Allianceplus Holding A/S

Søndre Ringvej 49A, DK-2605 Brøndby

Annual Report for 1 January - 31 December 2019

CVR No 31 58 91 42

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10/9 2020

Karsten Poulsen
Chairman of the General Meeting

Contents

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 2019.

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 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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

Copenhagen, 10 September 2020

Executive Board

Anders Egehus
CEO

Board of Directors

Karsten Poulsen Chairman	Jesper Teddy Lok Deputy Chairman	Kim Gulstad

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 2019 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 2019 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 2019, 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 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, 10 September 2020
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	Allianceplus Holding A/S Søndre Ringvej 49A DK-2605 Brøndby Telephone: + 45 70 20 70 11 E-mail: info@allianceplus.dk Website: allianceplus.dk 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 Kim Gulstad 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				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	953.240	1.036.326	1.197.939	1.391.490	1.312.673
EBITDA	-10.405	-96	-31.601	23.360	42.768
Operating profit/loss	-125.653	-45.076	-203.536	-34.986	28.408
Profit/loss before financial income and expenses	-125.566	-41.692	-200.003	-28.930	-9.833
Net financials	38.558	1.143	-27.969	-18.452	-16.841
Net profit/loss for the year	-86.999	-48.105	-217.789	-45.672	-27.653
Balance sheet					
Balance sheet total	403.570	550.253	590.587	793.579	828.525
Equity	-78.213	10.457	55.749	106.128	152.082
Cash flows					
Cash flows from:					
Investment in property, plant and equipment	-1.972	-1.545	-5.411	-15.853	-8.661
Ratios					
Profit margin	-13,2%	-4,0%	-16,7%	-2,1%	-0,7%
Return on assets	-31,1%	-7,6%	-33,9%	-3,6%	-1,2%
Solvency ratio	-19,4%	1,9%	9,4%	13,4%	18,4%
Return on equity	-256,8%	-145,3%	-269,1%	-35,4%	-16,6%

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

Management’s Review

Main activity of the Group

Main activities of the Group consist of cleaning, canteen, window polishing and facility management services in Denmark, Norway and Sweden.

2020 progress delayed by COVID-19 pandemic

Efforts in 2019 continued to focus on establishing a sustainable platform for future growth. Customer retention was increased successfully and along with new sales, revenue drop was stabilized. APPETIZE+, our staff restaurants, grew with success while also increasing focus on reducing food waste.

Despite these positive developments 2019 revenue dropped by DKK 72 million from 2018, due to negative year-on-year effect from customer loss in 2018 and negative effects from the reconstruction of the Swedish business. These adverse effects let to an unsatisfactory negative EBITDA result for the year of DKK -10.4 million (2018: DKK 0.4 million).

The low margin nature of the business demands constant focus on costs. Salary costs comprise by far majority of the cost, thus imperative to have ongoing control and optimization of hours. The implementation and utilization of a workforce planning system began to show some positive results and further improvements are expected as the system is used in full. Increased focus on process optimization and use of systems led to organizational adjustments and resulted in further savings.

These efforts along with the ongoing rightsizing of the organization contributed positively towards offsetting the negative revenue development.

ALLIANCE+ continued attracting and retaining dedicated employees by offering good job opportunities with proper work and employment conditions. The annual Employee Engagement Survey showed progress with an even higher score than last year and in general a strong performance.

The reconstruction of the Swedish business that was initiated in October 2018 was concluded in May 2019. It has trimmed and focused the business on the larger cities.

Frame agreements were established with several selected suppliers. All of our certifications, ISO, Nordic Eco-label and Servicenormen were maintained. Several important environmental initiatives continued or began including reduction of chemicals and use of electric cars.

Towards the end of the year the company developed positively, however with further need of focus and improvements to obtain a satisfying margin. The beginning of 2020 continued to show positive signs, but developments are delayed by the COVID-19 pandemic. It temporarily affected the turnover of APPETIZE+ and it has significantly affected the hotel segment in Sweden.

The latter resulted in another restructuring initiated in May 2020 of the business in Sweden, which is progressing as planned.

