
Allianceplus Holding A/S

Knud Højgaards Vej 7, DK-2860 Søborg

Annual Report for 1 January - 31 December 2021

CVR No 31 58 91 42

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
08/08 2022

Karsten Poulsen
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 Allianceplus Holding A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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.

Copenhagen, 8 August 2022

Executive Board

Anders Egehus
CEO

Board of Directors

Karsten Poulsen
Chairman

Jesper Teddy Lok
Deputy Chairman

Henrik Bonnerup

Independent Auditor's Report

To the Shareholder of Allianceplus Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Allianceplus Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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.

Material Uncertainty Related to Going Concern

We draw attention to that there is significant uncertainty, which may cast considerable doubt about the Group's and the Company's ability to continue its operations. We refer to note 1 in the Financial Statements where Management states that the Group's and the Company's total credit facilities ceases on 30 September 2022 and that negotiation are on-going with a potential buyer of the Group. It is Management's assessment that it is more likely than not that the ongoing negotiations with a potential buyer of the Group will be finalized before 30 September 2022 leading to a recapitalization of the Group and the Company, ensuring sufficient capital resources. These matters indicate that a material uncertainty exists, which may cast significant doubt on the Group's and Company's ability to continue as a going concern after 30 September 2022.

Our opinion is not modified in respect of this matter

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

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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

Independent Auditor's Report

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 8 August 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Company Information

The Company

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Knud Højgaards Vej 7
DK-2860 Søborg

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CVR No: 31 58 91 42
Financial period: 1 January - 31 December
Municipality of reg. office: Gladsaxe

Board of Directors

Karsten Poulsen, Chairman
Jesper Teddy Lok
Henrik Bonnerup

Executive Board

Anders Egehus

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	759.177	707.407	688.957	1.036.326	1.197.939
EBITDA	3.372	9.399	2.936	-96	-31.601
Operating profit/loss	-23.026	-27.691	-35.374	-45.076	-203.536
Profit/loss before financial income and expenses	-23.018	-21.800	-35.287	-41.692	-200.003
Net financials	-12.455	-7.759	-4.952	1.143	-27.969
Profit/loss from discontinuing activities	-12.632	14.744	-46.769	0	0
Net profit/loss for the year	-50.033	-15.714	-86.999	-48.105	-217.789
Balance sheet					
Balance sheet total	339.520	422.428	403.570	550.253	590.587
Equity	-143.587	-96.217	-78.213	10.457	55.749
Cash flows					
Cash flows from:					
Investment in property, plant and equipment	-6.875	-1.608	-78.910	-1.545	-5.411
Ratios					
Profit margin	-3,0%	-3,1%	-5,1%	-4,0%	-16,7%
Return on assets	-6,8%	-5,2%	-8,7%	-7,6%	-33,9%
Solvency ratio	-42,3%	-22,8%	-19,4%	1,9%	9,4%
Return on equity	41,7%	18,0%	256,8%	-145,3%	-269,1%

Comparative figures in the income statement for 2019 has been adjusted in respect of discontinued activities in 2020.

Comparative figures in 2019, 2018 and 2017 have not been adjusted in the balance sheet in respect of discontinued activities in 2020.

Management's Review

Main activity of the Group

Main activities in the company consists of cleaning, canteen, window polishing and facility management services in Denmark and Norway.

Development in the year

The COVID-19 pandemic continued to impact the business in 2021. In the beginning of the year close-downs or reduced volumes in several personnel restaurants had a negative impact on APPETIZE+, while the ALLIANCE+ cleaning was affected by the increase in need for additional sanitization, which had a positive impact on activity level.

During the year, society adapted to a daily life with COVID-19, which meant that the increase in infection during autumn had a more limited impact on the business.

Postponed tax and VAT payments were availed during the year.

Customer retention was successfully maintained and along with new sales, revenue increased. APPETIZE+, our staff restaurants, grew in number. From 10 in the beginning of the year to 35 at the end of the year. A development, that has continued in 2022.

