
Allianceplus Holding A/S

Søndre Ringvej 49A, DK-2605 Brøndby

Annual Report for 1 January - 31 December 2020

CVR No 31 58 91 42

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
13/7 2021

Karsten Poulsen
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	11
Balance Sheet 31 December	12
Statement of Changes in Equity	16
Cash Flow Statement 1 January - 31 December	17
Notes to the Financial Statements	18

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 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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, 13 July 2021

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 2020 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 2020 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 2020, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

Independent Auditor's Report

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 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

Independent Auditor's Report

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, 13 July 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
Statsautoriseret revisor
mne28703

Leif Ulbæk Jensen
Statsautoriseret revisor
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Company Information

The Company

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DK-2605 Brøndby

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

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				
	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	707.407	688.957	1.036.326	1.197.939	1.391.490
EBITDA	9.399	2.936	-96	-31.601	23.360
Operating profit/loss	-27.691	-35.374	-45.076	-203.536	-34.986
Profit/loss before financial income and expenses	-21.800	-35.287	-41.692	-200.003	-28.930
Net financials	-7.759	-4.952	1.143	-27.969	-18.452
Profit/loss from discontinuing activities	14.744	-46.769	0	0	0
Net profit/loss for the year	-15.714	-86.999	-48.105	-217.789	-45.672
Balance sheet					
Balance sheet total	422.428	403.570	550.253	590.587	793.579
Equity	-96.217	-78.213	10.457	55.749	106.128
Cash flows					
Cash flows from:					
Investment in property, plant and equipment	-1.608	-78.910	-1.545	-5.411	-15.853
Ratios					
Profit margin	-3,1%	-5,1%	-4,0%	-16,7%	-2,1%
Return on assets	-5,2%	-8,7%	-7,6%	-33,9%	-3,6%
Solvency ratio	-22,8%	-19,4%	1,9%	9,4%	13,4%
Return on equity	18,0%	256,8%	-145,3%	-269,1%	-35,4%

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

Comparative figures in 2019, 2018, 2017 and 2016 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 consist of cleaning, canteen, window polishing and facility management services in Denmark and Norway.

Development in the year

The focus for 2020 was set to be on continuing the work towards establishing a sustainable platform for future growth, however in late March it was replaced by uncertainty caused by the COVID-19 pandemic. Focus turned towards meeting the changed customer requirements in the COVID-19 pandemic setting and managing the business in the best possible manner in the very uncertain and unusual circumstances.

The direct business impact was adjustment to the volume or temporary close of the APPETIZE+ staff restaurants, while the ALLIANCE+ cleaning was affected by the increase in need for additional sanitization, which more than offset the drop in demand caused by more people working from home.

During the initial three months of the COVID-19 pandemic, ALLIANCE+ to a limited extent availed of the government salary compensation support packages, while the postponed tax and VAT payments were availed of throughout the year.

Customer retention was successfully maintained and along with new sales, revenue increased. APPETIZE+, our staff restaurants, grew in number, but due to reduced demand in the individual restaurants overall volume remained on par with 2019.

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. It showed positive progress both in terms of participation rate and Engagement Score, leaving the overall score at a very high level. The continued focus on process optimization and use of systems led to some organizational adjustments and reduction in costs.

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, but further focus is required to deliver further improvements.

We maintained all our certifications in 2020 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 2020, however with further need of focus and improvements to obtain a satisfying margin.

The beginning of 2021 continued to show positive signs, but developments are delayed by the COVID-19 pandemic. It has temporarily affected the turnover of APPETIZE+ and the limited presence in the hotel segment. The startup of two large public contracts in late 2020 caused some challenges. One of them has been addressed in early in 2021, while the efforts are ongoing for the second one.

Management's Review

Focus for the remainder of 2021 is on developing the business further and adapting to new normal that follows COVID-19, hereunder close dialogue with customers to ensure that their adjusted demands are met.

It has been decided to divest the Swedish part of the business. Therefore, a sales process has been initiated to find a buyer who can develop the Swedish business to its full potential. As such, the Swedish business is presented in the Financial Statements as Discontinuing activities. The comparative figures in the income statement have been adjusted accordingly.

Income statement

Excluding discontinuing activities of Allianceplus AB, revenue in 2020 of the Group amounted to DKK 707 million (DKK 689 million in 2019), an increase of 2.7%. In Denmark, revenue increased by 7.1% as a result of a strong activity level across the business, with a solid addition of new material customers and contracts. The Norwegian revenue decreased by 2.5% in a steady market.

