Casino Copenhagen K/S

Amager Boulevard 70, 2300 København S,

CVR no. 15 75 12 74

Annual report 2019

Approved at the Company's annual general meeting on 24 August 2020

Chairman:

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Building a better
working world

Contents

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Casino Copenhagen K/S for the financial year 1 January - 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

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 31 December 2019 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 24 August 2020
Executive Board:

Thomas Kellner

Board of Directors:

Bahram Sadr-Hashemi Chairman	Lars Wenaas	Christoph Zurucker-Burda

Independent auditor's report

To the shareholders of Casino Copenhagen K/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Casino Copenhagen K/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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 31 December 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2019 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 24 August 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath State Authorised Public Accountant mne19718	Morten Weinreich Larsen State Authorised Public Accountant mne42791

Management's review

Company details

Name	Casino Copenhagen K/S
Address, zip code, city	Amager Boulevard 70, 2300 Copenhagen S, Denmark
CVR no.	15 75 12 74
Established	1 June 1989
Registered office	Copenhagen
Financial year	1 January – 31 December
Website	www.casinos.dk
Telephone	+45 33 96 59 65
Board of Directors	Bahram Sadr-Hashemi, Chairman Lars Wenaas Christoph Zurucker-Burda
Executive Board	Thomas Kellner, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

In % and DKK thousands	2019	2018	2017	2016	2015
Key figures					
Net profit ratio (%)	7,8	6.4	9.8	12.5	11.7
Return on investment (%)	147,9	126.7	181.3	156.5	121.6
Gross margin ratio (%)	53,7	53,6	53.4	43.9	48.1
Solvency ratio (%)	58	46	39,5	37.3	34.5
Return on equity (%)	60,6	67.7	122.4	138.8	136.2
Investment in property, plant and equipment	2,597	8,285	2,858	4,676	4,898
Average number of full-time employees	153	163	154	156	153

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Management's review

Management commentary

Principal activities of the Group

The main activity of the Group is to operate casinos. The basis for the operations is licenses granted for 10 years. The present licenses expire on 31 December 2028, 31 December 2027 and 31 May 2029, respectively, for Casino Copenhagen K/S, Casino Marienlyst A/S and Casino Vesterport Copenhagen K/S.

The Group consists of Casino Copenhagen K/S (Parent Company), Casino Marienlyst A/S and Casino Vesterport Copenhagen K/S.

Profit for the year

The income statement shows a profit of DKK 18.8 million for the Group and DKK 12.4 million for the Parent Company, which is regarded as unsatisfying but in line with expectations. The result in parent company is negatively impacted with DKK 7.5 million from write down of investments in subsidiaries.

The Group's equity at 31 December 2019 amounts to DKK 41.7 million whilst the balance sheet amounts to DKK 71.8 million. The parent company has paid a total of DKK 3.0 million in dividends during the year.

Outlook

The profit for 2020 is expected to decrease compared to 2019 due to the impact from Covid-19. In order to remain competitive, the level of investments in equipment will remain unchanged. Furthermore, efforts in order to increase the efficiency will be continued. This includes the newly founded subsidiary, Casino Vesterport Copenhagen K/S.

Subsequent events

As a consequence of the Covid-19 pandemic the activities of the company and the group are affected to a huge extend. The casinos has been closed as from 12th March until 8th June 2020. In this period there has not been any activity. The company, and Group entities, have received compensation from government aid programs, however this compensation doe not cover the aggregated loss in the closing-period. The economic net-impact of the closing-period is subject to uncertainty, but expected to be in the range from 10 MDKK to 14 MDKK. For the time being it is hard to predict, when the situation will be normalised and to asses the economic impact after the re-opening.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent	
Note	DKK'000	2019	2018	2019	2018
	Gross gaming revenue	241,745	252,281	213,391	222,228
	Gaming tax	-124,675	-130,242	-113,970	-119,427
	Entrance and cloakroom, service, etc.	12,668	13,101	11,710	12,269
	Gross margin	**129,738**	**135,140**	**111,131**	**115,070**
2	Staff cost	-83,915	-85,657	-71,648	-73,593
3	Other external costs	-22,821	-25,965	-16,167	-18,890
	Impairment of investments in subsidiaries	0	0	-7,500	0
4	Depreciation/amortisation	-4,248	-7,452	-3,326	-4,073
	Operating profit	18,754	16,066	12,490	18,514
5	Financial income	2	11	83	2,008
6	Financial expenses	-157	-95	-139	-76
	Profit before tax	18,599	15,982	12,434	20,446
7	Tax on profit for the year	221	-153	0	0
	Profit for the year	18,820	15,829	12,434	20,446