COVID-19 has for most customers increased the focus on the importance of the services ALLIANCE+ provides and in some cases led to extra activity. Government help packages have in 2020 been welcomed

Management's Review

and used to some extent in Denmark and Norway. The uncertainty relating to returning to normal in the Swedish hotel business and a possible second wave of COVID-19 represents a risk, which is difficult to substantiate. Experiences, contingencies, and focus will contribute to minimizing the risk. The expectations are that COVID-19 will delay the overall progress by a year.

Financial review

Income statement

The 2019 revenue for the Group amounted to DKK 953 million (DKK 1.036 million in 2018) a decline of 8%. The revenue in Denmark declined by 6.6% as a few larger contracts were stopped in Q1 2019. The Norwegian revenue increased by 3.2% in a steady market. The revenue in Sweden declined by 13.6% as the trimming of very low margin customer contracts continued in the year.

EBITDA for the year reached negative DKK 10 million (DKK 0.4 million in 2018). The negative result was mainly caused by the reduction in revenue and the resulting decrease in gross profit. The staff expenses in 2019 were slightly higher than in 2018 as a percentage of revenue as restructuring of the Danish and Swedish organizations in 2019 led to slightly higher in-year cost.

Profit/loss before financial income and expenses for the Group was negative DKK 126 million (negative DKK 42 million in 2018). The main reason for the negative result was the impairment of the goodwill related to the Swedish business of DKK 76 million. Furthermore, the operating profit/loss is heavily impacted by goodwill amortizations of DKK 33 million.

Net financials reached positive DKK 39 million (DKK 1 million in 2018). The positive development is mainly caused by the reconstruction carried out in Sweden during the year. The reconstruction impacted positively with a net gain of DKK 42 million following the accord settlement whereby creditors waived debt.

Net profit for the year was negative DKK 87 million (negative DKK 48 million in 2018). The result is heavily impacted by large non-recurring items, cf. note 6. However, when eliminating these effects, the Group continues to deliver negative and unsatisfactory results.

Balance sheet

Total assets amount to DKK 404 million (DKK 550 million in 2018). The assets were mainly reduced by the goodwill impairment and amortization of DKK 109 million in the year (DKK 32 million in 2018).

Cash flow

Free Cash Flow amounted to negative DKK 39 million in 2019 (DKK 6 million in 2018). The negative development is mainly caused by a reduction of liabilities in Sweden following the exit of the reconstruction that was ongoing in 2018 and finalized in 2019.

Financing

Net Interest Bearing Debt (NIBD) amounted to DKK 277 million (DKK 231 million in 2018).

Management's Review

Equity

Equity reaches negative DKK 78 million (DKK 10 million in 2018) following the negative result of the year. Management expects the equity to be restored to positive levels in 2020-2021 by future income, capital increase or a combination hereof.

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 of the Financial Statements.

Statement of corporate social responsibility

The Group had 2,130 full-time employees at the end of 2019. 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.

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 further details, please read our CSR report 2019:https://www.allianceplus.dk/media/1487/allianceplus-csr-report-2019-web.pdf

Statement on gender composition

The target of having one female board member by the end of 2020 has not yet been achieved. The owners have not found any reason to change the composition of the Board, and the gender representation is thus still 0% women and 100% men on the Board of Directors.

For more information, please refer to the Group's CSR Report 2019:https://www.allianceplus.dk/media/1487/allianceplus-csr-report-2019-web.pdf

Subsequent events

Refer to note 1 in the Financial Statements.

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's Review

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 2019.

Furthermore, the Company is the parent company of the Group.