Three large public contracts had a negative impact on the result in 2021. One contract was lost, after a tender, and was exited mid-year. Two other public contracts had some operational challenges, which unfortunately let to a number of penalties.

The work with a future strategi was initiated in the end of 2021 and resulted in the Add-a-plus strategy, that was launched in March 2022. The strategy has been well received in the organization.

ALLIANCE+ continued attracting and retaining dedicated employees by offering good job opportunities with proper work and employment conditions. The annual Employee Engagement Survey was conducted in November. Again, it showed positive progress in Engagement Score, leaving the overall score at a very high level.

The low margin nature of the business demand constant focus on costs. Salary costs comprise by far most of the cost, thus imperative to have ongoing control and optimization of hours. The utilization of a workforce planning system is now the foundation of this and together with continued focus on process optimisation and increased use of systems it resulted in investments in BI-solutions, that are now available to both administrative and operational personnel.

We maintained all our certifications in 2021 on Nordic Eco-label and Servicenormen. Several important environmental initiatives continued or began including reduction of chemicals and focus on food waste.

Overall and despite the COVID-19 pandemic impact, the Group continued to develop positively in 2021, however with further need of focus and improvements to obtain a satisfying margin.

Management's Review

In 2021 the Swedish part of the business was divested. The divestment had a negative impact on the result for 2021.

Expectations for the coming year

The early part of 2022 was impacted by the COVID-19 Omicron variant. It affected labor costs negatively, as a result an increase in sickness absence and the resulting need for use of overtime. It has not been possible to make up for this in the subsequent months and the result for the year is therefore expected to be negatively affected. Effects from possible COVID-19 outbreak in the autumn remain a factor of uncertainty. New sales have developed as expected. Focus remains on developing and optimizing the business further. Revenue for the year is expected to increase slightly compared to 2021.

The Group continues to deliver negative and unsatisfactory results, but Management expects that the healthy addition of new customers and contracts together with ongoing initiatives to improve efficiency will lead to an improved net result in 2022 that is expected to be in level DKK 0 million, excluding effect from disposal of activities.

Income statement

Excluding divested activities of Allianceplus AB, revenue in 2021 of the Group amounted to DKK 759 million (DKK 707 million in 2020), an increase of 7.4%. In Denmark, revenue increased by 6.7% as a result of a strong activity level across the business, with a solid addition of new material customers and contracts. The Norwegian revenue increased by 4.3% (local currency) in a steady market.

Operating profit/loss before financials for the Group reached negative DKK 23 million (negative DKK 22 million in 2020). Despite the improvements during the year, the result is still negative, as the operating profit/loss is also impacted by goodwill amortizations of DKK 25 million (DKK 26 in 2020).

Net financials reached negative DKK 12 million (DKK 8 million in 2020). The negative development is caused by lower financial income.

Net profit for the year was negative DKK 50 million (negative DKK 16 million in 2020). Net profit is impacted by the divestment of Allianceplus AB, cf. note 7 in the Financial Statements.

Balance sheet

Total assets amount to DKK 329 million (DKK 422 million in 2020).

Cash flow

Free Cash Flow amounted to DKK 16 million (DKK 54 million in 2020).

Financing

Net Interest Bearing Debt (NIBD) amounted to DKK 247 million (DKK 257 million in 2020, whereas DKK 37 million was included in liabilities relating to discontinued activities).

Management's Review

Capital resources and subsequent events

Equity amounts to negative DKK 144 million (negative DKK 96 million in 2020) following the negative result of the year. Refer to note 1 in the Financial Statements for additional description.

Uncertainty in recognition and measurement

The accounting estimates and judgements, which may entail a risk of material adjustments in subsequent years, are described in note 2.

Risk management

The Group has established a formal group reporting process, which comprises monthly reporting including budget follow-up, performance assessment and assessment of whether established targets have been met. Based on the reporting, monthly meetings of the Board of Directors are held at which the reporting submitted is reviewed. Moreover, key persons from the Company participate in the board meetings to describe and account for risks and controls in their area of responsibility.

