
SSP Denmark ApS

Lufthavnsboulevarden 14, 1., DK-2770 Kastrup

Annual Report for 1 October 2021 - 30 September 2022

CVR No 29 53 67 40

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
13/4 2023

Dorte Westrup Gleie
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SSP Denmark ApS for the financial year 1 October 2021 - 30 September 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 13 April 2023

Executive Board

Dorte Westrup Gleie
CEO

Board of Directors

Jeremy James Fennell
Chairman

Morten Solberg Nilsen

Dorte Westrup Gleie

Independent Auditor's Report

To the Shareholder of SSP Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SSP Denmark ApS for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Copenhagen, 13 April 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Klaus Rytz

statsautoriseret revisor

mne33205

Company Information

The Company

SSP Denmark ApS
Lufthavnsboulevarden 14, 1.
DK-2770 Kastrup
Website: www.ssp.dk

CVR No: 29 53 67 40
Financial period: 1 October - 30 September
Incorporated: 18 May 2006
Municipality of reg. office: Tårnby

Board of Directors

Jeremy James Fennell, Chairman
Morten Solberg Nilsen
Dorte Westrup Gleie

Executive Board

Dorte Westrup Gleie

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

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

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	397.420	110.897	262.613	590.385	666.946
Gross profit/loss	115.719	45.637	106.787	230.681	248.220
Profit/loss before financial income and expenses	-21.918	-24.971	-50.210	37.952	35.073
Net financials	-3.047	-6.700	-2.206	-330	-5.192
Net profit/loss for the year	-47.069	-24.705	-42.664	29.876	9.518
Balance sheet					
Balance sheet total	268.090	97.454	88.098	103.155	146.658
Equity	51.084	-81.847	-39.443	-87.180	-45.122
Investment in property, plant and equipment	27.182	26.824	17.176	7.221	6.620
Number of employees	344	166	330	442	533
Ratios					
Gross margin	29,1%	41,2%	40,7%	39,1%	37,2%
Profit margin	-5,5%	-22,5%	-19,1%	6,4%	5,3%
Solvency ratio	19,1%	-84,0%	-44,8%	-84,5%	-30,8%
Return on equity	306,0%	40,7%	67,4%	-45,2%	-13,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies

Management's Review

Key activities

The company's purpose is to run catering and restaurant operations, other service businesses, production and trade and any other business which, at the discretion of the board, is naturally connected therewith.

Development in the year

The income statement of the Company for 2021/22 shows a loss of TDKK 47,069, and at 30 September 2022 the balance sheet of the Company shows equity of TDKK 51,084.

On 29 April 2022 it was decided that with accounting effect from 1 October 2021, SSP Denmark Financing ApS (CVR: 29 53 67 40) acquired Monarch A/S (CVR: 18 06 89 82), and Select Service Partner Denmark A/S (CVR: 71 75 05 15) including all their assets and liabilities.

Simultaneously, SSP Denmark Financing ApS also changed its registered corporate name to SSP Denmark ApS.

The merger of the parent and subsidiaries has been implemented using the values applied in the consolidated financial statements.

The company has received a letter of support from SSP Financing Ltd. valid until the approval of the annual report for 2022/23. Management assesses that there is no uncertainty about the Company's ability to continue as goingconcern. Moreover, reference is made to note 1, in which the matter is described in further details.

Outlook

Next year will be hugely affected by loss of the WHS kiosks and rebuild of T3 in Copenhagen Airport, which will result in closed units in the terminal. The company is focusing on expanding in shopping malls, more Rail business, and building back the company in Copenhagen after the terminal rebuild.

Research and development

The company does not carry out systematic research, but it continually adjusts the company's proprietary products and the business concepts in the individual sales outlets. Costs related to this are expensed on an ongoing basis.

Management's Review

External environment

In connection with an ever-increasing focus on the surrounding environment, the company has continuously exchanged individual refrigeration plants and, for example, joined the Copenhagen Airport A/S central refrigeration plant. Furthermore, the company focuses on continuously replacing incandescent bulbs for LEDs. We carry out our activities with a high focus on our environment and stakeholders and with constant focus on minimizing the environmental impacts of our business. At present, we follow group policies since local Danish policies have not been introduced regarding our impact on the climate, human rights and the environment in general. The company continues to focus on minimizing food waste.

Intellectual capital resources

It is essential for SSP Denmark ApS's continued operations to attract and retain well educated staff who understand how to do the best service for our guests. In this connection, the company also offers training programs for individuals.

Statement of corporate social responsibility

In connection with recruitment, gender, age and cultural backgrounds are ignored, as emphasis is placed on real skills, and if they are present, there is equal opportunity for all. We do not compile reports around the employees' background, which is why we are unable to report on this.