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 2019	Group 2018	Parent 2019	Parent 2018
		TDKK	TDKK	TDKK	TDKK
Revenue	3	**953.240**	**1.036.326**	**12.111**	**16.500**
Other operating income		87	3.384	0	0
Cost of sales		-95.338	-103.172	0	0
Other external expenses		-54.170	-54.772	-4.760	-5.317
Gross profit/loss		**803.819**	**881.766**	**7.351**	**11.183**
Staff expenses	4	-814.224	-881.862	-6.919	-11.409
Earnings before depreciation (EBITDA)		**-10.405**	**-96**	**432**	**-226**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-115.161	-41.596	-1.353	-10
Profit/loss before financial income and expenses	6	**-125.566**	**-41.692**	**-921**	**-236**
Income from investments in subsidiaries	12	0	0	-80.686	-48.146
Financial income	7	44.989	6.525	2.197	5.905
Financial expenses	8	-6.431	-5.382	-7.589	-5.620
Profit/loss before tax		**-87.008**	**-40.549**	**-86.999**	**-48.097**
Tax on profit/loss for the year	9	9	-7.556	0	-8
Net profit/loss for the year		**-86.999**	**-48.105**	**-86.999**	**-48.105**

Balance Sheet 31 December

Assets

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent 2019 TDKK	Parent 2018 TDKK
Software		11.745	10.434	9.413	7.852
Acquired rights		947	903	162	162
Goodwill		218.717	326.450	0	0
Development of intangible assets under contruction		834	0	852	0
Intangible assets	10	**232.243**	**337.787**	**10.427**	**8.014**
Plant and machinery		9.659	13.983	0	0
Property, plant and equipment	11	**9.659**	**13.983**	**0**	**0**
Investments in subsidiaries	12	0	0	225.068	307.425
Other receivables	13	1.853	2.165	0	0
Fixed asset investments		**1.853**	**2.165**	**225.068**	**307.425**
Fixed assets		**243.755**	**353.935**	**235.495**	**315.439**
Inventories		**2.103**	**2.255**	**0**	**0**
Trade receivables		127.010	121.038	0	0
Receivables from group enterprises		5.882	5.739	8.875	8.875
Other receivables		2.157	11.289	152	271
Deferred tax asset	14	9.598	8.855	8.955	8.955
Prepayments	15	6.629	2.015	417	570
Receivables		**151.276**	**148.936**	**18.399**	**18.671**
Cash at bank and in hand		**6.436**	**45.127**	**0**	**0**
Currents assets		**159.815**	**196.318**	**18.399**	**18.671**
Assets		**403.570**	**550.253**	**253.894**	**334.110**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2019	Group 2018	Parent 2019	Parent 2018
		TDKK	TDKK	TDKK	TDKK
Share capital		3.601	3.601	3.601	3.601
Reserve for development costs		0	0	665	0
Retained earnings		-81.814	6.856	-82.479	6.856
Equity		**-78.213**	**10.457**	**-78.213**	**10.457**
Credit institutions		269.789	276.200	174.704	175.726
Other payables		13.426	0	0	0
Long-term debt	17	**283.215**	**276.200**	**174.704**	**175.726**
Credit institutions	17	0	0	49.892	37.720
Lease obligations		4.077	2.636	0	0
Trade payables		35.534	40.778	3.205	5.986
Payables to group enterprises		0	8.198	102.148	101.179
Corporation tax		586	3.481	0	0
Other payables	17	158.371	208.503	2.158	3.042
Short-term debt		**198.568**	**263.596**	**157.403**	**147.927**
Debt		**481.783**	**539.796**	**332.107**	**323.653**
Liabilities and equity		**403.570**	**550.253**	**253.894**	**334.110**

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Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
2019				
Equity at 1 January	3.601	0	6.856	10.457
Exchange adjustments	0	0	-1.671	-1.671
Net profit/loss for the year	0	0	-86.999	-86.999
Equity at 31 December	**3.601**	**0**	**-81.814**	**-78.213**

Group

2018				
Equity 1. januar	3.601	0	52.148	55.749
Exchange adjustments	0	0	2.813	2.813
Net profit/loss for the year	0	0	-48.105	-48.105
Equity at 31 December	**3.601**	**0**	**6.856**	**10.457**

Parent

2019				
Equity at 1 January	3.601	0	6.856	10.457
Exchange adjustments	0	0	-1.671	-1.671
Development costs for the year	0	665	-665	0
Net profit/loss for the year	0	0	-86.999	-86.999
Equity at 31 December	**3.601**	**665**	**-82.479**	**-78.213**