The Group's risk management, including internal control in connection with the financial reporting process, is designed with a purpose of effectively minimizing the risk of misstatements and omissions. Management assesses on a regular basis whether the Group has adequate access to capital, and the Board of Directors assesses continuously whether the Group's capital structure is in accordance with the interests of the Group and the shareholders. The overall objective is to secure a capital structure supporting a long-term profitable growth.

There have been no changes to administration, processes, and guidelines for controlling the capital structure in 2021.

Knowledge resources

At the end of 2021, the Group had 2.146 full-time employees. The Group focuses on retaining the best qualified and most motivated employees. Focus on retention and low employee turnover is important as qualified employees who know the Group's routines, systems, materials and machines are a precondition for the Group continuing its positive development.

Statement of corporate social responsibility

The Group has an impact on the surrounding world for which we want to take responsibility. As a facility management provider, we have the opportunity of contributing to a positive development for both the environment, employees and society. This has been formulated in our CSR policy. For our statement on Corporate Social Responsibility, please read our 2021 CSR report:

<https://www.allianceplus.dk/media/1598/allianceplus-csr-report-2020-web.pdf>

Management's Review

Statement on gender composition

For our statement on gender composition according to the Danish Financial Statements Act 99b, please read our CSR report: <https://www.allianceplus.dk/media/1598/allianceplus-csr-report-2020-web.pdf>

Statement on data ethics

For our statement on data ethics, please read our CSR report: <https://www.allianceplus.dk/media/1598/allianceplus-csr-report-2020-web.pdf>

Corporate governance

The basis for planning management duties comprises e.g. the Danish Companies Act, the Danish Financial Statements Act, the Articles of Association of the Company and generally accepted practice for Groups of the equivalent size and with the same activities. Moreover, being a portfolio company of Polaris Private Equity, the Company and the Group follows the guidelines on the preparation of annual reports issued by DVCA (Danish Venture Capital and Private Equity Association).

The Company and the Group is ultimately owned by Polaris Private Equity. Sub-committees are not used for the work of the Board of Directors. The reason for this is the Company and the Group's size and complexity as well as the level of experience of the Board of Directors. This means that in connection with the financial reporting process, the entire Board of Directors focuses especially on the accounting policies in key areas and significant accounting estimates, any transactions with related parties as well as any uncertainty and risks. The quality of the Company and the Group's internal control systems is currently considered together with the auditors ensuring also the auditors' independence.

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Revenue	3	759.177	707.407	18.796	18.670
Other operating income	6	8	5.891	6	0
Cost of sales		-71.951	-78.175	0	0
Other external expenses		-53.791	-46.524	-7.407	-8.299
Gross profit/loss		633.443	588.599	11.395	10.371
Staff expenses	4	-625.200	-579.200	-9.762	-9.869
Earnings before depreciation (EBITDA)		8.243	9.399	1.633	502
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-31.261	-31.199	-3.325	-2.840
Profit/loss before financial income and expenses	6	-23.018	-21.800	-1.692	-2.338
Income from investments in subsidiaries	14	0	0	-1.643	-38.128
Financial income	7	3.133	9.458	2.612	5.045
Financial expenses	8	-15.588	-17.217	-15.304	-15.745
Profit/loss before tax		-35.473	-29.559	-16.027	-51.166
Tax on profit/loss for the year	9	-1.928	-899	0	1.446
Profit/loss from continuing activities		-37.401	-30.458	-16.027	-49.720
Profit/loss from discontinuing activities	10	-12.632	14.744	0	0
Net profit/loss for the year		-50.033	-15.714	-16.027	-49.720

