

Aclass A/S
Hasselager Centervej 29, st.
8260 Viby J
Central Business Registration
No 28690924

Annual report 2019

The Annual General Meeting adopted the annual report on 12.08.2020

Chairman of the General Meeting

Name: Kurt Kvorning

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Entity details

Entity

Aclass A/S
Hasselager Centervej 29, st.
8260 Viby J

Central Business Registration No: 28690924

Registered in: Aarhus

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Kurt Kvorning, Chairman
Niels Garde Toft, Vice Chairman
René Andersen

Executive Board

Claus Palmgren Jessen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Aclass A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Viby J, 12.08.2020

Executive Board

Claus Palmgren Jessen

Board of Directors

Kurt Kvorning
Chairman

Niels Garde Toft
Vice Chairman

René Andersen

Independent auditor's report

To the shareholder of Aclass A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Aclass A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 12.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification number (MNE) mne32127

Ane Sachs Aasand
State Authorised Public Accountant
Identification number (MNE) mne42783

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Financial highlights				
Key figures				
Revenue	390,965	373,232	311,812	253,416
Gross profit/loss	51,781	55,288	44,590	35,398
Operating profit/loss	16,393	22,659	15,944	12,605
Net financials	(1,702)	(41)	(3,283)	(1,877)
Profit/loss for the year	10,703	16,866	8,605	7,620
Total assets	190,693	192,088	177,410	162,309
Investments in property, plant and equipment	383	1,367	135	430
Equity	60,204	66,318	66,069	39,508
Cash flows from (used in) operating activities	22,001	21,771	28,341	19,939
Cash flows from (used in) investing activities	(5,874)	(5,822)	(1,336)	(2,030)
Cash flows from (used in) financing activities	(15,000)	(15,200)	(16,000)	(10,500)
Ratios				
Gross margin (%)	13.2	14.8	14.3	14.0
Net margin (%)	2.7	4.5	2.8	3.0
Return on equity (%)	16.9	25.5	16.3	19.3
Equity ratio (%)	31.6	34.5	37.2	24.3

Referring to section 128(4) of the Danish Financial Statements Act, the statement of financial highlights only covers the figures for 2016 – 2019.

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

Ratios	Calculation formula	Ratios
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.

Management commentary

Primary activities

In line with previous years, the primary activities of the Company is to arrange travels, etc.

Development in activities and finances

The Company's income statement for 2019 showed a profit before tax of DKK 14,691k (2018: DKK 22,618k) and the balance sheet at 31 december 2019 showed equity of DKK 60,204k.

Profit/loss for the year in relation to expected developments

Realised results for the year were negatively affected by a number of major external events, like the terror attack in Sri Lanka in April 2019 and the civil unrest in Latin America in the 2nd half of 2019.

The results are thus not in accordance with Management's expectations for the financial year and the budget prepared.

Outlook

Strategic initiatives started up in 2019 and new initiatives for 2020 were expected to contribute positively to the growth.

However, with the outbreak of COVID-19 and the consequences hereof, Management has reassessed its expectations and expects significantly lower revenue and results before tax than in the previous financial year. At present, Management is unable to make a precise estimate of the total effect of the outbreak and spread of COVID-19 on the Company and its 2020 results.

As a direct consequence of COVID-19, the Management and the Board will reassess the strategy during 2020.

We also refer to note 1 of the financial statements and the Management Commentary paragraph "Events after the balance sheet date".

Particular risks

The Group is exposed particularly to force majeure events on our destinations.

The Group is also exposed to fluctuations in foreign currencies. Management is aware of this risk, which is reduced by hedging the foreign exchange rates.

Management commentary

Corporate Governance

The majority owner of Aclass is the private equity fund: Maj Invest Equity 5 K/S, which is a member of DVCA. As a private equity portfolio owned company, Aclass A/S generally follows DVCA's recommendations, except that the company based on its size, has not established an audit committee. These tasks are handled by the Board.