Parent

2018				
Equity 1. januar	3.601	469	51.679	55.749
Exchange adjustments	0	0	2.813	2.813
Development costs for the year	0	-469	469	0
Net profit/loss for the year	0	0	-48.105	-48.105
Equity at 31 December	**3.601**	**0**	**6.856**	**10.457**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	2018
		TDKK	TDKK
Net profit/loss for the year		-86.999	-48.105
Adjustments	18	119.992	46.316
Change in working capital	19	-43.076	15.836
Cash flows from operating activities before financial income and expenses		**-10.083**	**14.047**
Financial income		926	2.490
Financial expenses		-6.432	-5.382
Cash flows from ordinary activities		**-15.589**	**11.155**
Corporation tax paid		-2.895	3.747
Cash flows from operating activities		**-18.484**	**14.902**
Purchase of intangible assets	10	-4.964	-9.039
Purchase of property, plant and equipment	11	-1.972	-1.545
Change in fixed asset receivable		0	316
Sale of property, plant and equipment		312	528
Cash flows from investing activities		**-6.624**	**-9.740**
Repayment of loans from credit institutions		-4.970	-4.354
Repayment of payables to group enterprises		-8.613	5.676
Cash flows from financing activities		**-13.583**	**1.322**
Change in cash and cash equivalents		**-38.691**	**6.484**
Cash and cash equivalents at 1 January		45.127	38.643
Cash and cash equivalents at 31 December		**6.436**	**45.127**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6.436	45.127
Cash and cash equivalents at 31 December		**6.436**	**45.127**

Notes to the Financial Statements

1 Subsequent events and capital resources

Subsequent events

On 12 March 2020, the Danish government launched an extensive nationwide alert plan against Covid-19. Management regards the outbreak of Covid-19 as a subsequent non-adjusting event. Management has subsequently not identified any reassessments at the carrying amount of assets and liabilities.

The nationwide alert imposed a large number of restrictions in order to limit the risk of infection. All of our customers made changes in their workplace – including temporary scale down of activities, increased work from home and/or employees being laid off. In collaboration with customers and relevant authorities, we have implemented a number of initiatives to minimize infection risks and increasing safety for both our customers and employees. The alert has subsequently been adjusted step by step and as of August 2020, the level of activity is back as before 12 March 2020.

The business in Sweden was impacted by Covid-19 as a large part of the customer base is hotels in Sweden. With hotels shutting down due to Covid-19, and without any financial aid from the Government, the Swedish subsidiary in mid March 2020 entered into a formel reconstruction. By the time of publication of the Annual Report, it is managements' view that the reconstruction is progressing according to plan.

Despite Covid-19, the Company and the Group have been able to maintain a stable level of activity, where at some locations reduced workload has been offset by an increased need for cleaning elsewhere. At the time of publication of the Financial Statements, the outbreak of Covid-19 have not had a significant effect on the Company's and the Group's financial position, compared to what was expected at the beginning of the year.

In Q3 2020, the Group won significant new contracts with public customers in Denmark, starting in Q3-Q4 2020.

In addition to the above, the Company and Group management are not aware of any other events that occurred after 31 December 2019, which are expected to have a significant effect on the Company´s and Group's financial position.

Capital resources

The Company's equity is lost. The company is therefore covered by the Companies Act's rules on capital losses. 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 main bank. If the group's expectations for the future are met, and the ongoing reconstruction of the Swedish subsidiary is completed by the end of November 2020, it is Management's assessment that the Group's capital resources will be sufficient.

Should there be a need for additional liquidity, in addition to the Group's guaranteed credit facilities, the Group's bank has previously shown willingness to make temporary limited extensions. It is Management's assessment that the Group's bank also in the future will show similar willingness.

Notes to the Financial Statements

1 Subsequent events and capital resources (continued)

The ongoing reconstruction of the Swedish subsidiary is proceeding according to plan, and it is Management's assessment that it is likely that the reconstruction will be decided and carried out as expected, but inherently there is uncertainty about this.

