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# ***Sodexo A/S***

Oldenburg Alle 1, 1., DK-2630 Taastrup

## **Annual Report for 1 September 2017 - 31 August 2018**

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CVR-nr. 34 69 39 19

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company  
on 26 February 2019

Azita Shariati  
Chairman

# Contents

	Page
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	8
<b>Consolidated and Parent Company Financial Statements</b>	
Income Statement 1 September - 31 August	11
Balance Sheet 31 August	12
Cash flow Statement	15
Statement of Changes in Equity	17
Notes to the Annual Report	18
Accounting Policies	27

## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sodexo A/S for the financial year 1 September 2017 - 31 August 2018.

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 August 2018 of the Company and the Group and of the results of the Company and Group operations for 2017/18.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review.

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

Taastrup, 26/02 2019

### **Executive Board**

Christian Villadsen Lunner  
CEO

### **Board of Directors**

Azita Shariati  
Chairman

Emmanuel Jean Fraysse

Marc Guy Rolland

Christian Villadsen Lunner

# Independent Auditor's Report

## Independent Auditors Report

To the Shareholders of Sodexo 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 August 2018 and of the results of the Group's and Parent Company's operations and as well as the Group's and Parent Company's cash flows for the financial year 1 September 2017 - 31 August 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Sodexo A/S for the financial year 1 September 2017 - 31 August 2018, 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 ("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

# Independent Auditor's Report

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 Statement Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Parent 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 judgment and maintain professional skepticism 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.

## Independent Auditor's Report

- 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Parent 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, 26/02 2019  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Flemming Eghoff  
State Authorised Public Accountant  
mne30221

Kim Danstrup  
State Authorised Public Accountant  
mne32201

## Company Information

### **The Company**

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CVR-no.: 34 69 39 19

Financial period: 1 September - 31 August

Financial Year: 7th financial year

Municipality of reg. office: Høje Taastrup

### **Board of Directors**

Azita Shariati  
Emmanuel Jean Fraysse  
Marc Guy Rolland  
Christian Villadsen Lunner

### **Executive Board**

Christian Villadsen Lunner

### **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:

	<b>Group</b>				
	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	346.393	323.947	304.244	254.828	177.576
Gross profit/loss	249.362	225.426	218.807	175.328	121.455
Profit/loss before financial income and expenses	11.304	3.621	6.763	5.220	3.563
Net financials	-620	-181	-169	-169	-145
Net profit/loss for the year	7.856	3.328	4.916	3.332	2.475
<b>Balance sheet</b>					
Balance sheet total	114.330	104.429	100.088	99.189	61.003
Equity	42.660	37.104	38.676	33.760	30.424
Investment in property, plant and equipment	496	342	287	1.004	826
Number of employees	535	489	477	473	285



## Financial Highlights

	Group				
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK	<u>2013/14</u> TDKK
<b>Ratios</b>					
Gross margin	72,0%	69,6%	71,9%	68,8%	68,4%
Profit margin	3,3%	1,1%	2,2%	2,0%	2,0%
Return on assets	10,3%	3,3%	6,8%	6,5%	5,7%
Solvency ratio	37,3%	31,8%	38,6%	34,0%	49,9%
Return on equity	19,7%	8,8%	13,6%	10,4%	8,5%

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

# Management's Review

## **Main activity**

Our main business is services within FM, canteens and cleaning.

## **Development in the year**

The income statement of the Group for 2017/18 shows a profit of TDKK 7.856 and at August 31st, 2018 the balance sheet of the group shows an equity of TDKK 42.660.

The result this year, meets our expectations, with satisfactory revenue growth and margin development. There has not been any unusual condition during this year.

The expectation for the future is a continued and stable growth.

The consolidated financial statement reflects the activities in Sodexo A/S and subsidiary Sodexo Airport Services A/S.

Over the year, customer satisfaction has been very high and the number of customers who have terminated their cooperation with Sodexo is still at a very low level. The interest for our services is high, and over the year, several new customers have entered into cooperation with us, and organic growth is at a satisfactory high level. The geographical spread of our services has again increased, and we are getting wider and wider coverage throughout the country.

## **CSR**

Sodexo services a lot of people on an everyday basis, which gives us a possibility and an obligation to work dedicated to creating a sustainable development in our society.