Refer to www.DVCA.dk for more information about the guidelines

Development in the number of employees

The company had 47 employees at the beginning of the year split by 42 employees in Denmark and 5 in rest of the world. In the year there has been a net inflow of 1 employees split by 1 in Denmark and 0 in rest of the world. The company has at year-end 48 employees split by 43 in Denmark and 5 in rest of the world.

Board information

Kurt Kvorning (Appointed by the Annual General Meeting per 05.05.2014): Executive Board: Investeringsselskabet af 16/1 1992 ApS, KK Invest ApS, CPT Invest 2017 ApS, Check Point Travel ApS. Board of Directors: Aclass A/S, Feline Holidays A/S, Holiday Group Invest A/S, MidCap Holiday Group ApS, CapHold Holiday Group ApS

Niels Garde Toft (Appointed by MIE4 Holding 3 ApS per 27.06.2013): Executive board: LDE 1 ApS, LDE 2 ApS, Equity Datterholding 15 (FM) ApS, Aclass Holding ApS, LDE Holding 13 ApS, RoM Invest ApS, MIE5 Holding 7 ApS, Maks ApS. Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Fonden LDE 2 GP, Aclass A/S (appointed 19/7 2017 by the Annual General Meeting), Equity Datter Holding 13 ApS, Roll-O-Matic A/S.

René Andersen (Appointed by the Annual General Meeting per 05.05.2014): Executive Board: TravelBiz ApS, PALDOR HOLDING ApS, PUMORI ApS. Board of Directors: Aclass A/S, appointed 5/5 2014 by the Annual General Meeting.

Statutory report on corporate social responsibility

The primary activity of the Company is to market and sell adventure package tours to destinations in Africa, Latin America and Asia under the brand names Afrika Safari, Asia Tours and Lama Tours. Our package tours involve e.g. tours for families as well as active holidays. To achieve our vision 'our customers will enjoy a holiday of a lifetime', we work closely with local partners, who have extensive knowledge and experience of our destinations. Aclass is committed to developing a profitable business with sustainable business practices in the areas where we operate. Our approach to social responsibility is inspired by the UN Global Compact principles. In the following, we will describe our activities and how we manage potential risks concerning the four areas: environment and climate, employee conditions, human rights and corruption and bribery.

Management commentary

Environment and climate

As a part of our core values, we work to contribute, protect and give back to the environments that we are part of. Specifically, we have initiated a project entailing that for every travel sold, we plant 10 trees in Zambia or Brazil in cooperation with the Global Climate Initiative and WeForest. Furthermore, we work with our partners in Tanzania to reduce the use of plastic and to ensure that plastic is recycled for e.g. production of furniture. For further information about our initiatives, please visit www.afrika-safari.dk, www.lama-tours.dk and www.asiatours.dk. In relation to environment and climate, we believe it is our obligation and responsibility to care for and help to protect nature and the local environments in which we operate, including protecting wildlife at risk. We believe that our efforts in 2019 have contributed to maintaining and protecting the local environments in which we operate.

Employee conditions

We strive to create a workplace where employees are engaged and motivated, and therefore at low risk of workplace stress. We have a staff manual, which states our employee-related policies and activities. Our policies cover e.g. working hours, maternity leave and information on pension and insurance. The manual forms part of our onboarding of employees, when joining the company and is available on our common network drive. Our activity and results for 2019 are the initiation of our well-being programme, which, among other activities, focuses on employee engagement and well-being. The programme consists of both participants from Management and the respective functions. In relation to employee conditions, we believe that general well-being is crucial to continue to attract and retain employees and drive the business forward.