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 macroecomic 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 2019 shows that the estimated market value of the equity for one of the Cash Generating Units does not exceed the carrying amount of the equity as of 31 December 2019. As a consequence an impairment of goodwill TDKK 75.876 has been recognised, cf. note 6 and note 10.

The future estimated taxable results exceed the booked value of defereed tax assets.

The blended discount rate (WACC) applied in the impairment test of goodwill and other assets is 10.4%.

Notes to the Financial Statements

		Group		Parent	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
3	**Revenue**				
	Geographical segments				
	Revenue, Denmark	509.222	545.375	4.611	7.180
	Revenue, exports	444.018	490.951	7.500	9.320
		953.240	**1.036.326**	**12.111**	**16.500**
	Business segments				
	Cleaning	888.002	982.150	0	0
	Catering	65.238	54.176	0	0
	Management Fee	0	0	12.111	16.500
		953.240	**1.036.326**	**12.111**	**16.500**

		Group		Parent	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
4	**Staff expenses**				
	Wages and salaries	628.206	699.468	6.490	9.995
	Pensions	38.150	32.456	413	1.357
	Other social security expenses	124.699	121.900	16	57
	Other staff expenses	23.169	28.038	0	0
		814.224	**881.862**	**6.919**	**11.409**
	Including remuneration to the Executive Board and Board of Directors of:				
	Executive Board			4.612	5.081
	Board of Directors			1.877	1.178
				6.489	**6.259**
	Average number of employees	**2.003**	**2.114**	**3**	**5**

Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	32.989	32.347	1.353	10
Depreciation of property, plant and equipment	6.296	9.249	0	0
Impairment of intangible assets	75.876	0	0	0
	115.161	**41.596**	**1.353**	**10**

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

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 42.307 included in the line item "Financial Income".

2018
The profit/loss for the year has been negatively affected by one-off costs in connection with restructuring of the business. One-off costs amount to TDKK 5.338 and comprise redundancy cost and stranded cost regarding re-organisation of business. The costs are included in line item ”Other external expenses”.

Parent
Refer to the above.

7 Financial income

Received debt forgiveness	42.394	0	0	0
Other financial income	826	420	144	82
Exchange adjustments	1.769	6.105	2.053	5.823
	44.989	**6.525**	**2.197**	**5.905**

Notes to the Financial Statements

		Group		Parent	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
8	**Financial expenses**				
	Interest paid to group enterprises	0	0	2.645	1.543
	Other financial expenses	6.431	5.382	4.944	4.077
		6.431	**5.382**	**7.589**	**5.620**
9	**Tax on profit/loss for the year**				
	Current tax for the year	504	1.084	0	0
	Deferred tax for the year	-513	6.472	0	8
		-9	**7.556**	**0**	**8**

Notes to the Financial Statements

10 Intangible assets

Group

	Software	Acquired rights	Goodwill	Development of intangible assets under contruction
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	20.680	2.931	750.160	0
Exchange adjustment	0	0	-2.320	0
Additions for the year	3.868	262	0	834
Disposals for the year	-949	0	0	0
Cost at 31 December	23.599	3.193	747.840	834
Impairment losses and amortisation at 1 January	10.246	2.028	423.710	0
Exchange adjustment	0	0	-677	0
Impairment losses for the year	0	0	75.876	0
Amortisation for the year	2.557	218	30.214	0
Reversal of amortisation of disposals for the year	-949	0	0	0
Impairment losses and amortisation at 31 December	11.854	2.246	529.123	0
Carrying amount at 31 December	**11.745**	**947**	**218.717**	**834**

Parent

	Software	Acquired rights	Development of intangible assets under contruction
	TDKK	TDKK	TDKK
Cost at 1 January	7.852	178	0
Additions for the year	2.914	0	852
Cost at 31 December	10.766	178	852
Impairment losses for the year	0	16	0
Amortisation for the year	1.353	0	0
Impairment losses and amortisation at 31 December	1.353	16	0
Carrying amount at 31 December	**9.413**	**162**	**852**