Through our work with the Better Tomorrow Plan, which is based on the 17 UN Sustainable Development Goals, we actively develop and change our services we delivery to our customers. Our focus has been on reducing waste, increasing the use of organic foods and reducing the use of chemicals, the diversity and inclusion of our employees, human rights and local purchasing. The work thus included in our services helps our customers achieve their goals for a more sustainable society.

Health and safety are a high priority for us and our customers and is a prioritized part of our daily work to achieve a healthier and richer life. Awareness of health and safety and human rights must be part of our culture in order for us to better help our customers and employees to a high Quality of Life. We have in 2017/18 seen a slightly decreasing trend in work related injuries and we continue our work towards improving even more.

Sodexo has signed the Un Global Compact and have committed to actively work with all 17 goals. In Denmark we have chosen to focus on three of the areas: Gender balance, local sourcing and

# Management's Review

waste and in the coming years we will continue to work actively on these three.

## **Gender balance**

In our work on gender balance, we will work towards a target of a gender balance on different levels in the company: Top management, management and employees.

Our target is to have a gender balance with an acceptable spread of 40/60.

Top management – within the past few years our top management team has developed and today it is a strong team with a good gender balance, our top management consist of 56% women and 44% men.

Management – In our work with our managers we will set up a gatekeeper, which ensures that no gender is favored in the process of appointing of new managers. In our annual talent review, we work with a target of gender balance in order to ensure that our internal talent pipeline reflects our overall target, from a gender and generation perspective. Our management consists of 29% women and 71% men.

Employees – The composition of our employees should reflect the society that we live in, and the clients that we serve, therefor it is of great importance to us that there is diversity and inclusion in our workforce. Sodexo has focused on this for many years and will continue over the coming years. Our employees consist of 55% women and 45% men.

Board of Directors – consist of 1 woman (Chairman) and 3 men. The Board will, as far as possible, nominate suitable female candidates for the Board of Directors on coming general meetings.

Diversity and Inclusion is a strategic focus area and business differentiator in Sodexo. Diversity and inclusion support the Quality of Life for our employees.

In FY 18 we have had focus on the following areas:

- Analyzed the talent review from a gender and generation perspective
- To better understand and increase in engagement and quality of life for our employees
- Cascaded group Diversity and inclusion initiatives and campaigns for example:
  - Disability Day
  - Women's day

# Management's Review

- Culture Origins day

## **Local Sourcing**

In FY18 we have continued our work with local sourcing and ensuring the use of local products as much as possible, especially in our restaurants. We have launched Wasteful to Tasteful, where we together with our partners explore the possibility of making use of blemished fruit and vegetables.

## **Waste**

In FY18 we have continued our work on waste on our sites, especially in our restaurants.

During the latter part of FY18 we have launched Wasteful to Tasteful, where we together with our partners explore the possibility of using blemished fruit and vegetables that would otherwise be scrapped. This work will continue in the coming year.

## **Market overview**

The market demands more complex FM solutions, and the number of requests for services from us is constantly increasing. We have invested in competencies to meet the growing demands of the market for a professional and globally oriented IFM supplier. Our global coverage means that several new companies choose to enter into a partnership with us.

## **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## **Unusual events**

The financial position at 31 August 2018 of the Group and the results of the activities of the Group for the financial year for 2017/18 have not been affected by any unusual events.

## **Subsequent events**

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

## Income Statement 1 September - 31 August

	Note	Group		Parent Company	
		2017/18 TDKK	2016/17 TDKK	2017/18 TDKK	2016/17 TDKK
<b>Revenue</b>	1	<b>346.393</b>	<b>323.947</b>	<b>232.079</b>	<b>211.680</b>
Other operating income		10.031	9.553	0	7.144
Expenses for raw materials and consumables		-71.398	-72.005	-69.408	-70.354
Other external expenses	2	-35.664	-36.069	-13.453	-11.972
<b>Gross profit/loss</b>		<b>249.362</b>	<b>225.426</b>	<b>149.218</b>	<b>136.498</b>
Staff expenses	3	-237.393	-220.563	-143.864	-133.701
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-665	-1.242	-373	-543
<b>Profit/loss before financial income and expenses</b>		<b>11.304</b>	<b>3.621</b>	<b>4.981</b>	<b>2.254</b>
Income from investments in subsidiaries		0	0	500	0
Financial income		81	89	70	86
Financial expenses		-701	-270	-653	-246
<b>Profit/loss before tax</b>		<b>10.684</b>	<b>3.440</b>	<b>4.898</b>	<b>2.094</b>
Tax on profit/loss for the year	4	-2.828	-112	-2.104	-464
<b>Net profit/loss for the year</b>	5	<b>7.856</b>	<b>3.328</b>	<b>2.794</b>	<b>1.630</b>