Human rights and corruption and bribery

We have chosen to describe our efforts in relation to human rights and bribery and corruption in one combined section, as we believe that these areas are related to general, responsible business conduct. We believe that the primary risks related to these areas are if an employee or one of our partners would not respect fundamental human rights and/or use illegal means to obtain an unfair business advantage. This could lead to breaches of universal principles concerning human rights and corruption and bribery. We have a zero-tolerance policy towards breaches of human rights as well as any kind of corruption and bribery. We have a Code of Conduct, which is also based on the ten principles of the UN Global Compact. The Code of Conduct is distributed to and must be signed by all our partners. The code of conduct outlines our commitment to operating a responsible business that complies with all applicable national laws and regulations.

Furthermore, the code of conduct is shared with all employees, when joining the Company. One of the ways we have implemented our human rights commitment is to promote children's education in Tanzania, where we have worked with NGO Zara Charity in relation to the Ngorongoro Masaai Pre-School and the Ngorongoro Pre-School. We have donated 30,000 USD and have contributed with other sponsors to help build the Ngorongoro Masaai Pre-School. For the Ngorongoro Pre-School, we have donated the kitchen building and contribute monthly with support for purchasing uniforms, schoolbooks and food. The Pre-Schools are placed in the Ngorongoro Conversation Area, which is home to thousands of masaais and which is also a travel destination

Management commentary

for our Afrika-safari company. We consider this an important way of contributing to the local community and strengthening their human rights. We are not aware of any breaches in 2019 in Aclass concerning human rights or corruption and bribery.

Statutory report on the underrepresented gender

The Board consists of three male members. We have a target to achieve one female member of the Board by 2023. The target was not achieved in this financial year, as we have not had an election for the Board.

There is not a separate policy for the underrepresented gender at other management levels, as the Company has less than 50 employees.

Events after the balance sheet date

Subsequent to year-end, the outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is very difficult to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Company in future periods.

As a result of the uncertainty due to COVID-19 the management have taken measures to ensure the cash flow for the future operation for the foreseeable future. The management has prepared forecasts and scenarios based on the development since the outbreak and conservative expectations to the future, and the added liquidity is estimated to be more than ample to cover the foreseeable future based on the assumptions made.

Apart from the above, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue	2	390,964,873	373,232,157
Cost of sales		(305,326,242)	(284,630,690)
Other external expenses	3	(33,857,768)	(33,313,457)
Gross profit/loss		51,780,863	55,288,010
Staff costs	4	(28,985,276)	(27,077,767)
Depreciation, amortisation and impairment losses	5	(6,402,907)	(5,551,027)
Operating profit/loss		16,392,680	22,659,216
Other financial income		109,910	273,301
Other financial expenses		(1,811,731)	(314,094)
Profit/loss before tax		14,690,859	22,618,423
Tax on profit/loss for the year	6	(3,987,964)	(5,752,520)
Profit/loss for the year	7	10,702,895	16,865,903

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired rights		10,262,545	7,526,646
Goodwill		46,259,771	49,487,195
Intangible assets	8	56,522,316	57,013,841
Other fixtures and fittings, tools and equipment		1,094,199	1,323,351
Leasehold improvements		342,684	159,904
Property, plant and equipment	9	1,436,883	1,483,255
Deposits		440,436	431,800
Fixed asset investments	10	440,436	431,800
Fixed assets		58,399,635	58,928,896
Deferred tax	11	94,000	41,000
Other receivables	12	3,431,923	7,110,208
Joint taxation contribution receivable		1,507,206	0
Prepayments	13	61,482,828	60,358,439
Receivables		66,515,957	67,509,647
Cash	14	65,777,375	65,649,751
Current assets		132,293,332	133,159,398
Assets		190,692,967	192,088,294