	Breakdown of the consolidated results of operations:		
	Shareholders, Casino Copenhagen K/S	18,820	15,813
	Non-controlling interests	0	16
		18,820	15,829

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Software	0	0	0	0
	Goodwill	0	0	0	0
	Right of use assets	4,097	0	0	0
		4,097	0	0	0
9	**Property, plant and equipment**				
	Leasehold improvements	2,176	1,968	0	9
	Tools and equipment	9,265	11,124	7,930	9,385
		11,441	13,092	7,930	9,394
	Investments				
10	Investments in subsidiaries	0	0	7,335	14,310
		0	0	7,335	14,310
	Total non-current assets	15,538	13,092	15,265	23,704
	Current assets				
	Inventories				
	Receivables, affiliated and associated comp.	2,087	2,685	8,222	4,633
	Receivables, external	4,726	4,786	3,623	3,479
	Other receivables	506	450	428	425
	Prepayments	618	725	419	586
	Tax receivable	208	142	0	0
11	Deferred tax asset	497	276	0	0
	Cash at bank and in hand	47,640	34,957	41,580	28,598
	Total current assets	56,282	44,021	54,272	37,221
	TOTAL ASSETS	71,820	57,113	69,537	61,425

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent	
Note	DKK'000	2019	2018	2019	2018
	EQUITY AND LIABILITIES				
	Equity				
	Capital from limited partners	1,000	1,000	1,000	1,000
	Retained earnings	40,683	25,280	42,153	32,719
	Equity holders' share of equity,				
	Shareholders, Casino Copenhagen K/S	41,683	25,863	43,153	33,719
	Non-controlling interests	0	417		0
	Total equity	41,683	26,280	43,153	33,719
	Liabilities other than provisions				
	Payables, affiliated and associated comp.	0	0	0	0
	Trade payables	1,285	933	970	709
	Tax liability	0	0	0	0
12	Other payables	-28,852	29,900	25,414	26,997
	Total liabilities other than provisions	30,137	30,833	26,384	27,706
	TOTAL EQUITY AND LIABILITIES	71,820	57,113	69,537	61,425

1 **Accounting policies**
13 **Contractual obligations and contingencies, etc.**
14 **Related party disclosures**
15 **Appropriation of profit/loss**

Consolidated financial statements and parent company financial statements 1 January – 31 December 2019

Statement of changes in equity

		Group					Parent company		
Note	DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity	Share capital	Retained earnings	Total
	Equity at 1 January 2018	1,000	19,050	20,050	401	20,451	1,000	22,273	23,273
	Dividend distribution	0	-10,000	-10,000	0	-10,000	0	-10,000	-10,000
	Transfer, see "Appropriation of profit/loss"	0	15,813	15,813	16	15,829	0	20,446	20,446
	Equity at 1 January 2019	1,000	24,863	25,863	417	26,280	1,000	32,719	33,719
	Dividend distribution	0	-3,000	-3,000	0	-3,000	0	-3,000	-3,000
	Dividends paid from liquidated subsidiary	0	0	0	-417	-417	0	0	0
15	Transfer, see "Appropriation of profit/loss"	0	18,820	18,820	0	18,820	0	12,434	12.434
	Equity at 31 December 2019	1,000	40,683	41,683	0	41,683	1,000	42,153	43,153

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	2019	2018
	Profit for the year	18,820	15,829
16	Adjustments	4,405	7,694
17	Changes in working capital	-233	-2,833
	Cash generated from operations before financial items	22,992	20,690
	Interest received	2	11
	Interest paid	-157	-95
	Cash flows from operating activities	22,837	20,606
	Acquisition of property, plant and equipment, and software	-7,694	-8,285
	Disposals of property, plant and equipment	0	0
	Cash flows from investing activities	-7,694	-8,285
	Dividends paid	-3,000	-10,000
	Dividends received	833	0
	Cash flows from financing activities	-2,167	-10,000
	Net cash flows from operating, investing and financing activities	12,976	2,321
	Cash and cash equivalents at 1 January	34,664	32,343
	Cash and cash equivalents at 31 December	47,640	34,664

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

1 **Accounting policies**

The annual report of Casino Copenhagen K/S for 2019 has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Casino Copenhagen K/S, and subsidiaries in which Casino Copenhagen K/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement over 5 years.

Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue and expenses

Gross gaming revenue consists of gains from various gaming activity and received tronc. Gaming tax is calculated from gains of gaming activity. Significant revenue and gaming tax are accrued to match the financial statement period.

Revenue from entrance and cloakroom includes income from non-gaming activities.

Staff costs

Staff costs comprise salaries and wages, pension and other expenses related to social security.