Our business model is focused on meeting the food and beverage needs of our clients and customers in the complex and challenging travel environment. We can achieve this through a combination of international scale and local expertise.

Food safety and quality are crucial for SSP Denmark ApS. There is increasing emphasis on quality, food safety and product hygiene from various sources, including guests, the press and authorities. Thus, in the financial year, significant amounts were incurred, as in previous years.

It is important that all products are produced under the same food safety conditions and under the same quality system, regardless of which restaurant or cafe which is involved. The company's self-control program, which guarantees high food safety, is implemented in all our units. This has resulted in more units having achieved the company's goal of EliteSmiley. In addition, the company has a food specialist specializing in this area.

SSP Denmark ApS has not developed formal policies to CSR, including climate, environment, risks and social- and staff matters, cf. 99 a of the Danish Financial Statements Act. Therefore, we refer to the consolidated financial statements published by the company's ultimate owner SSP Group plc in the Group's annual report for 2021/22 (p. 28 to 33). The Group's report can be found on the website: <https://investors.foodtravelexperts.com/investors/financial-reports/2022.aspx>

Management's Review

Statement on gender composition

In SSP Denmark ApS, members are elected to the Board of Directors and the other management roles based on competencies. The Board recognizes the value of diversity in relation to experience, culture, education, and gender.

At the current stage we have 3 members of the Board, of whom 1 member is a female. Therefore, according to the 99b requirements we don't need to set additional targets for the underrepresented gender in the Board.

At the current stage we have 10 members of the management team, of whom 5 members are female. Therefore, according to the 99b requirements we don't need to set additional targets for the underrepresented gender in the Board.

Unusual events

The financial position at September 2022 of the company and the results of the activities of the company for the financial year 2021/22 have been affected by the COVID-19 situation. Our hope was to grow back to 2019 level, but due to the lockdown from December 2021 to February 2022, we faced a drop in our sales which has affected our profit in a negative way.

Subsequent events

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

Income Statement 1 October - 30 September

	<u>Note</u>	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Revenue		397.420	110.897
Other operating income	2	35.240	32.396
Expenses for raw materials and consumables		-139.094	-37.214
Other external expenses		-177.847	-60.442
Gross profit/loss		115.719	45.637
Staff expenses	3	-119.927	-60.551
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-17.694	-9.630
Other operating expenses	5	-16	-427
Profit/loss before financial income and expenses		-21.918	-24.971
Financial income	6	175	999
Financial expenses	7	-3.222	-7.699
Profit/loss before tax		-24.965	-31.671
Tax on profit/loss for the year	8	-22.104	6.966
Net profit/loss for the year		-47.069	-24.705

Balance Sheet 30 September

Assets

	Note	2021/22 TDKK	2020/21 TDKK
Software		559	88
Intangible assets	9	559	88
Other fixtures and fittings, tools and equipment		847	1.905
Leasehold improvements		45.228	35.014
Property, plant and equipment in progress		104	230
Property, plant and equipment	10	46.179	37.149
Investments in associates	11	0	306
Deposits	12	195	0
Fixed asset investments		195	306
Fixed assets		46.933	37.543
Inventories		6.620	5.333
Trade receivables		21.615	7.608
Receivables from group enterprises		30.267	0
Other receivables	13	27.290	12.994
Deferred tax asset	15	0	22.104
Corporation tax		965	965
Prepayments	14	23.872	4.884
Receivables		104.009	48.555
Cash at bank and in hand		110.528	6.023
Currents assets		221.157	59.911
Assets		268.090	97.454

Balance Sheet 30 September

Liabilities and equity

	Note	2021/22 TDKK	2020/21 TDKK
Share capital		307	127
Share premium account		594.736	414.916
Retained earnings		-543.959	-496.890
Equity		51.084	-81.847
Other provisions	16	5.185	5.185
Provisions		5.185	5.185
Trade payables		39.867	21.504
Payables to group enterprises		139.917	113.447
Payables to owners and Management		4.722	0
Other payables		27.315	39.165
Short-term debt		211.821	174.116
Debt		211.821	174.116
Liabilities and equity		268.090	97.454
Going concern	1		
Distribution of profit	17		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Accounting Policies	20		

Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	<u>TDKK</u>	<u>account</u>	<u>earnings</u>	<u>TDKK</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	127	414.916	-496.890	-81.847
Net effect from merger and acquisition	180	179.820	0	180.000
Adjusted equity at 1 October	307	594.736	-496.890	98.153
Net profit/loss for the year	0	0	-47.069	-47.069
Equity at 30 September	307	594.736	-543.959	51.084

Notes to the Financial Statements

1 Going concern

The company has received a letter of support from SSP Financing Ltd., that states that SSP Financing Ltd. will provide adequate financial support to the Company necessary to ensure its continuing operation, and to meet its liabilities as they fall due for a period until the annual general meeting of the Company in 2024 provided that the Company remains owned by the ultimate parent company of the SSP Group, SSP Group plc.