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		500,000	500,000
Retained earnings		59,703,696	65,817,856
Equity		60,203,696	66,317,856
Other payables		768,188	0
Non-current liabilities other than provisions		768,188	0
Trade payables		16,791,560	11,317,153
Income tax payable		234,918	468,717
Joint taxation contribution payable		0	1,049,500
Other payables		4,938,796	5,211,893
Deferred income	15	107,755,809	107,723,175
Current liabilities other than provisions		129,721,083	125,770,438
Liabilities other than provisions		130,489,271	125,770,438
Equity and liabilities		190,692,967	192,088,294
Events after the balance sheet date	1		
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Mortgages and securities	19		
Transactions with related parties	20		
Group relations	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	500,000	65,817,856	0	66,317,856
Extraordinary dividend paid	0	0	(15,000,000)	(15,000,000)
Exchange rate adjustments	0	20,712	0	20,712
Value adjustments	0	(2,356,112)	0	(2,356,112)
Tax of equity postings	0	518,345	0	518,345
Profit/loss for the year	0	(4,297,105)	15,000,000	10,702,895
Equity end of year	500,000	59,703,696	0	60,203,696

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		16,392,680	22,659,216
Amortisation, depreciation and impairment losses		6,402,907	5,551,027
Working capital changes	16	6,203,602	38,244
Cash flow from ordinary operating activities		28,999,189	28,248,487
Financial income received		109,910	273,301
Financial income paid		(811,731)	(314,094)
Income taxes refunded/(paid)		(6,296,135)	(6,436,249)
Cash flows from operating activities		22,001,233	21,771,445
Acquisition etc of intangible assets		(5,482,498)	(4,341,381)
Acquisition etc of property, plant and equipment		(382,475)	(1,366,939)
Sale of property, plant and equipment		0	92,869
Acquisition of fixed asset investments		(8,636)	(431,800)
Sale of fixed asset investments		0	225,668
Cash flows from investing activities		(5,873,609)	(5,821,583)
Dividend paid		(15,000,000)	(18,000,000)
Received payment of receivables from group enterprises		0	2,800,000
Cash flows from financing activities		(15,000,000)	(15,200,000)
Increase/decrease in cash and cash equivalents		1,127,624	749,862
Cash and cash equivalents beginning of year		65,649,751	64,899,889
Cash and cash equivalents end of year		66,777,375	65,649,751

Notes to consolidated financial statements

1. Events after the balance sheet date

Subsequent to year-end, the outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is very difficult to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Company in future periods.

As a result of the uncertainty due to COVID-19 the management have taken measures to ensure the cash flow for the future operation for the foreseeable future. The management has prepared forecasts and scenarios based on the development since the outbreak and conservative expectations to the future, and the added liquidity is estimated to be more than ample to cover the foreseeable future based on the assumptions made.

Apart from the above, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

	2019 DKK	2018 DKK
2. Revenue		
Revenue by geographical market		
Nordic	209,074,772	208,635,328
Other	181,890,101	164,596,829
	390,964,873	373,232,157
Revenue by activity		
Package tour	390,808,488	373,082,864
Other	156,385	149,293
	390,964,873	373,232,157
	2019 DKK	2018 DKK
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	114,500	111,000
Other assurance engagements	15,000	12,500
Tax services	40,000	128,210
Other services	185,380	0
	354,880	251,710

Notes to consolidated financial statements

	2019 DKK	2018 DKK
4. Staff costs		
Wages and salaries	25,317,264	23,448,039
Pension costs	1,996,629	1,671,664
Other social security costs	793,162	629,763
Other staff costs	878,221	1,328,301
	28,985,276	27,077,767
Average number of employees	51	46
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	1,817,000	1,816,472
	1,817,000	1,816,472
Referring to section 98b(3) of the Danish Financial Statements Act, Management's remuneration has disclosed as an aggregate amount for management categories.		
	2019 DKK	2018 DKK
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5,974,025	5,118,066
Depreciation of property, plant and equipment	428,882	432,961
	6,402,907	5,551,027
	2019 DKK	2018 DKK
6. Tax on profit/loss for the year		
Tax on current year taxable income	4,040,964	5,764,520
Change in deferred tax for the year	(53,000)	(12,000)
	3,987,964	5,752,520
	2019 DKK	2018 DKK
7. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	15,000,000	18,000,000
Retained earnings	(4,297,105)	(1,134,097)
	10,702,895	16,865,903