Other external costs

Other external costs include expenses related to marketing, administration, premises, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on transactions denominated in foreign currencies and dividend from investments in affiliated companies.

Tax on profit for the year

The Parent Company is a tax transparent entity, and therefore, the limited partners are liable to pay tax. Tax on profit for the year included in the income statement is related to subsidiaries liable to pay tax.

Tax for the year comprises current tax and changes in deferred tax for the year in subsidiaries.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Software and right of use assets

Software consist of external acquired software programs used for operations and administration. Right of use assets consist of payments related to entering leasing contract on gaming premises.

On initial recognition, intangible assets are measured at cost.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Software	1-3 years
Right of use assets	3 - 10 years

If the remaining licence period is shorter than the depreciation period according to the estimated useful lives, the non-current assets will be depreciated over the remaining licence period.

Gains and losses on the disposal of software are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other external costs.

Property, plant and equipment

Leasehold improvement and tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvement	10 years
Tools and equipment	3-5 years

If the remaining licence period is shorter than the depreciation period according to the estimated useful lives, the non-current assets will be depreciated over the remaining licence period.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other external costs.

Investments in subsidiaries

Investments in subsidiaries are measured at acquisition cost in the parent company financial statements. The acquisition costs consist of the purchasing price plus costs directly related to the acquisition. If the acquisition price is higher than the reinvestment value, the asset is depreciated to this lower value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

1 **Accounting policies (continued)**

On acquisition of subsidiaries, the acquisition method is applied; see the consolidated financial statements above.

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost. Write-down for anticipated losses is made to net realisable value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are measured at net realisable value.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

1 **Accounting policies (continued)**

Cash flow statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's capital from limited partners and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to the limited partners.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and in hand.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Net profit ratio	$\frac{\text{Operating profit x 100}}{\text{Gross gaming revenue}}$
Return on investment	$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Gross gaming revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
2 Staff costs				
Salaries and wages	70,210	72,138	60,258	62,172
Costs for social security	2,480	1,676	2,056	1,274
Pensions	5,193	5,624	4,497	4,853
Payroll tax	4,666	4,793	3,995	4,151
Other staff costs	1,368	1,426	843	1,143
	83,915	85,657	71,648	73,593
Average number of full-time employees	153	163	132	140

Remuneration of the Parent Company's Executive Board and Board of Directors amounted to DKK 2,495 thousand in 2019 (2018: DKK 2,485 thousand).

3 **Fees paid to auditors appointed at the annual general meeting**

DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
Audit services	327	315	242	235
Other assistance	46	46	29	29
	373	361	271	264

4 **Amortisation/depreciation and impairment losses**

	Group 2019	Group 2018	Parent 2019	Parent 2018
Intangible assets	0	2,628	0	0
Property, plant and equipment	4,248	4,824	3,326	4,073
	4,248	7,452	3,326	4,073

5 **Financial income**

	Group 2019	Group 2018	Parent 2019	Parent 2018
Received dividends from subsidiaries	0	0	83	2,000
Other interest income	2	11	0	8
	2	11	83	2,008

6 **Financial expenses**

	Group 2019	Group 2018	Parent 2019	Parent 2018
Interest expense to associates	0	0	0	0
Other interest expense	157	95	139	76
	157	95	139	76

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

		Group		Parent	
	DKK'000	2019	2018	2019	2018
7	**Tax on profit for the year**				
	Current tax charge for the year	0	0	0	0
	Change in deferred tax	221	-153	0	0
		221	-153	0	0

The parent company is a tax transparent entity and thus not subject to income tax. Reference is made to accounting policies.

8 Intangible assets

DKK'000	Group Right of use	Group Software	Group Goodwill
Cost at 1 January 2019	0	32	13,000
Additions	4,097	0	0
Cost at 31 December 2019	4,097	32	13,000
Impairment losses and amortisation at 1 January 2019	0	4	10,400
Amortisation	0	28	2,600
Impairment losses and amortisation at 31 December 2019	0	32	13,000
Carrying amount at 31 December 2019	4,097	0	0
Amortised over	10 years	3 years	5 years

9 Property, plant and equipment

	Group		
DKK'000	Leasehold improve-ments	Tools and equipment	Total
Cost at 1 January 2019	25,734	104,446	130,180
Additions during the year	473	2,124	2,597
Disposals during the year	-275	-10,691	-10,966
Cost at 31 December 2019	25,932	95,879	121,811
Depreciation at 1 January 2019	23,765	93,280	117,045
Depreciation for the year	222	4,025	4,247
Depreciation on disposals for the year	-231	-10,691	-10,922
Impairment losses and depreciation at 31 December 2019	23,756	86,614	110,370
Carrying amount at 31 December 2019	2,176	9,265	11,441