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Software		12.569	12.264	11.045	11.812
Acquired rights		130	146	130	146
Goodwill		171.117	192.244	0	0
Intangible assets	11	183.816	204.654	11.175	11.958
Plant and machinery		11.866	8.534	0	0
Property, plant and equipment	12	11.866	8.534	0	0
Investments in subsidiaries	14	0	0	166.486	184.650
Deposits	15	896	1.502	0	0
Other receivables	15	225	451	0	0
Fixed asset investments		1.121	1.953	166.486	184.650
Fixed assets		196.803	215.141	177.661	196.608
Raw materials and consumables		107	108	0	0
Finished goods and goods for resale		1.438	1.557	0	0
Inventories		1.545	1.665	0	0
Trade receivables		96.312	98.628	0	0
Contract work in progress		37	0	0	0
Receivables from group enterprises		10.763	866	10.643	13.494
Other receivables		152	152	144	152
Deferred tax asset	18	9.328	9.439	8.955	8.955
Prepayments	16	6.052	5.009	311	1.498
Receivables		122.644	114.094	20.053	24.099
Cash and cash equivalents		18.528	2.541	0	0
Assets relating to discontinued activities	10	0	88.987	0	0
Currents assets		142.717	207.287	20.053	24.099
Assets		339.520	422.428	197.714	220.707

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital		3.601	3.601	3.601	3.601
Retained earnings		-147.188	-99.818	-147.188	-133.824
Equity		-143.587	-96.217	-143.587	-130.223
Credit institutions		0	220.744	0	235.702
Lease obligations		1.324	1.129	0	0
Other payables		53.550	13.888	272	0
Long-term debt	19	54.874	235.761	272	235.702
Credit institutions	19	246.643	0	278.047	0
Lease obligations	19	1.286	1.542	0	0
Prepayments received from customers		68	0	0	0
Trade payables		28.227	20.526	4.303	1.655
Payables to group enterprises		9.545	0	53.124	109.530
Corporation tax		82	1.143	0	0
Other payables	19	142.382	152.808	5.555	4.043
Short-term debt		428.233	176.019	341.029	115.228
Liabilities relating to discontinued activities	10	0	106.865	0	0
Debt		483.107	518.645	341.301	350.930
Liabilities and equity		339.520	422.428	197.714	220.707
Capital resources and subsequent events	1				
Uncertainty in recognition and measurement	2				
Special items	6				
Distribution of profit	17				
Contingent assets, liabilities and other financial obligations	23				
Related parties	24				
Accounting Policies	25				

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	3.601	-99.818	-96.217
Exchange adjustments	0	2.663	2.663
Net profit/loss for the year	0	-50.033	-50.033
Equity at 31 December	3.601	-147.188	-143.587

Parent

Equity at 1 January	3.601	-133.824	-130.223
Exchange adjustments	0	2.663	2.663
Net profit/loss for the year	0	-16.027	-16.027
Equity at 31 December	3.601	-147.188	-143.587

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 TDKK	2020 TDKK
Net profit/loss for the year, continuing activities		-37.401	-30.458
Cash flows statement adjustments, continuing activities	20	43.630	36.653
Cash flows statement adjustments etc., discontinuing activities	21	-30.510	30.353
Change in working capital	22	27.824	41.194
Cash flows from operating activities before financial income and expenses		3.543	77.742
Financial income		3.133	10.272
Financial expenses		-15.591	-18.029
Cash flows from ordinary activities		-8.915	69.985
Corporation tax paid		-2.843	160
Cash flows from operating activities		-11.758	70.145
Purchase of intangible assets		-1.690	-4.909
Purchase of property, plant and equipment		-6.875	-1.608
Cash flows from investing activities		-8.565	-6.517
Repayment of loans from credit institutions		25.899	-14.600
Adjustment of payables to group enterprises		10.411	5.042
Cash flows from financing activities		36.310	-9.558
Change in cash and cash equivalents		15.987	54.070
Cash and cash equivalents at 1 January		2.541	6.436
Cash and cash equivalents at 31 December 2020 included in discontinuing activities		0	-57.965
Cash and cash equivalents at 31 December		18.528	2.541
Cash and cash equivalents are specified as follows:			
Cash and cash equivalents		18.528	2.541
Cash and cash equivalents at 31 December		18.528	2.541

Notes to the Financial Statements

1 Capital resources and subsequent events

The Group's and the Company's capital resources are dependent on the development of the other group companies, and the total credit facilities established with the Group's bank.

