

Signal Arkitekter ApS

Århusgade 88, 2.

2100 København Ø

Annual Report 2019

The Annual Report was presented and adopted at
the Annual General Meeting of the Company

on 26 May 2020

Barbara Fiorini Due



Chairman of the Annual General Meeting

CVR No. 25 31 93 62

This report contains 18 pages

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Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have today discussed and adopted the annual report for Signal Arkitekter ApS for the financial year 1 January 2019 – 31 December 2019.

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

It is our opinion that the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January 2019 – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development and performance of the company's activities and of the company's results for the year and the financial position.

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

Copenhagen, 19 May 2020

Executive Board:



Gitte Andersen

Board of Directors:



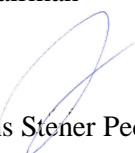
Troels Bjerg
Chairman



Andrew Price



Tamilla Vahman



Jens Stener Pedersen

Independent auditor's report

To the shareholders of Signal Arkitekter ApS

Opinion

We have audited the financial statements of Signal Arkitekter ApS for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, and notes, including 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 – 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 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 Company 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 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.

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.

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.

Independent auditor's report

- ▶ 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.
- ▶ 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 note disclosures, 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'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.

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, 19 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Claus Kronbak
State Authorised
Public Accountant
mne28675

Company Information

Company details

Signal Arkitekter ApS
Århusgade 88, 2.
2100 København Ø

CVR No: 25 31 93 62
Established: 1 April 2000
Registered office: Copenhagen
Financial year: 1 January - 31 December

Board of Directors

Troels Bjerg (Chairman)
Andrew Price
Tamilla Vahman
Jens Stener Pedersen

Executive Board

Gitte Andersen

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Annual General Meeting

The Annual General Meeting is expected to be held on 26 May 2020 at Buddingevej 197, 2860 Søborg.

Management's Review

Operating review

The company's purpose is to carry out consulting architect business as well as any related business activities.

Development in activities and financial position

Result for the period is a loss of DKK 1,423 thousand (2018: profit of DKK 736 thousand). The result for the period is not in line with the expectations. Total assets amount to DKK 13,956 thousand (2018: DKK 11,916 thousand) and Equity is DKK 4,660 thousand (2018: DKK 6,083 thousand). 2018 numbers are not comparable due to changes in accounting practice in 2019.

As of 1 January 2019, the Company has implemented the recognition and measurement criteria from IFRS 15 and IFRS 16. Refer to note 1 for a description of the impact on the income statement and the financial position for 2018 numbers.

Events after the balance sheet date

For subsequent events, refer to note 10.

Financial statements for period 1 January - 31 December 2019

Income statement

| | Note | 2019 DKK'000 | 2018 DKK'000 |
|---------------------------------------|------|-----------------|-----------------|
| Gross profit | | 20,226 | 20,220 |
| Staff costs | 2 | -20,845 | -19,216 |
| Depreciation and amortisation | 5,6 | -1,019 | -87 |
| Operating loss | | -1,638 | 917 |
| Financial income | 3 | 10 | 76 |
| Financial expenses | 4 | -263 | -44 |
| Loss before tax | | -1,891 | 949 |
| Tax on profit for the year | | 468 | -213 |
| Net loss for the year | | -1,423 | 736 |
| Proposed distribution of loss: | | | |
| Retained earnings | | -1,423 | 736 |
| | | -1,423 | 736 |

Financial statements for period 1 January - 31 December 2019

Balance sheet

| | Note | 2019 | 2018 |
|---|------|---------------|---------------|
| | | DKK'000 | DKK'000 |
| ASSETS | | | |
| Software | | 63 | 71 |
| Intangible assets | | 63 | 71 |
| Fixtures and fittings, tools and equipment | | 131 | 152 |
| Leasehold improvements | | 71 | 94 |
| Right-of-use assets | 5,6 | 3,980 | - |
| Property, plant and equipment and leases | | 4,182 | 246 |
| Other financial assets | | 476 | 461 |
| Financial assets | | 476 | 461 |
| Non-current assets total | | 4,721 | 778 |
| Trade receivables | | 3,247 | 5,362 |
| Contract work in progress | | 1,235 | 64 |
| Receivables from companies within the ISS Group | | 2,985 | 4,543 |
| Prepayments | | 340 | 339 |
| Other receivables | | 21 | 69 |
| Current assets | | 7,828 | 10,377 |
| Liquid funds | | 1,407 | 761 |
| Current assets total | | 9,235 | 11,138 |
| TOTAL ASSETS | | 13,956 | 11,916 |

