



Strait Air Transport A/S

Snorresgade 18
2300 Copenhagen S
Central Business Registration
No 32444202

Annual report 2019

The Annual General Meeting adopted the annual report on 15.05.2020

Chairman of the General Meeting

A handwritten signature in blue ink, appearing to read "John Hemming", is written over a horizontal line.

Name: John Hemming

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Entity details

Entity

Strait Air Transport A/S
Snorresgade 18
2300 Copenhagen S

Central Business Registration No (CVR): 32444202
Registered in: Copenhagen
Financial year: 01.01.2019 - 31.12.2019

Phone: +4532460800
Fax: +4532460808
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Board of Directors

Sune Simonsen, Chairman
Morten Jæpelt
Ulrik Kamstrup Jespersen

Executive Board

Morten Jæpelt, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

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

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019 and of the results of their operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 15.05.2020

Executive Board

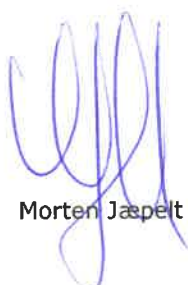


Morten Jæpelt
Chief Executive Officer

Board of Directors



Sune Simonsen
Chairman



Morten Jæpelt



Ulrik Kamstrup Jespersen

Independent auditor's report

To the owner of Strait Air Transport A/S

Opinion

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

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

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 15.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Anders Kreiner
State-Authorised Public Accountant
Identification No (MNE) mne26765

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	167.579	145.934	114.971	96.228	130.710
Gross profit/loss	14.609	13.288	13.158	9.730	11.386
Operating profit/loss	507	478	1.791	(2.496)	(455)
Net financials	108	80	(649)	(285)	(413)
Profit/loss for the year	195	211	1.011	(2.457)	(858)
Total assets	49.706	54.815	42.609	24.894	26.398
Investments in property, plant and equipment	43	210	314	0	278
Equity	10.233	9.790	9.581	3.211	5.507
Average numbers of employees	32	28	27	29	26
Ratios					
Gross margin (%)	8,7	9,1	11,4	10,1	8,7
Net margin (%)	0,1	0,1	0,9	(2,6)	(0,7)
Return on equity (%)	1,9	2,2	15,8	(56,4)	(14,3)
Equity ratio (%)	20,8	17,9	21,2	12,0	20,9

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activities are to provide logistics services, international transportation and other related services.

Development in activities and finances

Profit for the year amounts to DKK 615 thousand before tax.

Equity totals DKK 10,233 thousand at 31.12.2019.

The Board of Directors considers the performance for the year unacceptable.

Outlook

Despite the impact of the outbreak of the coronavirus disease (COVID-19), positive results are expected for 2020.

Group relations

Please refer to note 10 in the consolidated financial statements for a specification of the group relations.

Events after the balance sheet date

The outbreak and the spread of the coronavirus disease (COVID-19) that have occurred and been recorded between the balance sheet date and the date of presentation of these financial statements do not influence the evaluation of the annual report for 2019 as no events are affected by COVID-19, which will have an effect on these financial statements.

At the time of presentation of these financial statements, it is not possible reliably to estimate the total effect, which the outbreak and spread of COVID-19 may have on the Company and its performance for 2020.

No other events have occurred or been recorded between the balance sheet date and the date of presentation of these financial statements, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		167.579	145.934
Cost of sales		(147.894)	(128.248)
Other external expenses		(5.076)	(4.398)
Gross profit/loss		14.609	13.288
Staff costs	1	(13.971)	(12.587)
Depreciation, amortisation and impairment losses	2	(131)	(223)
Operating profit/loss		507	478
Other financial income		632	346
Other financial expenses	3	(524)	(266)
Profit/loss before tax		615	558
Tax on profit/loss for the year	4	(420)	(347)
Profit/loss for the year	5	195	211

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Other fixtures and fittings, tools and equipment		321	431
Property, plant and equipment	6	<u>321</u>	<u>431</u>
Fixed assets		<u>321</u>	<u>431</u>
Trade receivables		30.073	38.383
Receivables from group enterprises		2.590	3.093
Deferred tax	7	135	101
Other receivables		2.184	1.019
Receivables		<u>34.982</u>	<u>42.596</u>
Cash		<u>14.403</u>	<u>11.788</u>
Current assets		<u>49.385</u>	<u>54.384</u>
Assets		<u>49.706</u>	<u>54.815</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		1.000	1.000
Retained earnings		9.233	8.790
Equity		10.233	9.790
Trade payables		18.350	23.618
Payables to group enterprises		17.463	16.776
Income tax payable		575	313
Other payables		3.085	4.318
Current liabilities other than provisions		39.473	45.025
Liabilities other than provisions		39.473	45.025
Equity and liabilities		49.706	54.815
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Group relations	10		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.000	8.790	9.790
Exchange rate adjustments	0	(4)	(4)
Other entries on equity	0	252	252
Profit/loss for the year	0	195	195
Equity end of year	1.000	9.233	10.233

