-19.142	-19.178
Other social security expenses	-751	-1.690
Total staff costs	-175.226	-216.249
Average number of employess	327	336

Notes

	Rumuneration to management 2020	Remuneration to management 2019
Executive Board	-23.214	-38.248
Supervisory Board	-994	-974
	-24.208	-39.222

The Executive Board receives remuneration for handling the whole Scandlines Infrastructure Group which is paid by Scandlines Danmark ApS. Therefore, only part of the total remuneration is directly related to the work performed in Scandlines Danmark ApS.

	31.12.2020 DKK'000	31.12.2019 DKK'000
4 Other financial income		
Interest from affiliated companies	38.063	79.170
Foreign exchange rate adjustment	19.063	0
Total financial income	57.126	79.170
5 Other financial expenses		
Interest to affiliated companies	-17.298	-74.663
Foreign exchange losses	0	-5.116
Other interest expenses	-635	-1.082
Total financial expenses	-17.933	-80.861
6 Tax on profit/loss for the year		
Current tax	-4.444	-2.711
Current tax previous year	369	-12
Total tax on profit for the year	-4.075	-2.723
7 Proposed distribution of profit / loss		
Retained earnings	515.732	556.044
Total retained earnings	515.732	556.044

The company is committed to tonnage tax until 2030. The company does not expect to withdraw from the scheme and therefore no deferred tax of tonnage tax assets and liabilities has been recognised.

Notes

8 Intangible assets

	Software
Cost at 1 January	264.125
Additions	0
Transfer	65.688
Disposals	-126.533
Cost at 31 December	203.280
Depreciation and amortization at 1 January	-225.564
Amortisation for the year	-26.870
Disposals	126.533
Depreciation and amortization at 31 December	-125.901
Carrying amount at 31 December	77.379

9 Tangible assets

	Land and Buildings	Plant and machinery	Vessels
Cost at 1 January	146.567	499.762	1.038.597
Additions	0	0	0
Transfer	526	3.026	6.616
Disposals	-6.123	-16.404	-65.086
Cost at 31 December	140.970	486.384	980.127
Depreciation at 1 January	-90.351	-371.866	-844.435
Amortisation for the year	-2.441	-8.123	-42.862
Disposals	3.594	11.463	57.384
Depreciation at 31 December	-89.198	-368.526	-829.913
Carrying amount at 31 December	51.772	117.858	150.214

Notes

9 Tangible assets (continued)	Other Fixtures and fittings, tools and equipment	Leasing of property, plant and equipment	Asset under construction
Cost at 1 January	133.041	27.914	145.391
Additions	0	1.891	67.149
Transfer	8.504	0	-84.360
Disposals	-120.539	0	
Cost at 31 December	21.006	29.805	128.180
Depreciation at 1 January	-129.687	-6.245	0
Amortisation for the year	-5.869	-7.127	0
Disposals	120.539	0	0
Depreciation at 31 December	-15.017	-13.372	0
Carrying amount at 31 December	5.989	16.433	128.180

10 Fixed assets investments

	Investments in group enterprises
Cost at 1 January	336.281
Additions	0
Disposals	0
Cost at 31 December	336.281
Revaluations 1 January	-161.055
Share of profit/loss for the year	-9.569
Revaluations 31 December	-170.624
Carrying amount at 31 December	165.657

	Registered in	Corporate form	Equity interest %
Investments in group enterprises:			
Scandlines Catering ApS	Copenhagen	ApS	100
Scandlines Gedser-Rostock ApS	Copenhagen	ApS	100
Investments in group enterprises - continued:			
		Equity DKK'000	Profit/Loss DKK'000
Scandlines Catering ApS		31.000	15.010
Scandlines Gedser-Rostock ApS		134.657	-24.579

All recognized amounts are based on latest 2020 financial statements.

Notes

	31.12.2020	31.12.2019
	DKK'000	DKK'000
11 Other receivables		
Other receivables	73	8.558
	73	8.558

Included in Other receivables is insurance receivables of DKK 0 mio. (2019: DKK 2 mio.)

12 Prepayments

Prepayments consist of prepaid leasing and IT services.

13 Other payables

VAT and duties	4.311	0
Wages and salaries, payroll taxes, social security costs, etc. payable	58.470	74.192
Other costs payable	10.952	10.152
	73.733	84.344

14 Deferred income

Deferred income consist of prepaid tickets and deferred income relating to customer loyalty program.

15 Contingent liabilities

Scandlines Danmark ApS is jointly taxed with all other Danish Scandlines companies. Under the joint taxation scheme, each company is liable only for its own tax on the taxable income until the tax has been paid to the administration company (Scandlines Infrastructure ApS). Scandlines Infrastructure ApS, being the administration company, is the solely obliged to pay the tax on the joint taxation income.

The company is jointly and severally liable for the subsidiaries intra-group accounts in the Scandlines ApS Group's cash pool arrangement

Notes

16 Assets charged and collateral

Debt of Scandlines ApS is secured by way of a charge on Scandlines Danmark ApS' recognized assets, such as Vessels, Land and Buildings, Shares in subsidiaries and associates, Inventories, Receivables and Bank deposits.