The Group's loan covenants have not been fulfilled why the Group's bank and shareholder have confirmed that the existing loans and credit facilities will be maintained until 30 September 2022.

To ensure sufficient capital resources after 30 September 2022 for the Group and the Company, negotiations are ongoing with a potential buyer of the Allianceplus Holding A/S Group. In connection with a possible sale of the Group, there will be a recapitalization of the Group and the Company, which will ensure the necessary capital resources.

Group Management considers it more likely than not that the negotiations with a potential buyer of the Group will be completed before 30 September 2022. If this is not achieved, contrary to expectations, there will be uncertainty about the Group and the Company's capital resources after 30 September 2022, and alternatives will then be considered.

The Company has in July 2022 entered into a binding agreement regarding the disposal of 100% of the shares of the Norwegian subsidiary Allianceplus AS with expected closing on 1 September 2022. The transaction is approved by the competition authorities, why only minor formalities await before closing can take place. The disposal results in an accounting gain of approx. DKK 50 million after tax for the Company, improving the Group's financial position and capital resources.

The Board of Directors and the Executive Board therefore submits the Annual Report on the assumption of going concern. However, the above also by nature indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern after 30 September 2022.

Except from the above, no events have occurred after the balance sheet date which could significantly affect the Group's and the Company's financial position.

Notes to the Financial Statements

2 Uncertainty in recognition and measurement

In connection with the preparation of the Financial Statements, Management perform estimates and judgements, which may entail a risk of material adjustments.

In particular in the determination of the carrying amount of intangible assets and deferred tax assets, estimates are required. In case of any indication of impairment, an impairment test is performed. The impairment test is based on an assessment how the parts of the Group businesses to which the assets relates will be able to generate sufficient cash flows in the future to support the value of goodwill and other assets in the relevant Cash Generating Units of the Group, defined as each subsidiary. Expected cash flows and net results are estimated over a number of years, which inherently produces some degree of uncertainty regarding expected market development and development in macroeconomic variables e.g. the interest rate and currency fluctuations. A sensitivity analysis on the key assumptions in the impairment test is performed in order to reduce the uncertainty.

The development of the Group's financial figures in 2021 are in line with expectations and assumptions applied in the impairment test performed in 2020. Consequently, Management has assessed that indications of impairment does not exist, why an impairment test has not been performed in 2021.

The blended discount rate (WACC) applied in the impairment test for 2020 of goodwill and other assets is 8% - 10%.

If the assumptions for the impairment test performed in 2020 are not met and realized as expected - or better as expected - this will affect the expected cash flow, and consequently, the value of the assets.

Receivables from Group enterprises are associated with uncertainty, since the repayment of the receivable assumes that the Allianceplus Group in the future will generate sufficient liquidity, including a strengthening of the capital resources. Reference is made to note 1.

2020

In the Parent Company Financial Statements, an Investment in one CGU has been written down to expected fair value less cost to sell. The impairment loss is disclosed in note 6.

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
3 Revenue				
Geographical segments				
Revenue, Denmark	575.320	550.674	12.050	10.902
Revenue, Norway	183.857	156.733	6.746	7.768
	759.177	707.407	18.796	18.670
Business segments				
Cleaning	664.551	638.907	0	0
Catering	94.626	68.500	0	0
Management Fee	0	0	18.796	18.670
	759.177	707.407	18.796	18.670
	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
4 Staff expenses				
Wages and salaries	549.884	481.174	8.830	9.368
Pensions	42.063	40.391	451	496
Other social security expenses	26.612	51.964	10	4
Other staff expenses	6.641	5.671	471	1
	625.200	579.200	9.762	9.869
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	8.166	8.322	8.166	8.322
Board of Directors	1.125	1.125	1.125	1.125
	9.291	9.447	9.291	9.447
Average number of employees	2.146	1.726	2	2

Remuneration to the Executive Board includes a retention bonus.