## Balance Sheet 31 August

### Assets

	Note	Group		Parent Company	
		2017/18 TDKK	2016/17 TDKK	2017/18 TDKK	2016/17 TDKK
Plant and machinery		500	639	416	283
Other fixtures and fittings, tools and equipment		94	124	94	124
<b>Property, plant and equipment</b>	6	<b>594</b>	<b>763</b>	<b>510</b>	<b>407</b>
Investments in subsidiaries	7	0	0	500	500
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>	<b>500</b>	<b>500</b>
<b>Fixed assets</b>		<b>594</b>	<b>763</b>	<b>1.010</b>	<b>907</b>
<b>Inventories</b>		<b>795</b>	<b>653</b>	<b>795</b>	<b>653</b>

## Balance Sheet 31 August

### Assets

	Note	Group		Parent Company	
		2017/18 TDKK	2016/17 TDKK	2017/18 TDKK	2016/17 TDKK
Trade receivables		66.196	58.309	58.322	48.621
Receivables from group enterprises		892	11.051	878	0
Other receivables		3.653	3.719	3.103	2.575
Prepayments	8	1.477	2.018	680	1.336
<b>Receivables</b>		<b><u>72.218</u></b>	<b><u>75.097</u></b>	<b><u>62.983</u></b>	<b><u>52.532</u></b>
<b>Cash at bank and in hand</b>		<b><u>40.723</u></b>	<b><u>27.916</u></b>	<b><u>40.723</u></b>	<b><u>27.916</u></b>
<b>Current assets</b>		<b><u>112.941</u></b>	<b><u>103.013</u></b>	<b><u>103.706</u></b>	<b><u>80.448</u></b>
<b>Assets</b>		<b><u>114.330</u></b>	<b><u>104.429</u></b>	<b><u>105.511</u></b>	<b><u>82.008</u></b>

# Balance Sheet 31 August

## Liabilities and equity

	Note	Group		Parent Company	
		2017/18 TDKK	2016/17 TDKK	2017/18 TDKK	2016/17 TDKK
Share capital		2.100	2.100	2.100	2.100
Proposed dividend for the year		4.000	2.300	4.000	2.300
Retained earnings		36.560	32.704	21.899	23.105
<b>Equity</b>	9	<b>42.660</b>	<b>37.104</b>	<b>27.999</b>	<b>27.505</b>
Provision for deferred tax		84	224	3	142
<b>Provisions</b>		<b>84</b>	<b>224</b>	<b>3</b>	<b>142</b>
Prepayments received from customers		7.504	7.244	739	479
Trade payables		19.425	20.970	18.179	19.384
Payables to group enterprises		1.162	1.307	35.173	10.717
Corporation tax		2.891	4.026	1.507	3.629
Other payables		40.604	33.554	21.911	20.152
<b>Short-term debt</b>		<b>71.586</b>	<b>67.101</b>	<b>77.509</b>	<b>54.361</b>
<b>Debt</b>		<b>71.586</b>	<b>67.101</b>	<b>77.509</b>	<b>54.361</b>
<b>Liabilities and equity</b>		<b>114.330</b>	<b>104.429</b>	<b>105.511</b>	<b>82.008</b>
Contingent assets, liabilities and other financial obligations	10				
Related parties and ownership	11				



## Cash flow Statement 1 September – 31 August

	Note	Group		Parent Company	
		2017/18 TDKK	2016/17 TDKK	2017/18 TDKK	2016/17 TDKK
Net profit/loss for the year		7.856	3.328	2.794	1.630
Adjustments	12	4.115	1.535	3.061	1.167
Change in working capital	13	6.913	-9.515	12.415	-7.963
<b>Cash flow from operating activities before financial income and expenses</b>		<b>18.884</b>	<b>-4.652</b>	<b>18.270</b>	<b>-5.166</b>
Interest income etc.		80	89	70	86
Interest expenses etc.		-701	-270	-653	-246
<b>Cash flows from ordinary activities</b>		<b>18.263</b>	<b>-4.833</b>	<b>17.678</b>	<b>-5.326</b>
Corporation tax paid and other adjustments		-2.660	-749	-2.104	-354
<b>Cash flows from operating activities</b>		<b>15.603</b>	<b>-5.582</b>	<b>15.583</b>	<b>-5.680</b>