Operating profit/loss before financials for the Group reached negative DKK 22 million (negative DKK 35 million in 2019). The positive development in Operating profit/loss is due to underlying growth in the business and ongoing focus on cost efficiency. Despite the improvements during the year, the result is still negative, as the operating profit/loss is also impacted by goodwill amortizations of DKK 28 million (DKK 33 in 2019).

In Denmark, the operating profit improved to negative DKK 11 million (negative DKK 20 million in 2019) due to underlying growth in the business. In Norway, the operating profit was DKK 2.6 million (DKK 0.5 million in 2019).

Net financials reached negative DKK 8 million (DKK 5 million in 2019). The negative development is mainly caused by foreign exchange rate developments.

Net profit for the year was negative DKK 16 million (negative DKK 88 million in 2019). Net profit is impacted by a number of non-recurring items, cf. note 6 in the Financial Statements.

Net profit from discontinuing activities (Allianceplus AB) was positive DKK 15 million (negative DKK 47 million in 2019). In 2020, the profit from discontinuing activities was positively impacted by the restructuring of Allianceplus AB where agreements with the subsidiary's creditors resulted in a gain of DKK 32 million (DKK 42 million in 2019). In 2019, the loss from discontinuing activities was negatively affected by impairment loss on goodwill of DKK 76 million.

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 result in 2021

Management's Review

Balance sheet

Total assets amount to DKK 422 million (DKK 404 million in 2019).

Cash flow

Free Cash Flow amounted to DKK 54 million in 2020 (negative DKK 39 million in 2019).

Financing

Net Interest Bearing Debt (NIBD) amounted to DKK 257 million (DKK 263 million in 2019), where as DKK 37 million is included in liabilities relating to discontinued activities.

Capital resources and subsequent events

Equity amounts to negative DKK 96 million (negative DKK 79 million in 2019) 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 2020.

Knowledge resources

At the end of 2020, the Group had 1,726 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.

Management's Review

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 2020 CSR report:

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

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>

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 equally owned by Polaris Private Equity and KIRK Kapital A/S. 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	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Revenue	3	707.407	688.957	18.670	12.111
Other operating income	6	5.891	87	0	0
Cost of sales		-78.175	-74.097	0	0
Other external expenses		-46.524	-41.284	-8.299	-4.760
Gross profit/loss		588.599	573.663	10.371	7.351
Staff expenses	4	-579.200	-570.727	-9.869	-6.919
Earnings before depreciation (EBITDA)		9.399	2.936	502	432
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-31.199	-38.223	-2.840	-1.353
Profit/loss before financial income and expenses	6	-21.800	-35.287	-2.338	-921
Income from investments in subsidiaries	13	0	0	-38.128	-80.686
Financial income	7	9.458	680	5.045	2.197
Financial expenses	8	-17.217	-5.632	-15.745	-7.589
Profit/loss before tax		-29.559	-40.239	-51.166	-86.999
Tax on profit/loss for the year	9	-899	9	1.446	0
Profit/loss from continuing activities		-30.458	-40.230	-49.720	-86.999
Profit/loss from discontinuing activities	10	14.744	-46.769	0	0
Net profit/loss for the year		-15.714	-86.999	-49.720	-86.999

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Software		12.264	11.745	11.812	9.413
Acquired rights		146	947	146	162
Goodwill		192.244	218.717	0	0
Development of intangible assets under construction		0	834	0	852
Intangible assets	11	204.654	232.243	11.958	10.427
Plant and machinery		8.534	9.659	0	0
Property, plant and equipment	12	8.534	9.659	0	0
Investments in subsidiaries	13	0	0	184.650	225.068
Other receivables	14	451	1.853	0	0
Fixed asset investments		451	1.853	184.650	225.068
Fixed assets		213.639	243.755	196.608	235.495
Raw materials and consumables		108	0	0	0
Finished goods and goods for resale		1.557	2.103	0	0
Inventories		1.665	2.103	0	0

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Trade receivables		98.628	127.010	0	0
Receivables from group enterprises		866	5.882	13.494	8.875
Other receivables		1.654	2.157	152	152
Deferred tax asset	17	9.439	9.598	8.955	8.955
Prepayments	15	5.009	6.629	1.498	417
Receivables		115.596	151.276	24.099	18.399
Cash and cash equivalents		2.541	6.436	0	0
Assets relating to discontinued activities	10	88.987	0	0	0
Currents assets		208.789	159.815	24.099	18.399
Assets		422.428	403.570	220.707	253.894