Notes to the Financial Statements

	Group		Parent	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	28.154	28.466	3.325	2.840
Depreciation of property, plant and equipment	<u>3.107</u>	<u>2.733</u>	<u>0</u>	<u>0</u>
	<u>31.261</u>	<u>31.199</u>	<u>3.325</u>	<u>2.840</u>

Notes to the Financial Statements

6 Special items

Special items comprise costs, which is special due to their size or nature e.g redundancy costs, stranded costs due to re-organisations and impairment losses.

Group

2021

The profit for the year has been negatively affected by the disposal of the Swedish activities, corresponding a loss of TDKK 18,399. The amount has been recognized in the line item "profit/loss from discontinuing activities".

2020

The profit/loss for the year has been positively affected by the following one-off:

Covid-19 compensation recognised as "other operating income" amounts to TDKK 5.607 and comprise compensation for salaries.

Due to restructuring of Allianceplus AB a gain of TDKK 32.016. The amount has been recognised in the line item "Profit/loss from discontinuing activities".

Parent

2021

The profit for the year has been positively affected by the disposal of the shares in Allianceplus AB, corresponding a gain of TDKK 15,607. The amount has been recognized in the line items "other operating income".

2020

The profit/loss for the year has been negatively affected by one-off totalling TDKK 3.617 comprising impairment regarding Allianceplus AB, ref. note 14, TDKK 34.006 (costs) and the described one-off income for the group totalling TDKK 37.623 (income). The amount has been recognised in the line item "Income from investments in subsidiaries".

7 Financial income

Interest received from group

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
enterprises	0	0	0	973
Other financial income	794	6.200	275	0
Exchange gains	2.339	3.258	2.337	4.072
	3.133	9.458	2.612	5.045

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
8 Financial expenses				
Interest paid to group enterprises	0	0	3.419	2.716
Other financial expenses	15.257	17.217	11.885	13.029
Exchange adjustments, expenses	331	0	0	0
	15.588	17.217	15.304	15.745

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
9 Tax on profit/loss for the year				
Current tax for the year	1.780	899	0	-1.446
Deferred tax for the year	148	0	0	0
	1.928	899	0	-1.446

Notes to the Financial Statements

	Group	
	2021 TDKK	2020 TDKK
10 Discontinuing activities		
Revenue	152.871	196.698
Other operating income	34	0
Expenses for raw materials and consumables	-12.336	-21.134
Other external expenses	-10.434	-23.361
Gross profit/loss	130.135	152.203
Staff expenses	-123.817	-169.773
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-101	-394
Profit/loss before financial income and expenses	6.217	-17.964
Financial income	1.133	33.398
Financial expenses	-278	-690
Profit/loss before tax	7.072	14.744
Tax on profit/loss for the year	-1.305	0
Profit/loss from discontinuing activities	5.767	14.744
Loss, disposal of discontinuing activities	-18.399	0
Net profit/loss from discontinuing activities	-12.632	14.744
Property, plant and equipment	0	174
Fixed assets	0	174
Inventories	0	308
Receivables	0	30.540
Cash at bank and in hand	0	57.965
Currents assets	0	88.813
Assets relating to discontinued activities	0	88.987
Debt	0	106.865
Liabilities relating to discontinued activities	0	106.865

Notes to the Financial Statements

11 Intangible assets

Group

	Software TDKK	Acquired rights TDKK	Goodwill TDKK
Cost at 1 January	26.705	3.193	749.617
Exchange adjustment	1.702	0	3.922
Additions for the year	1.691	0	0
Cost at 31 December	<u>30.098</u>	<u>3.193</u>	<u>753.539</u>
Impairment losses and amortisation at 1 January	14.440	3.047	557.373
Amortisation for the year	3.089	16	25.049
Impairment losses and amortisation at 31 December	<u>17.529</u>	<u>3.063</u>	<u>582.422</u>
Carrying amount at 31 December	<u>12.569</u>	<u>130</u>	<u>171.117</u>