## Cash flow Statement 1 September – 31 August

	Group		Parent Company		
	Note	2017/18 TDKK	2016/17 TDKK	2017/18 TDKK	2016/17 TDKK
Purchase of property, plant and equipment		-496	-342	-476	-244
<b>Cash flow from investing activities</b>		<b>-496</b>	<b>-342</b>	<b>-476</b>	<b>-244</b>
Paid dividend		-2.300	-4.900	-2.300	-4.900
<b>Cash flow from financing activities</b>		<b>-2.300</b>	<b>-4.900</b>	<b>-2.300</b>	<b>-4.900</b>
<b>Change in cash and cash equivalents</b>		<b>12.807</b>	<b>-10.824</b>	<b>12.807</b>	<b>-10.824</b>
Cash and cash equivalents 1 September		27.916	38.740	27.916	38.740
<b>Cash and cash equivalents 31 August</b>		<b>40.723</b>	<b>27.916</b>	<b>40.723</b>	<b>27.916</b>
Change in cash and cash equivalents are specified as follows:					
Cash in bank and in hand		40.723	27.916	40.723	27.916
<b>Change in cash and cash equivalents 31 August</b>		<b>40.723</b>	<b>27.916</b>	<b>40.723</b>	<b>27.916</b>

## Statement of Changes in Equity

Group	Share capital	Dividend	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 September	2.100	2.300	32.704	37.104
Dividend paid	0	-2.300	0	-2.300
Proposed dividend for the year	0	4.000	-4.000	0
Net profit/loss for the year	0	0	7.856	8.246
<b>Equity at 31 August</b>	<b>2.100</b>	<b>4.000</b>	<b>36.560</b>	<b>42.660</b>
<b>Parent Company</b>				
Equity at 1 September	2.100	2.300	23.105	27.505
Dividend paid	0	-2.300	0	-2.300
Proposed dividend for the year	0	4.000	-4.000	0
Net profit/loss for the year	0	0	2.794	2.794
<b>Equity at 31 August</b>	<b>2.100</b>	<b>4.000</b>	<b>21.899</b>	<b>27.999</b>

# Notes to the Annual Report

## 1 Information of segments

Revenue split in segments is 100% in the segment Corporate services.

## 2 Information of audit fee

See note 7 to the Group Financial Statements at page 157 for information of auditor fee in accordance with section 96(3) of the Danish Financial Statements Act.

	Group		Parent Company	
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>3 Staff expenses</b>				
Wages and salaries	206.470	190.426	122.674	112.872
Pensions	19.815	18.245	9.694	8.841
Other social security expenses	1.702	1.236	2.181	1.370
Other staff expenses	9.402	10.656	9.315	10.618
	<u>237.393</u>	<u>220.563</u>	<u>143.864</u>	<u>133.701</u>
<b>Average number of employees</b>	<u>535</u>	<u>489</u>	<u>328</u>	<u>300</u>

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

## Notes to the Annual Report

	Group		Parent Company	
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>4 Tax on profit/loss for the year</b>				
Current tax for the year	2.498	752	1.114	355
Deferred tax for the year	-140	8	-139	109
Adjustment of tax concerning previous years	470	-648	1.129	0
	<u><b>2.828</b></u>	<u><b>112</b></u>	<u><b>2.104</b></u>	<u><b>464</b></u>
<b>5 Distribution of profit</b>				
Proposed dividend for the year			4.000	2.300
Retained earnings			-1.206	-670
			<u><b>2.794</b></u>	<u><b>1.630</b></u>

# Notes to the Annual Report

## 6 Property, plant and equipment

### Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK
Cost at 1 September	3.258	2.007	5.265
Additions for the year	448	48	496
Cost at 31 August	<u>3.706</u>	<u>2.055</u>	<u>5.761</u>
Impairment losses and depreciation at 1 September	2.619	1.883	4.502
Depreciation for the year	587	78	665
Impairment losses and depreciation at 31 August	<u>3.206</u>	<u>1.961</u>	<u>5.167</u>
<b>Carrying amount at 31 August</b>	<b><u>500</u></b>	<b><u>94</u></b>	<b><u>594</u></b>