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Share capital		3.601	3.601	3.601	3.601
Reserve for development costs		0	0	0	665
Retained earnings		-99.818	-81.814	-133.824	-82.479
Equity		-96.217	-78.213	-130.223	-78.213
Credit institutions		220.744	269.789	235.702	224.596
Other payables		13.888	13.426	0	0
Long-term debt	18	234.632	283.215	235.702	224.596
Lease obligations		2.671	4.077	0	0
Trade payables		20.526	35.534	1.655	3.205
Payables to group enterprises		0	0	109.530	102.148
Corporation tax		1.143	586	0	0
Other payables	18	152.808	158.371	4.043	2.158
Short-term debt		177.148	198.568	115.228	107.511
Liabilities relating to discontinued activities	10	106.865	0	0	0
Debt		518.645	481.783	350.930	332.107
Liabilities and equity		422.428	403.570	220.707	253.894

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>
Capital resources and subsequent events	1
Uncertainty in recognition and measurement	2
Special items	6
Distribution of profit	16
Contingent assets, liabilities and other financial obligations	22
Related parties	23
Accounting Policies	24

Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	3.601	0	-81.814	-78.213
Exchange adjustments	0	0	-2.290	-2.290
Net profit/loss for the year	0	0	-15.714	-15.714
Equity at 31 December	3.601	0	-99.818	-96.217

Parent

Equity at 1 January	3.601	665	-82.479	-78.213
Exchange adjustments	0	0	-2.290	-2.290
Development costs for the year	0	-665	665	0
Net profit/loss for the year	0	0	-49.720	-49.720
Equity at 31 December	3.601	0	-133.824	-130.223

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 TDKK	2019 TDKK
Net profit/loss for the year		-30.458	-86.999
Adjustments	19	36.653	119.992
Change in working capital	20	41.197	-43.074
Cash flows from operating activities before financial income and expenses		47.392	-10.081
Financial income		10.272	926
Financial expenses		-18.032	-6.434
Cash flows from ordinary activities		39.632	-15.589
Corporation tax paid		160	-2.895
Cash flows from operating activities, discontinued activities	21	30.353	0
Cash flows from operating activities		70.145	-18.484
Purchase of intangible assets		-4.909	71.974
Purchase of property, plant and equipment		-1.608	-78.910
Sale of property, plant and equipment		0	312
Cash flows from investing activities		-6.517	-6.624
Repayment of loans from credit institutions		0	-4.970
Adjustment of payables to group enterprises		5.042	-8.613
Repayment of loans from credit institutions, discontinued activities		-14.600	0
Cash flows from financing activities		-9.558	-13.583
Change in cash and cash equivalents		54.070	-38.691
Cash and cash equivalents at 1 January		6.436	45.127
Cash and cash equivalents at 31 December 2020 included in discontinuing activities		-57.965	0
Cash and cash equivalents at 31 December		2.541	6.436
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2.541	6.436
Cash and cash equivalents at 31 December		2.541	6.436

Notes to the Financial Statements

1 Capital resources and subsequent events

The Company's equity is lost. It is Management's assessment that equity will be restored in the future by capital contributions, earnings or a combination thereof.

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 credit facility ceases by the end of 2022. The loan covenants have not been fulfilled in 2021, why Management is in negotiations with the Group's bank regarding a new credit facility and terms for the Group, including until the end of 2022. The negotiations are not finalized at the time of approval of the Annual Report. It is Management's expectation that a new credit facility will be entered into, which will secure and strengthen the capital resources of the Group and the Company.

The Group's bank has confirmed that the existing credit facilities will be maintained until a new facility is agreed, hereunder accepting that the Group does not meet the loan covenants for the time being until 31 December 2021 . The Group's bank has previously shown willingness to make temporary limited extensions of the credit facility, if necessary. It is Management's assessment that the Group's bank also in the future will show similar willingness. Management therefore submits the Annual Report on the assumption of going concern.

Above 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. Due to the development of the Group's financial figures, indications of impairment exist, thus an impairment test has been performed. The impairment test performed as of 31 December 2020 shows that the estimated market value of the equity for the Cash Generating Units exceeds the carrying amount of the equity as of 31 December 2020. The future estimated taxable results exceed the booked value of deferred tax assets.