	2021/22	2020/21
	TDKK	TDKK
2 Other operating income		
Government support/aid regarding fixed costs	0	13.440
Government support/aid regarding salary compensation	0	6.291
Other income	35.240	12.665
	35.240	32.396
3 Staff expenses		
Wages and salaries	108.536	54.851
Pensions	12.437	7.620
Other social security expenses	0	759
Other staff expenses/refunds	-1.046	-2.679
	119.927	60.551
Average number of employees	344	166

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

There is no remuneration paid to the Board of Directors.

The company's management team is subject to a constant bonus scheme under which the criteria for payment is the development in revenue and profit before depreciation (EBITDA) in relation to the budget.

Notes to the Financial Statements

	2021/22	2020/21
	TDKK	TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	94	94
Depreciation of property, plant and equipment	17.600	9.536
	17.694	9.630
Which is specified as follows:		
Software	94	94
Other fixtures and fittings, tools and equipment	1.287	965
Leasehold improvements (depreciation)	16.313	8.571
	17.694	9.630
5 Other operating expenses		
Other expenses	16	427
	16	427
6 Financial income		
Interest received from group enterprises	0	533
Other financial income	127	379
Exchange adjustments	48	87
	175	999
7 Financial expenses		
Interest paid to group enterprises	1.119	5.775
Other financial expenses	1.999	1.604
Exchange loss	104	320
	3.222	7.699

Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
8 Tax on profit/loss for the year		
Current tax for the year	0	0
Deferred tax for the year	0	-6.966
Adjustment of deferred tax concerning previous years	22.104	0
	<u>22.104</u>	<u>-6.966</u>

9 Intangible assets

	<u>Software</u>
	TDKK
Cost at 1 October	2.081
Additions for the year	550
Cost at 30 September	<u>2.631</u>
Impairment losses and amortisation at 1 October	1.978
Amortisation for the year	94
Impairment losses and amortisation at 30 September	<u>2.072</u>
Carrying amount at 30 September	<u>559</u>

Notes to the Financial Statements

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 October	9.086	99.326	230	108.642
Additions for the year	217	26.861	104	27.182
Disposals for the year	-259	-12.834	0	-13.093
Transfers for the year	230	0	-230	0
Cost at 30 September	<u>9.274</u>	<u>113.353</u>	<u>104</u>	<u>122.731</u>
Impairment losses and depreciation at 1 October	7.185	64.321	0	71.506
Depreciation for the year	1.287	16.313	0	17.600
Impairment and depreciation of sold assets for the year	0	-2.273	0	-2.273
Reversal of amortisation of disposals of the year	<u>-45</u>	<u>-10.236</u>	<u>0</u>	<u>-10.281</u>
Impairment losses and depreciation at 30 September	<u>8.427</u>	<u>68.125</u>	<u>0</u>	<u>76.552</u>
Carrying amount at 30 September	<u>847</u>	<u>45.228</u>	<u>104</u>	<u>46.179</u>

11 Investments in associates

	2021/22	2020/21
	TDKK	TDKK
Cost at 1 October	257	257
Disposals for the year	<u>-257</u>	<u>0</u>
Cost at 30 September	<u>0</u>	<u>257</u>
Value adjustments at 1 October	49	49
Disposals for the year	<u>-49</u>	<u>0</u>
Value adjustments at 30 September	<u>0</u>	<u>49</u>
Carrying amount at 30 September	<u>0</u>	<u>306</u>

Motorvejscenterselskabet af 1990 A/S Copenhagen has been sold during the financial year.

Notes to the Financial Statements

12 Other fixed asset investments

	Deposits TDKK
Cost at 1 October	0
Additions for the year	195
Cost at 30 September	195
Carrying amount at 30 September	195

13 Other receivables

The following receivables fall due for payment more than 1 year after year end

	2021/22 TDKK	2020/21 TDKK
	13.070	12.747

14 Prepayments

Prepayments consist of prepaid expenses concerning rent and other prepaid expenses.

15 Provision for deferred tax

Provision for deferred tax at 1 October	-22.104	-13.432
Amounts recognised in the income statement for the year	0	-6.966
Adjustment deferred tax concerning previous years	22.104	-1.706
Provision for deferred tax at 30 September	0	-22.104

Management has decided to write off the tax asset due to uncertainty about the use within the next 3-5 years.