Notes to consolidated financial statements

	Acquired rights DKK	Goodwill DKK
8. Intangible assets		
Cost beginning of year	12,440,276	64,548,512
Additions	5,482,498	0
Cost end of year	17,922,774	64,548,512
Amortisation and impairment losses beginning of year	(4,913,628)	(15,061,317)
Amortisation for the year	(2,746,601)	(3,227,424)
Amortisation and impairment losses end of year	(7,660,229)	(18,288,741)
Carrying amount end of year	10,262,545	46,259,771

Goodwill is amortised on a straight-line basis over its estimated useful time, which is determined based on Management's experience within each business area.

When determining the amortisation period, Management has chosen to base the amortisation on useful lives, which are determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile.

It is Management's assessment that the carrying amount of goodwill embodies useful lives which are assessed to be long-term since the goodwill relates to affiliated markets where the Company has a strong market profile and continuously invests to meet the potential. Consequently, Management assesses the earnings profile to be long-term.

Based on the above, Management has assessed that it will be a fairer presentation if the amortisation period of goodwill is 20 years. Moreover, Management will reassess the useful lives so that they reflect the continuous market and earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
9. Property, plant and equipment		
Cost beginning of year	2,353,132	300,732
Additions	144,389	238,118
Cost end of year	2,497,521	538,850
Depreciation and impairment losses beginning of the year	(1,029,778)	(140,828)
Depreciation for the year	(373,544)	(55,338)
Depreciation and impairment losses end of the year	(1,403,322)	(196,166)
Carrying amount end of year	1,094,199	342,684
		Deposits DKK
10. Fixed asset investments		
Cost beginning of year		431,800
Additions		8,636
Cost end of year		440,436
Carrying amount end of year		440,436
	2019 DKK	2018 DKK
11. Deferred tax		
Intangible assets	103,000	61,000
Property, plant and equipment	(9,000)	(20,000)
	94,000	41,000
Changes during the year		
Beginning of year	41,000	
Recognised in the income statement	53,000	
End of year	94,000	

Notes to consolidated financial statements

	2019	2018
	DKK	DKK
12. Other receivables		
Derivative financial instruments	0	831,494
Other receivables	3,431,923	6,278,714
	3,431,923	7,110,208

The derivative financial instruments are further described in note 16.

13. Prepayments

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

14. Cash and cash equivalents

Of the Group's cash and cash equivalents, EUR 100,000 is provided as guarantee of the French Travel Guarantee Fond and therefor, this share of the Group's cash and cash equivalents is not disposable.

15. Short-term deferred income

Short-term deferred income comprise incurred revenue relating to subsequent financial years.

	2019	2018
	DKK	DKK
16. Change in working capital		
Increase/decrease in receivables	204,526	(14,680,295)
Increase/decrease in trade payables etc	5,999,076	14,718,539
	6,203,602	38,244

17. Financial instruments

Disclosure on forward exchange contracts acquired to hedge liabilities

Other payables include a negative fair value of the forward exchange contracts of DKK 1,524k. The forward exchange contracts have been acquired to hedge the foreign currency risk of trade payables in USD, THB, SEK, GBP, NOK and ZAR. The exchange loss has been set off against the value adjustments of the hedged payables in the income statement. The forward exchange contracts have a term of 0-11 months. The forward exchange contracts have been entered into with the Company's usual bank.

Notes to consolidated financial statements

	2019	2018
	DKK	DKK
18. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	3,376,884	3,978,565

Unrecognised rental and lease commitments comprise rental commitments with a remaining contract period of 39 months. The commitment amounts to DKK 2,922k (2018: DKK 3,696k).

The remaining commitment comprises lease commitments relating to operating leases on other fixtures and fittings, tools and equipment. The commitment amounts to DKK 454k (2018: DKK 283k).