Financial statements for period 1 January - 31 December 2019

Balance sheet

| | Note | 2019 | 2018 |
|--|------|---------------|---------------|
| | | DKK'000 | DKK'000 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 208 | 208 |
| Retained earnings | | 4,452 | 5,875 |
| Total equity | | 4,660 | 6,083 |
| Liabilities | | | |
| Deferred tax | | 64 | 48 |
| Holiday allowances | 7 | 469 | - |
| Lease obligations | 8 | 3,225 | - |
| Non-current liabilities | | 3,758 | 48 |
| Lease obligations | 8 | 848 | - |
| Trade payables | | 619 | 398 |
| Debt to ISS Group | | 105 | 9 |
| Prepayments from customers | | 315 | - |
| Other liabilities | | 3,651 | 5,378 |
| Current liabilities | | 5,538 | 5,785 |
| Total liabilities | | 9,296 | 5,833 |
| TOTAL EQUITY AND LIABILITIES | | 13,956 | 11,916 |
| Contingent liabilities and other financial obligation | 9 | | |
| Related parties | 10 | | |
| Subsequent events | 11 | | |

Notes to the financial statements

1 Accounting policies

Basis of preparation

The financial statements for Signal Arkitekter ApS for the financial year ended 31 December 2019 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B.

The financial statements are presented in Danish kroner (DKK). All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

Besides the below mentioned changes the accounting policies are consistent with those of last year.

Changes in accounting policies

From 1 January 2019 Signal Arkitekter ApS has adopted the recognition and measurement requirements in both IFRS 16 “Leases” and IFRS 15 “Revenue from contracts with customers”. Consequently, note disclosures from IFRS 15 and 16 have not been adopted as allowed under the Danish Financial Statements Act.

IFRS 15

IFRS 15 establishes a five-step model to account for revenue and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has adopted IFRS 15 using the cumulative effect method. The impact on recognition and measurement is considered immaterial to the financial statements and no adjustment has been recognised in equity at 1 January 2019. The comparative information has not been restated.

IFRS 16

The implementation of IFRS 16 impacted the financial statement as the lease contracts were previously classified as off-balance operating leases. On adoption of IFRS 16 Signal Arkitekter ApS recognised all leases as right-of-use assets in the statement of financial position and the related obligation as liabilities.

In terms of reported profits, previously the operating lease cost was recognised in a single amount within Operating profit. Following the adoption of IFRS 16, this is replaced by recognition of a depreciation charge in Operating profit and a financial expense. The impact on net profit is neutral over time, but a timing effect does occur due to frontloading of interest expenses.

The Company has adopted the IFRS 16 using the modified retrospective approach. The cumulative effect is recognised in the opening balance on 1 January 2019. Comparative figures have not been restated. For leases previously classified as operating leases, lease liabilities have been measured at the present value of the remaining lease payments. Where the interest rate implicit in the lease was not readily determinable, an appropriate incremental borrowing rate at the date of initial application has been applied.

Notes to the financial statements

1 Accounting policies (*continued*)

The weighted average incremental borrowing rates applied at 1 January 2019 were:

- Building: 2.4%
- Cars: 1.8%

The right-of-use assets were recognised based on an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments previously recognised.

In terms of practical expedients, when adopting IFRS 16 the Company has applied the following:

- Reliance on previous assessments of whether leases are onerous;
- Exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected not to reassess whether a contract contains a lease at the date of initial application

Impact on the opening balance

The effect on the opening balance was an increase in lease liabilities of DKK 4.906 thousand. Right-of-use assets increased with a similar amount.