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	11.824	10.678
Pension costs	2.147	1.909
	13.971	12.587
Average number of employees	32	28
The Board of Directors and the Executive Board are not remunerated by the Group.		
	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	131	223
	131	223
	2019 DKK'000	2018 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	24	39
Other financial expenses	500	227
	524	266
	2019 DKK'000	2018 DKK'000
4. Tax on profit/loss for the year		
Current tax	442	357
Change in deferred tax	(34)	15
Adjustment concerning previous years	12	(25)
	420	347
	2019 DKK'000	2018 DKK'000
5. Proposed distribution of profit/loss		
Retained earnings	195	211
	195	211

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000		
6. Property, plant and equipment			
Cost beginning of year	2.686		
Exchange rate adjustments	(2)		
Additions	43		
Disposals	(1.270)		
Cost end of year	1.457		
Depreciation and impairment losses beginning of year	(2.255)		
Exchange rate adjustments	1		
Depreciation for the year	(131)		
Reversal regarding disposals	1.249		
Depreciation and impairment losses end of year	(1.136)		
Carrying amount end of year	321		
		2019	
		DKK'000	
7. Deferred tax			
Changes during the year			
Beginning of year		101	
Recognised in the income statement		34	
End of year		135	
		2019	2018
		DKK'000	DKK'000
8. Unrecognised rental and lease commitments			
Liabilities under rental or lease agreements until maturity in total		298	791
		2019	2018
		DKK'000	DKK'000
9. Contingent liabilities			
Recourse and non-recourse guarantee commitments		560	0
Contingent liabilities in total		560	0

Notes to consolidated financial statements

The Company participates in a Danish joint taxation arrangement in which A. Simonsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore jointly and severally liable as of the financial year 2013 with the other jointly taxed companies for income taxes etc for the jointly taxed companies, and as of 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

10. Group relations

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

A. Simonsen Holding ApS, Snorresgade 18-20, 2300 Copenhagen S

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

Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S

The Group includes the following companies:

	Share- holding %
Strait Air Transport AB, Sweden	100
Strait Air Transport Eesti A/S, Estonia	100
OY Strait Air Transport AB, Finland	100
Strait Air Transport AS, Norway	100

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		73.766	52.791
Cost of sales		(65.040)	(44.074)
Other external expenses		(3.449)	(2.915)
Gross profit/loss		5.277	5.802
Staff costs	1	(5.129)	(4.957)
Depreciation, amortisation and impairment losses	2	(94)	(109)
Operating profit/loss		54	736
Income from investments in group enterprises		41	(344)
Other financial income	3	246	128
Other financial expenses	4	(105)	(79)
Profit/loss before tax		236	441
Tax on profit/loss for the year	5	(41)	(230)
Profit/loss for the year	6	195	211

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Other fixtures and fittings, tools and equipment		238	332
Property, plant and equipment	7	<u>238</u>	<u>332</u>
Investments in group enterprises		5.535	3.036
Fixed asset investments	8	<u>5.535</u>	<u>3.036</u>
Fixed assets		<u>5.773</u>	<u>3.368</u>
Trade receivables		15.071	15.954
Receivables from group enterprises		9.281	8.655
Deferred tax	9	75	0
Other receivables		692	107
Receivables		<u>25.119</u>	<u>24.716</u>
Cash		<u>3.724</u>	<u>3.345</u>
Current assets		<u>28.843</u>	<u>28.061</u>
Assets		<u>34.616</u>	<u>31.429</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital	10	1.000	1.000
Retained earnings		9.233	8.790
Equity		10.233	9.790
Provisions for investments in group enterprises	11	0	276
Provisions		0	276
Trade payables		8.677	8.528
Payables to group enterprises		14.851	10.352
Income tax payable		84	196
Other payables		771	2.287
Current liabilities other than provisions		24.383	21.363
Liabilities other than provisions		24.383	21.363
Equity and liabilities		34.616	31.429
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Related parties with controlling interest	14		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.000	8.790	9.790
Exchange rate adjustments	0	(4)	(4)
Other entries on equity	0	252	252
Profit/loss for the year	0	195	195
Equity end of year	1.000	9.233	10.233

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	4.774	4.622
Pension costs	353	324
Other social security costs	2	11
	5.129	4.957
Average number of employees	13	12
The Board of Directors and the Executive Board are not remunerated by the Company.		
	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	94	109
	94	109
	2019 DKK'000	2018 DKK'000
3. Other financial income		
Financial income arising from group enterprises	8	43
Other financial income	238	85
	246	128
	2019 DKK'000	2018 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	0	9
Other financial expenses	105	70
	105	79
	2019 DKK'000	2018 DKK'000
5. Tax on profit/loss for the year		
Current tax	84	196
Change in deferred tax	(75)	34
Adjustment concerning previous years	32	0
	41	230