The Company have joint and several liability with the other group enterprises for the group financing arrangement.

	31.12.2020	31.12.2019
	DKK'000	DKK'000
Vessels	150.214	194.162
Land and buildings as well as harbor facilities and harbor installations	303.799	332.857
Investments in group enterprises	165.657	175.226
Inventories	28.064	28.447
Receivables	1.480.647	918.300
Cash and depositis	3.229	3.208

17 Transactions with related parties

There have not been transactions between the company and its related parties which are not carried out under normal market conditions.

18 Group relations

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

Scandlines Infrastructure ApS
Copenhagen

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

Scandlines Infrastructure ApS
Copenhagen

19 Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large) and the International Financial Reporting Standards IFRS 9, 15 and 16.

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

The Financial Statement have been presented in TDKK.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement**Revenue**

Revenue relating to passenger and cargo ferrying is recognised in the income statement when the control of the service has passed to the customer at the departure time of the vessel.

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

Other operating income

Other operating income and other operating expenses comprises income and cost of a secondary nature to the Entity's primary activities.

Costs of raw materials and consumables

The operating expenses for vessels comprise consumables applied for current operations of vessels, expenses of unplanned shipyard and expenses of current maintenance of safety level on the vessels. Furthermore expenses for changes to the hulls of the vessels or for accommodation construction which did not increase the value in use are included.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for it-costs, marketing costs, premises and various corporate costs, etc. This item also includes write-downs of receivables recognized in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Intangible assets and property, plant and equipment are amortized or depreciated straight-line on the basis of the individual estimate of their useful lives.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises interest income, currency gains etc. as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, bank charges, currency losses etc. as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish in the Scandlines Group. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

The Company joined the tonnage tax scheme with effect from 1 January 2002. Accordingly, the taxable income related to passenger and cargo ferrying has been calculated based on the tonnage for the year. Income related to other activities is taxed under the ordinary rules of corporate tax law.

Balance sheet**Intellectual property rights etc.**

Intellectual Assets include software and other intangible assets.

The basis of amortization is cost less estimated residual value after the end of useful life. The remaining intangible assets are amortized on a straight-line basis using the estimated useful life of three to five years.

Property, plant and equipment

Vessels, land and buildings, harbour plant and harbour installations as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

Vessels	30-40 years
Docking assets	2-5 years
Land and buildings	40 years
Harbor facilities and harbor installations	40 years
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Recoverable amount is the higher of value in use (present value of the future net payments) and selling price (broker assessment) less expected selling costs. Value in use is calculated by ferry line.

Gains and losses from the sales of property, plants and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains and losses are recognised in the income statement under other operating income/other operating expenses.

Costs related to planned periodical repairs and maintenance work (docking costs) are capitalized and depreciated straight-line over the period until the next anticipated docking, typically two-five years.

Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value. The net realisable value of inventories comprises market value of bunker fuel or selling price less completion costs and costs incurred to execute sale.

Cost of goods for resale, raw materials and consumables consist of acquisition price plus delivery costs.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad debts.

Receivables / Payables from affiliated companies

Receivables or payable from affiliated companies comprises intercompany trade balances, deposits and debt in the intercompany Cash pool managed by affiliated Company. The Cash pool comprises cash in various currencies and interest is applied on the cash position by arm-lengths principle.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortized cost, which usually corresponds to the nominal amount.

Cash

Cash comprises cash in hand and bank deposits.

Leases

The Company has used the same terms as in IFRS 16 to classify leasing between right-of-use assets and short-term leases.

Value of leasing contracts with a contract period of more than 12 months are recognised as right-of-use assets and leasing debt, respectively. Leases under 12 months, are classified as short-term leases.

For right-of-use assets, cost is the lower of the asset's fair value and present value of future minimum lease payments. The internal rate of return of the lease or the company's alternative borrowing rate is applied as a discount factor for determining the present value. Right-of-use assets are depreciated and written down for impairment in accordance with the accounting policies applied by the company to similar proprietary non-current assets or over the lease period depending on the terms and conditions of the lease. The related lease commitment is recognised in the balance sheet by an amount equivalent to the present value of the leasing commitment. The interest portion of the lease payment or the year is recognized in the income statement as a financial expense.

Lease payments on short-term leases are recognized in profit and loss on a straight-line basis over the lease period unless other systematic better reflect the benefit from the use of the asset. The lease commitments of such leases are disclosed in the notes to the financial statements.

Long term liabilities

Other payables comprise long term holiday allowance

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

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

Consolidated Financial Statement

With reference to the Danish Financial Statements Act §112(2), the Company has not prepared Consolidated Financial Statements. The Company's Financial Statements is included in the Consolidated Financial Statements of Scandlines Infrastructure ApS.

Cash flow statement

The company has according to the Danish Financial Statements Act §86(4) omitted to produce a cash flow statement.