19. Mortgages and securities

The Group has provided payment guarantees totalling DKK 3,039k. The amount is distributed as follows:

- The Danish Travel Guarantee fund, DKK 1,800k
- Hansemerkur Reiseversicherung, DKK 1,195k
- Other guarantees, DKK 44k

20. Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed.

21. Group relations

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

- Aclass Holding ApS, Copenhagen

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

- Aclass Holding ApS, Copenhagen

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
22. Subsidiaries					
ASClass GmbH	Henstedt-Ulzburg, Germany	GmbH	100.0	3,249,077	841,579
Aclass UK Ltd	Richmond, England	Ltd	100.0	644,918	371,154

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue	2	386,407,713	369,007,066
Cost of sales		(306,026,080)	(284,630,690)
Other external expenses	3	(32,739,247)	(32,538,840)
Gross profit/loss		47,642,386	51,837,536
Staff costs	4	(26,481,003)	(24,768,685)
Depreciation, amortisation and impairment losses	5	(6,395,280)	(5,541,456)
Operating profit/loss		14,766,103	21,527,395
Other financial income		109,910	273,301
Other financial expenses		(1,802,658)	(286,263)
Profit/loss before tax		13,073,355	21,514,433
Tax on profit/loss for the year	6	(3,580,139)	(5,449,012)
Profit/loss for the year	7	9,493,216	16,065,421

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired rights		10,262,545	7,526,648
Goodwill		46,259,771	49,487,195
Intangible assets	8	<u>56,522,316</u>	<u>57,013,843</u>
Other fixtures and fittings, tools and equipment		1,045,677	1,267,237
Leasehold improvements		342,684	159,904
Property, plant and equipment	9	<u>1,388,361</u>	<u>1,427,141</u>
Investments in group enterprises		426,250	426,250
Deposits		440,436	431,800
Fixed asset investments	10	<u>866,686</u>	<u>858,050</u>
Fixed assets		<u>58,777,363</u>	<u>59,299,034</u>
Receivables from group enterprises		0	1,216,077
Deferred tax	11	94,000	41,000
Other receivables	12	3,126,759	5,552,203
Joint taxation contribution receivable		1,507,206	0
Prepayments	13	61,348,698	60,083,697
Receivables		<u>66,076,663</u>	<u>66,892,977</u>
Cash	14	<u>34,535,559</u>	<u>35,674,237</u>
Current assets		<u>100,612,222</u>	<u>102,567,214</u>
Assets		<u>159,389,585</u>	<u>161,866,248</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital	15	500,000	500,000
Retained earnings		56,249,777	63,594,328
Equity		56,749,777	64,094,328
Other payables		768,188	0
Non-current liabilities other than provisions		768,188	0
Trade payables		16,791,560	11,317,153
Payables to group enterprises		10,197,692	1,323,118
Joint taxation contribution payable		0	1,049,500
Other payables		4,586,537	4,767,360
Deferred income	16	70,295,831	79,314,789
Current liabilities other than provisions		101,871,620	97,771,920
Liabilities other than provisions		102,639,808	97,771,920
Equity and liabilities		159,389,585	161,866,248
Events after the balance sheet date	1		
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Mortgages and securities	20		
Related parties with controlling interest	21		
Transactions with related parties	22		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	500,000	63,594,328	0	64,094,328
Extraordinary dividend paid	0	0	(15,000,000)	(15,000,000)
Value adjustments	0	(2,356,112)	0	(2,356,112)
Tax of equity postings	0	518,345	0	518,345
Profit/loss for the year	0	(5,506,784)	15,000,000	9,493,216
Equity end of year	500,000	56,249,777	0	56,749,777

Notes to parent financial statements

1. Events after the balance sheet date

Subsequent to year-end, the outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Company in future periods.