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

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

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

3 Revenue	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Revenue, Denmark	550.674	509.222	10.902	4.611
Revenue Exports	156.733	179.735	7.768	7.500
	707.407	688.957	18.670	12.111
Business segments				
Cleaning	638.898	645.130	0	0
Catering	68.500	43.827	0	0
Management Fee	0	0	18.670	12.111
	9	0	0	0
	707.407	688.957	18.670	12.111
4 Staff expenses	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	481.174	440.339	9.368	6.490
Pensions	40.391	26.741	496	413
Other social security expenses	51.964	87.407	4	16
Other staff expenses	5.671	16.240	1	0
	579.200	570.727	9.869	6.919
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board			8.322	4.612
Board of Directors			1.125	1.877
			9.447	6.489
Average number of employees	1.726	2.003	2	3

Notes to the Financial Statements

	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	28.466	31.927	2.840	1.353
Depreciation of property, plant and equipment	2.733	6.296	0	0
	31.199	38.223	2.840	1.353

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

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".

2019

The profit/loss for the year has been negatively affected by one-off costs totalling TDKK 33.569 comprising impairment of goodwill of TDKK 75.876 included in line item "Depreciation, amortisation and impairment of intangible assets and property, plant and equipment" and gain from the reconstruction of Allianceplus AB TDKK 42.394 included in the line item "Profit/loss from discontinuing activities".

Parent

2020

The profit/loss for the year has been negatively affected by one-off totalling TDKK 3.614 comprising impairment regarding Allianceplus AB, ref. note 10, TDKK 34.009 (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".

Notes to the Financial Statements

7 Financial income	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	0	0	973	0
Other financial income	6.200	680	0	144
Exchange adjustments	3.258	0	4.072	2.053
	9.458	680	5.045	2.197

8 Financial expenses	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	0	0	2.716	2.645
Other financial expenses	17.217	5.632	13.029	4.944
	17.217	5.632	15.745	7.589

9 Tax on profit/loss for the year	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	899	504	-1.446	0
Deferred tax for the year	0	-513	0	0
	899	-9	-1.446	0

Notes to the Financial Statements

	Group	
	2020	2019
	TDKK	TDKK
10 Discontinuing activities		
In 2021, the Swedish subsidiary in Allianceplus AB is expected to be sold.		
Revenue	196.698	264.283
Expenses for raw materials and consumables	-21.134	-21.241
Other external expenses	-23.361	-12.886
Gross profit/loss	152.203	230.156
Staff expenses	-169.773	-243.497
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-394	-76.938
Profit/loss before financial income and expenses	-17.964	-90.279
Financial income	33.398	44.309
Financial expenses	-690	-799
Profit/loss before tax	14.744	-46.769
Tax on profit/loss for the year	0	0
Profit/loss from discontinuing activities	14.744	-46.769
Property, plant and equipment	174	
Fixed assets	174	
Inventories	308	
Receivables	30.540	
Cash at bank and in hand	57.965	
Currents assets	88.813	
Assets relating to discontinued activities	88.987	
Long-term debt	36.985	
Short-term debt	69.880	
Liabilities relating to discontinued activities	106.865	

Notes to the Financial Statements

11 Intangible assets

Group

	Software TDKK	Acquired rights TDKK	Goodwill TDKK	Development of intangible assets under construction TDKK
Cost at 1 January	23.599	3.193	747.840	834
Exchange adjustment	0	0	1.777	0
Additions for the year	5.223	0	0	0
Disposals for the year	-2.117	0	0	-834
Cost at 31 December	<u>26.705</u>	<u>3.193</u>	<u>749.617</u>	<u>0</u>
Impairment losses and amortisation at 1 January	11.854	2.246	529.123	0
Exchange adjustment	0	0	2.589	0
Amortisation for the year	2.587	801	25.661	0
Impairment losses and amortisation at 31 December	<u>14.441</u>	<u>3.047</u>	<u>557.373</u>	<u>0</u>
Carrying amount at 31 December	<u>12.264</u>	<u>146</u>	<u>192.244</u>	<u>0</u>

Parent

	Software TDKK	Acquired rights TDKK	Development of intangible assets under construction TDKK
Cost at 1 January	10.766	178	852
Additions for the year	5.223	0	0
Disposals for the year	0	0	-852
Cost at 31 December	<u>15.989</u>	<u>178</u>	<u>0</u>
Impairment losses and amortisation at 1 January	1.353	16	0
Amortisation for the year	2.824	16	0
Impairment losses and amortisation at 31 December	<u>4.177</u>	<u>32</u>	<u>0</u>
Carrying amount at 31 December	<u>11.812</u>	<u>146</u>	<u>0</u>