16 Other provisions

Other provisions consists of reestablishment expenses

Other provisions	5.185	5.185
	5.185	5.185

Notes to the Financial Statements

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
17 Distribution of profit		
Retained earnings	-47.069	-24.705
	<u>-47.069</u>	<u>-24.705</u>

18 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	24.217	9.579
Between 1 and 5 years	18.646	28.357
	<u>42.863</u>	<u>37.936</u>

Guarantee obligations

The company has provided ordinary bank guarantees towards its landlords	63.453	67.424
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Other contingent liabilities

As part of the operation of the company's business, SSP Denmark ApS is involved in disputes with a few suppliers. In Management's opinion, the outcome of these disputes will most likely not affect the Company's financial position, which is why liabilities in respect of these issues are not recognised in the balance sheet at 30 September 2022.

Notes to the Financial Statements

19 Related parties

Cost of services: TDKK 12.526 (2020/21: TDKK 8.008)

Revenue: TDKK 1.892 (2020/21: TDKK 3.981)

Other expenses: TDKK 842 (2020/21: TDKK 6.033)

Financial income: TDKK 0 (2020/21: TDKK 533)

Financial expenses: TDKK 1.119 (2020/21: TDKK 5.775)

Trade receivables: TDKK 30.267 (2020/21: TDKK 0)

Trade payables: TDKK 139.917 (2020/21 TDKK 113.447)

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of SSP Denmark ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2021/22 are presented in TDKK.

Changes in accounting policies

On 29 April 2022 it was decided that with accounting effect from 1 October 2021, SSP Denmark Financing ApS, now SSP Denmark ApS, acquired Monarch A/S, and Select Service Partner Denmark A/S including all their assets and liabilities.

The merger of the parent and subsidiaries has been implemented using the values applied in the consolidated financial statements. As a consequence of the merger, the comparative figures for 2020/21 have been adjusted accordingly, and impacted the result of the 2020/21 figures with TDKK -18.497, the equity with TDKK -308.500 and the balance sheet with TDKK -381.371. Consequently the accounting policies have been adapted as well.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SSP Group plc., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation and impairment losses.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity

Notes to the Financial Statements

20 Accounting Policies (continued)

period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases are considered operating leases. Services relating to operating leases and other lease agreements are recognized in the income statement over the term of the contract. The company's total liability relating to operating leases and lease agreements is disclosed under contingent liabilities.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Income Statement

Revenue

Net sales represent invoiced and delivered sales excluding VAT.

The Annual Report excludes segment information pursuant to section 96 of the Danish Financial Statements Act, as the company is assessed to contain only one business segment and the geographical segments are considered not to deviate significantly.

Expenses for raw materials and consumables

Consumption of goods is recognized corresponding to net sales.

Other external expenses

Other external expenses comprise expenses for administration, rent and operating equipment, etc.

Notes to the Financial Statements

20 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government support/aid in relation to Covid-19, gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest, gains and losses on receivables, debts and transactions in foreign currency.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with 100 % owned Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Licences (software)

Licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

The amortisation period is years. Software licences are amortised over the period of the agreement, which is 3-5 years.

Property, plant and equipment

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Other fixtures and fittings, tools and equipment	3-10	years / rent period
Leasehold improvements	2-8	years / rent period

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 32,000 are expensed in the year of acquisition.

No depreciations are made on property, plant and equipment in progress. Only when the system has been put into use, depreciation over the expected life of the system will begin.

Property, plant and equipment in progress primarily relates to costs for design and drawings of new projects.

Impairment of fixed assets

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

If there are indications of impairment, impairment tests are made for each asset or group of assets. Write-downs are made at the recoverable amount, if this is lower than the carrying amount.

As the recoverable amount, the highest value of net selling price and capitalised value is used. The capitalised value is calculated as the present value of the expected net cash flows from the use of the asset or asset group.

Investments in associates

Investments in associates are recognised and measured under the equity method.

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

20 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured at amortised cost. Write-downs are made to meet expected losses after an individual assessment of receivables.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions comprise obligations to reestablish leased premises.

Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method in respect of temporary differences between the financial reporting purpose and tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to taxable non-amortization goodwill and other items where temporary differences - other than business transfers - arose at the time of acquisition without affecting profit or taxable income. In cases where the calculation of the tax value can be made under alternative taxation rules, deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Payable and receivable joint taxation contributions are recognized in the balance sheet as "Receivable corporate income tax" or "Payable corporation income tax".

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$