Apart from the above, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

	2019	2018
	DKK	DKK
2. Revenue		
Revenue by geographical market		
Nordic	207,114,534	206,274,950
Other	179,293,179	162,732,116
	386,407,713	369,007,066
Revenue by activity		
Package tour	386,253,150	368,859,464
Other	154,563	147,602
	386,407,713	369,007,066
	2019	2018
	DKK	DKK
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	114,500	111,000
Other assurance engagements	15,000	12,500
Tax services	40,000	125,210
Other services	185,380	0
	354,880	248,710

Notes to parent financial statements

	2019 DKK	2018 DKK
4. Staff costs		
Wages and salaries	23,235,872	21,512,450
Pension costs	1,996,629	1,671,664
Other social security costs	333,861	256,270
Other staff costs	914,641	1,328,301
	26,481,003	24,768,685
Average number of employees	47	42
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	1,817,000	1,816,742
	1,817,000	1,816,742
Referring to section 98b (3) of the Danish Financial Statement Act, Management's remuneration has been disclosed as an aggregate amount for management categories.		
	2019 DKK	2018 DKK
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	5,974,025	5,118,066
Depreciation of property, plant and equipment	421,255	423,390
	6,395,280	5,541,456
	2019 DKK	2018 DKK
6. Tax on profit/loss for the year		
Tax on current year taxable income	3,633,139	5,461,012
Change in deferred tax for the year	(53,000)	(12,000)
	3,580,139	5,449,012
	2019 DKK	2018 DKK
7. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	15,000,000	18,000,000
Retained earnings	(5,506,784)	(1,934,579)
	9,493,216	16,065,421

Notes to parent financial statements

	Acquired rights DKK	Goodwill DKK
8. Intangible assets		
Cost beginning of year	12,440,276	64,548,512
Additions	5,482,498	0
Cost end of year	17,922,774	64,548,512
Amortisation and impairment losses beginning of year	(4,913,628)	(15,061,317)
Amortisation for the year	(2,746,601)	(3,227,424)
Amortisation and impairment losses end of year	(7,660,229)	(18,288,741)
Carrying amount end of year	10,262,545	46,259,771

Goodwill is amortised on a straight-line basis over its estimated useful time, which is determined based on Management's experience within each business area.

When determining the amortisation period, Management has chosen to base the amortisation on useful lives, which are determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile.

It is Management's assessment that the carrying amount of goodwill embodies useful lives which are assessed to be long-term since the goodwill relates to affiliated markets where the Company has a strong market profile and continuously invests to meet the potential. Consequently, Management assesses the earnings profile to be long-term.

Based on the above, Management has assessed that it will be a fairer presentation if the amortisation period of goodwill is 20 years. Moreover, Management will reassess the useful lives so that they reflect the continuous market and earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK			
9. Property, plant and equipment					
Cost beginning of year	2,256,782	300,732			
Additions	144,357	238,118			
Cost end of year	2,401,139	538,850			
Depreciation and impairment losses beginning of the year	(989,545)	(140,828)			
Depreciation for the year	(365,917)	(55,338)			
Depreciation and impairment losses end of the year	(1,355,462)	(196,166)			
Carrying amount end of year	1,045,677	342,684			
	Investments in group enterprises DKK	Deposits DKK			
10. Fixed asset investments					
Cost beginning of year	426,250	431,800			
Additions	0	8,636			
Cost end of year	426,250	440,436			
Carrying amount end of year	426,250	440,436			
	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK	
Subsidiaries	Registered in				
ASClass GmbH	Henstedt-Ulzburg, Germany	GmbH	100,0	2.406.724	797.428
Aclass UK Ltd	Richmond, England	Ltd	100,0	243.054	3.054

Notes to parent financial statements

	2019	2018
	DKK	DKK
11. Deferred tax		
Intangible assets	103,000	61,000
Property, plant and equipment	(9,000)	(20,000)
	94,000	41,000
Changes during the year		
Beginning of year	41,000	
Recognised in the income statement	53,000	
End of year	94,000	
	2019	2018
	DKK	DKK
12. Other receivables		
Derivative financial instruments	0	831,494
Other receivables	3,126,759	4,720,709
	3,126,759	5,552,203

The derivative financial instruments are further described in note 16.