Impact on the income statement

| DKK'000 | IFRS 16 | Previous accounting policy | Net impact |
|-------------------------------|---------|----------------------------|------------|
| Gross profit | 20,226 | 19,219 | 1,007 |
| Depreciation and amortisation | -1,019 | -93 | -926 |
| Operating loss | -1,638 | -1,719 | 81 |
| Financial expenses | -263 | -89 | -174 |
| Loss before tax | -1,891 | -1,808 | -93 |

Recognition and measurement in general

Income is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts previously 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 below. Recognition and measurement consider gains, losses and risks that arise before the annual report is presented and which prove or disprove matters existing at the balance sheet date.

Notes to the financial statements

2 Accounting policies (*continued*)

Income statement

Gross profit or loss

Gross profit or loss comprise revenue, cost of sales and other external costs.

Revenue

With reference to section 32 of the Danish Financial Statement Act, revenue has not been disclosed in the income statement.

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Control is transferred over time as Signal Arkitekter ApS' performance does not create or enhances an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

The input method is used to measure progress towards complete satisfaction of the service because there is a direct relationship between incurred costs, and the work performed under a given contract.

Revenue excludes amounts collected on behalf of third parties, e.g. VAT and duties.

Cost of sales

Cost of sales comprise the product consumption measured at cost for the period.

Other external costs

Other external costs comprise costs related to the company's primary activities including office costs, sales promotion costs etc. Impairment losses on trade receivables are also included.

Staff costs

Staff costs comprise wages and salaries, pensions and other social costs for the company's employees.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation on, amortisation of and impairment relating to property, plant and equipment and leases and intangible assets respectively.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, interest on leased assets, realised and unrealised gains and losses on securities, gain and losses on transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as additions and reimbursement under the Danish prepayment scheme, etc.

Tax on profit/loss for the year

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

1 Accounting policies (*continued*)

Balance Sheet

Intangible assets

Software are measured at cost less accumulated amortisation and less any accumulated impairment losses.

The cost comprises the purchase price and other directly attributable cost of preparing the assets for its intended use.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets, which are:

| | |
|-------------------|---------|
| Software licenses | 5 years |
|-------------------|---------|

Amortisation methods and useful lives are reassessed at each reporting date and adjusted prospectively if appropriate.

Software is written down to recoverable amount if it is lower than carrying amount.

Property, plant and equipment and leases

Property, plant and equipment

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

The cost comprises the purchase price and costs directly related to the acquisition until the date when the asset is ready for intended use.

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

| | |
|--|--------------------------|
| Fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5 years (the lease term) |

Depreciation methods and useful lives are reassessed at each reporting date and adjusted prospectively if appropriate.

Property, plant and equipment are written down to recoverable amount if it is lower than carrying amount.

Notes to the financial statements

1 Accounting policies (*continued*)

Leases

Leases are recognized at the commencement date of the lease. Leases are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurements of lease liabilities.

Cost comprise the amount of lease liabilities recognized, initial direct cost and dismantling and restoration costs incurred as well as lease payments made at or before the commencement date less any lease incentives received.

Leases are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset. Buildings are depreciated over 5 years and cars over 2 years.

Receivables

Receivables are measured at amortised cost, which usually approximates the nominal value, less impairment losses. Impairment losses are recognised when objective evidence indicates that an individual receivable or a portfolio of receivables with similar risk characteristics is impaired.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed at the reporting date.

The selling price is measured based on the stage of completion and the total expected income for each ongoing work. The stage of completion is measured by the ratio of actual resource consumption and the budgeted resource consumption.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

The individual contract work in progress is recognised in the balance sheet under receivables or liabilities, depending on whether the net value, which is calculated as the selling value price prepaid payments received, is positive or negative.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years and is measured at cost.

Liquid funds

Liquid funds comprise cash and bank deposits.

Notes to the financial statements

1 Accounting policies (*continued*)

Corporation tax and deferred tax

The company is covered by the Danish rules of joint taxation with the ultimate Danish holding company ISS A/S and other Danish subsidiaries. ISS A/S is the administration company for the joint taxation and settles all tax payments with the tax authorities. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). Payable and receivable joint tax contributions are recognised in the balance sheet as receivables or debt to affiliates.