Parent

	Software TDKK	Acquired rights TDKK
Cost at 1 January	15.989	178
Additions for the year	1.690	0
Cost at 31 December	<u>17.679</u>	<u>178</u>
Impairment losses and amortisation at 1 January	3.325	32
Amortisation for the year	3.309	16
Impairment losses and amortisation at 31 December	<u>6.634</u>	<u>48</u>
Carrying amount at 31 December	<u>11.045</u>	<u>130</u>

Notes to the Financial Statements

12 Property, plant and equipment

Group

	Plant and machinery
	TDKK
Cost at 1 January	70.966
Exchange adjustment	658
Additions for the year	6.785
Disposals for the year	-677
Cost at 31 December	<u>77.732</u>
Impairment losses and depreciation at 1 January	62.432
Exchange adjustment	327
Depreciation for the year	3.107
Impairment losses and depreciation at 31 December	<u>65.866</u>
Carrying amount at 31 December	<u>11.866</u>

Parent

13 Investments in subsidiaries

	2021	2020
	TDKK	TDKK
Cost at 1 January	663.460	663.460
Additions for the year	0	0
Disposals for the year	-261.191	0
Cost at 31 December	<u>402.269</u>	<u>663.460</u>
Value adjustments at 1 January	-478.810	-438.392
Transfers for the year	283.224	0
Exchange adjustment	1.753	-2.290
Net profit/loss for the year	-9.277	4.340
Dividend to the Parent Company	-24.700	0
Amortisation of goodwill	-7.973	-42.468
Value adjustments at 31 December	<u>-235.783</u>	<u>-478.810</u>
Carrying amount at 31 December	<u>166.486</u>	<u>184.650</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>77.151</u>	<u>85.124</u>

Notes to the Financial Statements

13 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Allianceplus A/S	Denmark	100%
Allianceplus AS	Norway	100%

14 Income from investments in subsidiaries

	Parent	
	2021 TDKK	2020 TDKK
Net profit/loss for the year ref. note 14	-9.277	0
Amortisation of goodwill ref. note 14	-7.973	0
Gain from disposal of subsidiary	15.607	0
Income from investments in subsidiaries	-1.643	0

15 Other fixed asset investments

	Group	
	Deposits TDKK	Other receiv- ables TDKK
Cost at 1 January	0	451
Additions for the year	896	0
Disposals for the year	0	-226
Cost at 31 December	896	225
Carrying amount at 31 December	896	225

16 Prepayments

Prepayments comprise prepaid expenses relating to subsequent years.

Notes to the Financial Statements

	Parent	
	2021	2020
	TDKK	TDKK
17 Distribution of profit		
Retained earnings	-16.027	-49.720
	-16.027	-49.720

18 Deferred tax asset

Group

The deferred tax asset totally amount to TDKK 17.415 and primarily comprises deferred tax relating to tax deficits carried forward and differences between accounting values and taxable values of intangible and tangible assets whereof TDKK 9.328 has been recognised. Management has recognised the tax asset based on budgets and forecasts for the coming 5 years and assessed it to be probable that the deferred tax asset can be utilized within the Danish joint taxation Group.

Parent

The deferred tax asset totally amount to TDKK 16.119 and primarily comprises deferred tax relating to tax deficits carried forward and differences between accounting values and taxable values of intangible and tangible assets whereof TDKK 8.955 has been recognised. Management has recognised the tax asset based on budgets and forecasts for the coming 5 years and assessed it to be probable that the deferred tax asset can be utilized within the Danish joint taxation Group.