13. Prepayments

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

14. Cash

The Company's cash and cash equivalents, EUR 100,000 is provided as guarantee of the French Travel Guarantee Fond and therefore, this share of the Company's cash and cash equivalents is not disposable.

15. Contributed capital

Aclass Holding A/S has issued warrants for 750,000 shares, entitling the holder to subscribe for 1 share in the Company at a nominal value of DKK 1 per share. The warrants have been granted to the warrant holder free of charge. The warrants must be exercised by the end of June 2022 and may be exercised at any time until exercised in full.

16. Deferred income

Deferred income comprise incurred revenue relating to subsequent financial years.

Notes to parent financial statements

17. Financial instruments

Disclosure on forward exchange contracts acquired to hedge liabilities

Other payables include a positive fair value of the forward exchange contracts of DKK 831k. The forward exchange contracts have been acquired to hedge the foreign currency risk of trade payables in USD, THB, SEK, GBP, NOK and ZAR. The exchange loss has been set off against the value adjustments of the hedged payables in the income statement. The forward exchange contracts have a term of 0-11 months. The forward exchange contracts have been entered into with the Company's usual bank.

	2019	2018
	DKK	DKK
18. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	3,309,955	3,953,120

Unrecognised rental and lease commitments comprise rental commitments with a remaining contract period of 51 months. The commitment amounts to DKK 2,868k (2018: DKK 3,670k).

The remaining commitment comprises lease commitments relating to operating leases on other fixtures and fittings, tools and equipment. The commitment amounts to DKK 447k (2018: DKK 283k).

19. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Aclass Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

20. Mortgages and securities

The Company has provided payment guarantees totalling DKK 1,800k. The amount is distributed as follows:

- Rejsegarantifonden, DKK 1,800k

The Company has provided security for all intercompany accounts between Jyske Bank and the subsidiary Aclass GmbH. The bank debt in Aclass GmbH amounts to DKK 0 at 31.12.2019.

The Company has provided for security for all intercompany accounts between Danske Bank and the subsidiary Aclass UK Ltd. The bank debt in Class UK Ltd. amounts to DKK 0 at 31.12.2019.

21. Related parties with controlling interest

Related parties with controlling interest in the Company include:

- Aclass Holding ApS, Gammeltovej 18, Copenhagen, holding the majority of voting rights.
- Maj Invest Equity 5 K/S, Gammeltovej 18, Copenhagen, holding the majority of voting rights.

22. Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed.

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).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year except for adjustments concerning classifications without effect on result or equity.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result 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 as a result 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

For intra-group combinations, the uniting-of-interests method is applied. This means that the annual reports are combined as if the enterprises had been combined starting from the earliest accounting period forming part of the financial statements. The difference between the amount paid in contributed capital and any share premium plus any cash payment and the equity value of the subsidiary is clearly added to or deducted from reserves that may be used to cover losses.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

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 rate 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised 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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including net capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies 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 Aclass Holding ApS. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually.

It is Management's assessment that the carrying amount of goodwill embodies useful lives which are assessed to be long-term since the goodwill relates to affiliated markets where the Company has a strong market profile and continuously invests to meet the potential. Consequently, Management assesses the earnings profile to be long-term.

Based on the above, Management has assessed that it will be a fairer presentation if the amortisation period of goodwill is 20 years. Moreover, Management will reassess the useful lives so that they reflect the continuous market and earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise acquired rights.

Acquired rights are measured at cost less accumulated amortisation. Rights are amortised on a straight-line basis over the estimated useful life of 5 to 10 years.

Acquired rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and costs directly attributable to the acquisition.

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:

Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Accounting policies

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Deferred income

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

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash with an insignificant price risk less short-term bank loans.