Notes to the Financial Statements

12 Property, plant and equipment

Group

	Plant and machinery
	TDKK
Cost at 1 January	69.358
Additions for the year	1.608
Cost at 31 December	<u>70.966</u>
Impairment losses and depreciation at 1 January	59.699
Depreciation for the year	2.733
Impairment losses and depreciation at 31 December	<u>62.432</u>
Carrying amount at 31 December	<u>8.534</u>

13 Investments in subsidiaries

	Parent	
	2020	2019
	TDKK	TDKK
Cost at 1 January	<u>663.460</u>	<u>663.460</u>
Cost at 31 December	<u>663.460</u>	<u>663.460</u>
Value adjustments at 1 January	-438.392	-356.035
Exchange adjustment	-2.290	-1.671
Net profit/loss for the year	4.340	10.529
Impairment and amortisation of goodwill	-42.468	-91.274
Other adjustments	<u>0</u>	<u>59</u>
Value adjustments at 31 December	<u>-478.810</u>	<u>-438.392</u>
Carrying amount at 31 December	<u>184.650</u>	<u>225.068</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>85.124</u>	<u>96.491</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%
Allianceplus AB	Sweden	100%

14 Other fixed asset investments

	Group
	Other receiv- ables
	TDKK
Cost at 1 January	1.853
Disposals for the year	-1.402
Cost at 31 December	451
Carrying amount at 31 December	451

15 Prepayments

Prepayments comprise prepaid expenses relating to subsequent years.

16 Distribution of profit

	Parent	
	2020	2019
	TDKK	TDKK
Retained earnings	-49.720	-86.999
	-49.720	-86.999

Notes to the Financial Statements

17 Deferred tax asset

Group

The deferred tax asset totally amount to TDKK 15.830 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 9.439 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 12.118 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.

Notes to the Financial Statements

18 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	
	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK
Credit institutions				
Between 1 and 5 years	220.744	269.789	235.702	224.596
Long-term part	220.744	269.789	235.702	224.596
Within 1 year	0	0	0	0
	220.744	269.789	235.702	224.596
Other payables				
Between 1 and 5 years	13.888	13.426	0	0
Long-term part	13.888	13.426	0	0
Other short-term payables	152.817	158.373	4.043	2.158
	166.705	171.799	4.043	2.158

Notes to the Financial Statements

	Group	
	2020	2019
	TDKK	TDKK
19 Cash flow statement - adjustments		
Financial income	-9.458	-44.989
Financial expenses	17.217	6.431
Depreciation, amortisation and impairment losses, including losses and gains on sales	31.199	115.161
Exchange rate adjustments etc.	-3.204	1.104
Tax on profit/loss for the year	899	-9
Received debt forgiveness	0	42.294
	36.653	119.992
20 Cash flow statement - change in working capital		
Change in inventories	44	152
Change in receivables	2.126	-1.279
Change in trade payables, etc	39.027	-41.947
	41.197	-43.074
21 Cash flows from operating activities before financial income and expenses, discontinuing activities		
Net profit/loss for the year, discontinuing activities		14.744
Adjustments		-30.971
Change in inventories		104
Change in receivables		7.612
Change in trade payables etc.		38.864
		30.353

2020
TDKK

Notes to the Financial Statements

22 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 2020, the Group has a total rental obligation of TDKK 13.116

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

The Group has issued guarantees of TDKK 5.494 towards customers.

The Group has issued floating guarantees to credit institution for a total of TDKK 225.623.

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-A2017 Holding 1 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.

Parent

The Company has provided shares in group enterprises with a carrying amount of TDKK 184.650 at 31 December 2020 as security for bank debt.

The Company has provided a guarantee for cash support to Allianceplus AB up to TDKK 12.000 if Allianceplus AB cannot pay debt to creditors according to the reconstruction terms.

Notes to the Financial Statements

23 Related parties

	Basis
Controlling interest	
P-A2017 Holding 2 ApS, Brøndby, Denmark	Immediate parent company
P-A2017 Holding 1 A/S, Brøndby, Denmark	Ultimate 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-A2017 Holding 1 ApS	Brøndby, Denmark.

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Allianceplus Holding A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 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.

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

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

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

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

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

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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 acquisition 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

Notes to the Financial Statements

24 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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

24 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

24 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