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

9 Property, plant and equipment (continued)

	Parent		
DKK'000	Leasehold improve-ments	Tools and equipment	Total
Cost at 1 January 2019	23,658	86,453	110,111
Additions during the year	0	1,861	1,861
Disposals during the year	-275	-10,558	-10,833
Cost at 31 December 2019	23,383	77,756	101,139
Depreciation at 1 January 2019	23,605	77,068	100,673
Depreciation for the year	9	3,316	3,325
Depreciation on disposals for the year	-231	-10,789	-2,258
Impairment losses and depreciation at 31 December 2019	23,383	69,826	100,584
Carrying amount at 31 December 2019	0	7,930	7,930

	Parent	
DKK'000	2019	2018
10 Investments in subsidiaries		
Cost at 1 January	14,585	14,585
Additions	1,000	0
Disposal	-750	0
Cost at 31 December	14,835	14,585
Value adjustments at 1 January	275	275
Impairment for the year	7,500	0
Value adjustments disposals	-275	0
Value adjustments at 31 December	7,500	275
Carrying amount at 31 December	7,335	14,310

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Casino Marienlyst A/S	100%	-853	5,025
Casino Vesterport Copenhagen K/S	100%	-160	840

All subsidiaries are considered as separate entities.

	Group		Parent	
DKK'000	2019	2018	2019	2018
11 Deferred tax				
Deferred tax at 1 January	276	429	0	0
Adjustment of deferred tax	221	-153	0	0
Deferred tax at 31 December	497	276	0	0

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

DKK'000	Group 2019	Group 2018	Parent 2019	Parent 2018
12 Other payables				
Gaming tax payable	9,360	11,801	8,305	11,207
Payroll tax payable	1,001	1,080	854	958
Salaries and holiday pay	11,664	11,124	10,343	9,810
VAT payable	979	1,447	836	1,299
ATP payable	699	759	626	671
Costs for social security and pensions	35	106	30	101
Other payables	5,114	3,583	4,420	2,951
	28,852	29,900	25,414	26,997

13 Contractual obligations and contingencies, etc.

Contingent liabilities

The Group has issued guarantees totalling DKK 5,500 thousand to the Danish Gambling Authority. Of this amount, the Parent Company is liable for DKK 4,000 thousand.

Operating lease obligations

The group companies have entered into operating lease contracts with annual lease payments of DKK 8,117 thousand. Of this amount, the Parent Company is liable for DKK 4,747 thousand. The contracts apply until the end of the operating license.

The present licenses expire on 31 December 2028, 31 December 2027 and 31 May 2029, respectively.

14 Related party disclosures

Casino Copenhagen K/S' related parties comprises the Board of Directors, Management and related entities.

Related party trading includes the following:

Related party transactions

DKK'000	2019	2018
Group		
Receivables from related parties	2,087	2,686
Payables to related parties	0	0
Parent		
Purchase from shareholders (rent/administration)	5,022	4,983
Received dividends from subsidiaries	83	2,000
Receivables from related parties	8,222	4,633

Besides distribution of dividend and the information provided in accordance with the above table, no other transactions were carried through with shareholders in the year.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 2.

Casino Copenhagen K/S has no related parties exercising control.

CIH Scandinavia Hotel A/S, Denmark, and Casinos Austria International GmbH, Austria, each hold 50% of the shares in Casino Denmark A/S, which is the general partner of Casino Copenhagen K/S.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December 2019

Notes to the financial statements

14 Related party disclosures (continued)

CIH Scandinavia Hotel A/S and Casinos Austria International Gesmbh are the limited partners of Casino Copenhagen K/S and each own 50% of the total capital as both parties have provided DKK 500 thousand in capital.

The annual reports for these companies can be acquired at the following addresses:

Casino Austria AG
Rennweg 44
A-1038
Austria

Wenaasgruppen AS
Wenaashuset
N-6386 Måndalen
Norway

DKK'000	Parent 2019	Parent 2018
15 Appropriation of profit/loss		
Recommended appropriation of profit/loss	12,434	20,446
	12,434	20,446

The parent company has paid DKK 3,000 thousand (2018: DKK 10,000 thousand) as dividend during the year.

DKK'000	Group 2019	Group 2018
16 Cash flow statements – adjustments		
Interest income and similar items	0	-11
Interest expense and similar items	157	95
Amortisation and depreciation	4,248	7,456
Tax on profit for the year	0	154
	4,405	7,694
17 Cash flow statements – changes in working capital		
Change in current assets	-3,573	-6,395
Change in short-term liabilities	3,340	3,562
	-233	-2,833