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	195	211
	195	211
		Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment		
Cost beginning of year		633
Cost end of year		633
Depreciation and impairment losses beginning of year		(301)
Depreciation for the year		(94)
Depreciation and impairment losses end of year		(395)
Carrying amount end of year		238
		Invest- ments in group enterprises DKK'000
8. Fixed asset investments		
Cost beginning of year		6.305
Additions		2.412
Cost end of year		8.717
Revaluations beginning of year		(3.269)
Exchange rate adjustments		(4)
Share of profit/loss for the year		41
Other adjustments		50
Revaluations end of year		(3.182)
Carrying amount end of year		5.535

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	2019 DKK'000
9. Deferred tax	
Changes during the year	
Recognised in the income statement	75
End of year	75

	Number	Par value DKK'000	Nominal value DKK'000
10. Contributed capital			
Share capital	1.000	1	1.000
	1.000		1.000

11. Provisions for investments in group enterprises

Provisions for investments in group enterprises relate to group enterprises with negative equity.

	2019 DKK'000	2018 DKK'000
12. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	276	378

13. Contingent liabilities

The Parent has issued letters of support to a number subsidiaries.

The Company participates in a Danish joint taxation arrangement in which A. Simonsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore jointly and severally liable as of the financial year 2013 with the other jointly taxed companies for income taxes etc for the jointly taxed companies, and as of 01.07.2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The joint taxed companies' total known liability in the joint taxation arrangement is stated in the financial statements of the administration company.

Notes to parent financial statements

14. Related parties with controlling interest

Related parties are the A. Simonsen Holding ApS Group as well as the Board of Directors and the Executive Board of the Company.

Related parties with control of Strait Air Transport A/S: Scan Group A/S, Snorresgade 18-20, 2300 Copenhagen S, the immediate parent company of Strait Air Transport A/S, A.S. Scan Holding A/S, Snorresgade 18-20, 2300 Copenhagen S, the higher-level parent company of Scan Group A/S, and A. Simonsen Holding ApS, Snorresgade 18-20, 2300 Copenhagen S, the ultimate parent company of Strait Air Transport A/S.

Transactions with related parties are made on an arm's length basis.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements include Strait Air Transport A/S (Parent) and subsidiaries in which Strait Air Transport A/S either directly or indirectly holds more than 50% of the voting rights or in any other way have controlling influence. Jointly controlled entities are consolidated on a pro rata basis.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

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

Accounting policies

Business combinations

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

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

Foreign currency transactions are translated applying the exchange rates at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated applying the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the one in effect at the time when the receivable or payable arose are recognised in the income statement as financial income or financial expenses.

If the foreign subsidiaries meet the criteria of independent entities, their income statements and balance sheets are translated applying the exchange rates at the balance sheet date. Exchange differences that arise from translation of foreign subsidiaries' equity at the beginning of the year, applying the exchange rates at the balance sheet date, are recognised directly in equity.

Income statement

Revenue

Revenue is recognised in the income statement if delivery to the Group's cooperators has taken place before year-end and if the income can be computed reliably. Revenue is recognised net of VAT, duties and sales discounts.

Accounting policies

Cost of sales

Costs relating to revenue are accrued according to the method of revenue recognition. Other costs relating to the financial year in terms of time are charged to the income statement.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with its Ultimate Parent, A. Simonsen Holding ApS, and all of the Ultimate Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

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

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment 3-10 years

Estimated useful lives and residual values are reassessed annually.

On initial recognition, lease contracts regarding property, plant and equipment in which the Company holds all material risks and advantages related to the ownership (finance leasing) are measured in the balance sheet at fair value or present value, if lower, of future lease payments. At the computation of present value, the internal interest rate of the lease contract or an approximate value is used as discount factor. Assets held under finance leases are then treated as the Company's other property, plant and equipment.

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

Investments in group enterprises

Income statement

The Company's share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits and losses and plus or minus amortisation of positive, or negative, goodwill is recognised in the income statement.

Balance sheet

Investments in subsidiaries are recognised in the balance sheet at the pro rata share of the enterprises' equity in accordance with the Parent's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus the residual value of positive, or negative, goodwill calculated according to the purchase method.

Subsidiaries with negative equity are measured at zero value, and any receivable from these enterprises is written down by the Parent's share of such negative equity. If the negative equity exceeds the amounts receivable, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost less amortisation of goodwill.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value. Provisions for bad and doubtful debts are made at net realisable value.

Accounting policies

Deferred tax

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

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Group has not prepared any cash flow statement as such statement is prepared by the higher-level group.