Deferred tax is measured in accordance with the liability method and comprises all temporary differences between accounting and tax values of assets and liabilities. When alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the assets or settlement of the liability, respectively.

Deferred tax is measured according to the taxation rules and tax rates applicable at the reporting date when the deferred tax is expected to be realised as current tax.

Deferred tax assets, including the tax base of tax losses carried forward, 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.

Notes to the financial statements

| | 2019 | 2018 |
|---|---------------|---------------|
| | DKK'000 | DKK'000 |
| 2 Staff costs | | |
| Wages and salaries | 18,456 | 17,083 |
| Pensions | 2,154 | 1,902 |
| Other social security costs | 235 | 231 |
| | <u>20,845</u> | <u>19,216</u> |
| Average number of full-time employees | <u>32</u> | <u>30</u> |
| 3 Financial income | | |
| Interest income from companies within the ISS Group | 10 | 66 |
| Other financial income | - | 10 |
| | <u>10</u> | <u>76</u> |
| 4 Financial expenses | | |
| Interest expenses | 190 | 14 |
| Loss on foreign exchange | 9 | - |
| Other financial expenses | 64 | 30 |
| | <u>263</u> | <u>44</u> |
| 5 Right-of-use assets, buildings | | |
| Cost at 1 January | - | - |
| Adoption of IFRS 16 | 4,618 | - |
| Cost at 31 December | <u>4,618</u> | <u>-</u> |
| Amortisation at 1 January | - | - |
| Amortisation | -769 | - |
| Amortisation at 31 December | <u>-769</u> | <u>-</u> |
| Carrying amount at 31 December | <u>3,849</u> | <u>-</u> |

Notes to the financial statements

| | 2019 | 2018 |
|---------------------------------------|------------|----------|
| | DKK'000 | DKK'000 |
| 6 Right-of-use assets, cars | | |
| Cost at 1 January | - | - |
| Adoption of IFRS 16 | 288 | - |
| Cost at 31 December | 288 | - |
| Amortisation at 1 January | - | - |
| Amortisation | -157 | - |
| Amortisation at 31 December | -157 | - |
| Carrying amount at 31 December | 131 | - |

7 Holiday allowance

Holiday allowance with a maturity of more than 5 years amount to DKK 469 thousand.

8 Lease obligations

Lease debt with a maturity of more than 5 years amount to DKK 0 thousand.

9 Contingent liabilities

The company is jointly taxed with the Danish companies in the ISS Group. Together with the other Danish companies, the company have a joint and unlimited liability of Danish corporation taxes and Danish withholding taxes on dividends, interests and royalties in the joint taxation. At 31 December 2019, the jointly taxed companies' net liabilities to SKAT amounted to DKK 0 thousand. Any subsequent corrections of the taxable income subject to joint taxation may entail that the Company's liability will increase.

In addition, there are no company liabilities not recognised in the financial statement.

10 Related parties

Signal Arkitekter ApS's related parties comprise the following:

Parties exercising control

ISS Global A/S owns 84% of the shares of the company. The company is included in the consolidated financial statements for ISS Global A/S (CVR no. 21 40 83 95) and Danish holding company ISS A/S (CVR no. 28 50 47 99), both Buddingevej 197, DK - 2860 Søborg.

Transactions with related parties

Besides deposits, loans and interest on the outstanding balances there have been no further transactions with related parties.

Notes to the financial statements

11 Subsequent events

Covid-19 and IT Security Incident

As announced on 20 March 2020, we are monitoring the rapid developing repercussions related to COVID-19. We expect that our financial performance in 2020 will be negatively impacted. However, currently we are unable to quantify the magnitude as the situation remains too uncertain.

For further information on the impact on the ISS Group on the IT security incident and COVID-19, please refer to ISS A/S's announcement 5 on 20 March 2020.

Other than set out above or elsewhere in this Annual Report, we are not aware of events subsequent to 31 December 2019, which are expected to have a material impact on Signal Arkitekter ApS' financial position.