19 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	0	220.744	0	235.702
Long-term part	0	220.744	0	235.702
Within 1 year	246.643	0	278.047	0
	246.643	220.744	278.047	235.702

Notes to the Financial Statements

19 Long-term debt (continued)

	Group		Parent	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Lease obligations				
Between 1 and 5 years	1.324	1.129	0	0
Long-term part	1.324	1.129	0	0
Within 1 year	1.286	1.542	0	0
	2.610	2.671	0	0
Other payables				
After 5 years	39.280	0	0	0
Between 1 and 5 years	14.270	13.888	272	0
Long-term part	53.550	13.888	272	0
Other short-term payables	142.382	152.805	5.555	4.040
	195.932	166.693	5.827	4.040

20 Cash flow statement - adjustments

	Group	
	2021 TDKK	2020 TDKK
Financial income	-3.133	-9.458
Financial expenses	15.588	17.217
Depreciation, amortisation and impairment losses, including losses and gains on sales	31.261	31.199
Tax on profit/loss for the year	1.928	899
Exchange rate adjustments etc.	-2.014	-3.204
	43.630	36.653

Notes to the Financial Statements

	Group	
	2021 TDKK	2020 TDKK
21 Cash flows from operating activities before financial income and expenses, discontinuing activities		
Net profit/loss for the year, discontinuing activities	-12.632	14.744
Adjustments	-17.878	-30.971
Change in inventories	0	104
Change in receivables	0	7.612
Change in trade payables etc.	0	38.864
	-30.510	30.353

22 Cash flow statement - change in working capital

Change in inventories	120	44
Change in receivables	-8.435	2.126
Change in trade payables, etc	36.139	39.024
	27.824	41.194

23 Contingent assets, liabilities and other financial obligations

The Group is part to a few pending lawsuits. The Group and its legal advisors consider the claims unjustified and do not perceive that the Group will incur any losses as a result of the actions for damages.

At 31 December 2021, the Group has a total rental obligation of TDKK 21,255 (2020: TDKK 13.166)

At 31 December 2020, the Group has operating lease obligations relating to vehicles and other equipment amounting to TDKK 22,692 (2020: TDKK 17.541).

The Group has issued guarantees of TDKK 3,947 towards customers.

The Group has issued floating guarantees to credit institution for a total of TDKK 166.486.

Moreover, the Group has entered into finance leases which have been recognised in fixed assets and debt obligations.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of P-A17 A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

24 Related parties

	Basis
Controlling interest	
Polaris Private Equity III K/S	Ultimate parent company
P-A17 A/S	Main shareholder
P-A2017 Holding 1 A/S	Main shareholder
P-A2017 Holding 2 ApS	Immediate parent company

Transactions

Transactions with related parties has been carried out at arm's length terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of

Name	Place of registered office
P-A17 A/S	2100 København Ø

Notes to the Financial Statements

25 Accounting Policies

The Annual Report of Allianceplus Holding A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

Due to changes in internal registrations in the Company's financial reporting system, reclassifications between financial line items in the income statement and balance sheet have been made in the comparative figures for 2020. The reclassifications have no effect on either profit for the year or equity.

Besides from the before-mentioned, the accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

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, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

Notes to the Financial Statements

25 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Allianceplus Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Discontinuing Activities

Discontinued operations are material business areas that accordance with an overall plan will be divested, closed or abandoned. The result of discontinued operations is presented as a separate line in the income statement consisting of operating profit after tax for the activities in question and any gains or losses on fair value adjustment of the disposal of assets associated with the discontinued operations. Assets related to discontinued operations are presented separately in the balance sheet as current assets. Liabilities directly related to the assets and discontinued activities are presented as current liabilities in the balance sheet. Comparative figures have been adjusted for the income statement.

Income Statement

Revenue

Revenue comprises invoiced sale of goods and services as well as uninvoiced income related to services in progress and is recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as the Group's administration, etc.

Staff expenses

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

Notes to the Financial Statements

25 Accounting Policies (continued)

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 Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Notes to the Financial Statements

25 Accounting Policies (continued)

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 20 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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 3-5 years.

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14.100 are expensed in the year of acquisition.

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 so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisi-

Notes to the Financial Statements

25 Accounting Policies (continued)

tion of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries 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 other receivables.

The carrying amount are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the investments is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Equity

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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

Notes to the Financial Statements

25 Accounting Policies (continued)

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. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Notes to the Financial Statements

25 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

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

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

25 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Operating profit/loss	Profit/loss before financial income and expenses - Other operating income