Notes to the Financial Statements

11 Property, plant and equipment

Group

	Plant and machinery
	TDKK
Cost at 1 January	67.641
Additions for the year	1.972
Disposals for the year	-255
Cost at 31 December	69.358
Impairment losses and depreciation at 1 January	53.658
Depreciation for the year	6.296
Reversal of impairment and depreciation of sold assets	-255
Impairment losses and depreciation at 31 December	59.699
Carrying amount at 31 December	**9.659**

Notes to the Financial Statements

12 Investments in subsidiaries

	Parent 2019	Parent 2018
	TDKK	TDKK
Cost at 1 January	663.460	663.460
Cost at 31 December	663.460	663.460
Value adjustments at 1 January	-356.035	-264.607
Exchange adjustment	-1.671	2.813
Net profit/loss for the year	10.529	-32.736
Dividend to the Parent Company	0	-45.000
Impairment and amortisation of goodwill	-91.274	-15.410
Other adjustments	59	-1.095
Value adjustments at 31 December	-438.392	-356.035
Carrying amount at 31 December	**225.068**	**307.425**
Remaining positive difference included in the above carrying amount at 31 December	96.491	189.416

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Allianceplus A/S	Denmark	100%	106.117	-18.415
Allianceplus AS	Norway	100%	3.996	-163
Allianceplus AB	Sweden	100%	18.464	29.107
			128.577	10.529

Notes to the Financial Statements

13 Other fixed asset investments

	Group
	Other receiv-ables
	TDKK
Cost at 1 January	2.165
Disposals for the year	-312
Cost at 31 December	1.853
Carrying amount at 31 December	**1.853**

14 Deferred tax asset

The deferred tax asset totally amount to TDKK 11.812 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 9.598 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.

15 Prepayments

Prepayments comprise prepaid expenses relating to subsequent years.

16 Distribution of profit

	Parent	
	2019	2018
	TDKK	TDKK
Retained earnings	-86.999	-48.105
	-86.999	**-48.105**

Notes to the Financial Statements

17 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	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	269.789	276.200	174.704	175.726
Long-term part	269.789	276.200	174.704	175.726
Other short-term debt to credit institutions	0	0	49.892	37.720
	269.789	**276.200**	**224.596**	**213.446**
Other payables				
Between 1 and 5 years	13.426	0	0	0
Long-term part	13.426	0	0	0
Other short-term payables	158.368	208.503	2.155	3.042
	171.794	**208.503**	**2.155**	**3.042**

Loan agreement with credit institution is subject to loan covenant regarding investment in tangible and intangible assets.

18 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	-44.989	-6.525
Financial expenses	6.431	5.382
Depreciation, amortisation and impairment losses, including losses and gains on sales	115.161	41.596
Exchange rate adjustments etc.	1.104	0
Received debt foregiveness	42.294	0
Tax on profit/loss for the year	-9	7.556
Change in other provisions	0	-1.899
Other adjustments	0	206
	119.992	**46.316**

Notes to the Financial Statements

19 Cash flow statement - change in working capital

	Group 2019	Group 2018
	TDKK	TDKK
Change in inventories	152	123
Change in receivables	-1.279	7.513
Change in trade payables, etc	-41.949	8.200
	-43.076	**15.836**

20 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 2019, the Group has a total rental obligation of TDKK 10.119.

At 31 December 2019, the Group has operating lease obligations relating to vehicles and other equipment amounting to TDKK 23.731.

The Group has issued guarantees of TDKK 3.348 towards customers.

The Company has provided shares in group enterprises with a carrying amount of TDKK 225.068 at 31 December, 2019 as security for bank debt.

The Group has issued floating guarantees to credit insitution for a total of TDKK 147.414.

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.

Notes to the Financial Statements

21 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.

22 Fee to auditors appointed at the general meeting

	Group		Parent	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	643	845	118	78
Tax advisory services	75	56	10	10
Other services	1.047	596	277	150
	1.765	**1.497**	**405**	**238**

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Allianceplus Holding A/S for 2019 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 2019 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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

23 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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