# Notes to the Annual Report

## 6 Property, plant and equipment (continued)

### Parent Company

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK
Cost at 1 September	1.811	2.007	3.818
Additions for the year	428	48	476
Cost at 31 August	<u>2.239</u>	<u>2.055</u>	<u>4.294</u>
Impairment losses and depreciation at 1 September	1.528	1.883	3.411
Depreciation for the year	295	78	373
Impairment losses and depreciation at 31 August	<u>1.823</u>	<u>1.961</u>	<u>3.784</u>
<b>Carrying amount at 31 August</b>	<b><u>416</u></b>	<b><u>94</u></b>	<b><u>510</u></b>

# Notes to the Annual Report

	<b>Parent Company</b>	
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>7 Investments in subsidiaries</b>		
Cost at 1 September	500	500
<b>Carrying amount at 31 August</b>	<u><b>500</b></u>	<u><b>500</b></u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Sodexo Airport Services	Taastrup	500.000	100%	15.158.000	5.562.000

## 8 Prepayments

Prepayments consist of prepaid expenses primarily relating to rent, insurance premiums and subscriptions.



# Notes to the Annual Report

## 9 Equity

The share capital consists of 21,000 shares of a nominal value of DKK 100. No shares carry any special rights.

The share capital has developed as follows:

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK	<u>2013/14</u> TDKK
Share capital at 1 September	2.100	2.100	2.100	2.100	2.100
Capital increase	0	0	0	0	0
<b>Share capital at 31 August</b>	<b><u>2.100</u></b>	<b><u>2.100</u></b>	<b><u>2.100</u></b>	<b><u>2.100</u></b>	<b><u>2.100</u></b>

## Notes to the Annual Report

	Group		Parent Company	
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>10 Rental agreements and lease commitments</b>				
Operating lease and rental commitments.				
Total future rental and lease payments:				
Within 1 year	5.643	6.596	5.364	6.400
Between 1 and 5 years	7.493	7.757	7.065	7.234
	<u><b>13.136</b></u>	<u><b>14.353</b></u>	<u><b>12.429</b></u>	<u><b>13.634</b></u>

### Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income as well as for Danish withholding taxes in the form of income tax, royalties and interest tax. The total amount of corporation tax payable is stated in the annual report of Sodexo A/S, which is the management company in relation to the joint taxation.

# Notes to the Annual Report

## 11 Related parties and ownership

### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Sodexo AB, Sverige

### *Consolidated Financial Statements*

The Company is included in the Group Annual Report of the Parent Company Sodexo S.A..

The Group Annual Report of Sodexo S.A. may be obtained at the following address:

Sodexo S.A.  
255 quai de la Bataille de Stalingrad  
92866 Issy-les-Moulineaux Cedex 9  
France

## Notes to the Annual Report

	Group		Parent Company	
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>12 Cash flow statement – Adjustments</b>				
Financial income	-80	-89	-70	-86
Financial costs	701	270	653	246
Depreciation, amortisation and impairment losses, including losses and gains on sales	665	1.242	373	543
Tax on profit/loss for the year	2.829	112	2.105	464
	<u><b>4.115</b></u>	<u><b>1.535</b></u>	<u><b>3.061</b></u>	<u><b>1.167</b></u>
<b>13 Cash flow statement – Change in working capital</b>				
Change in inventories	-142	25	-142	25
Change in receivables	2.878	-16.092	-10.452	1.759
Change in trade payables , etc.	4.177	6.552	23.009	-9.747
	<u><b>6.913</b></u>	<u><b>-9.515</b></u>	<u><b>12.415</b></u>	<u><b>-7.963</b></u>

# Accounting Policies

## Basis of Preparation

Consolidated and Parent Company Financial Statements of Sodexo A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large-sized enterprises of reporting class C.

The accounting policies are identical for both the parent company financial statements and the consolidated financial statements.

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2017/18 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, herunder afskrivninger, nedskrivninger og hensatte forpligtelser samt tilbageførsler som følge af ændrede regnskabsmæssige skøn af beløb, der tidligere har været indregnet i resultatopgørelsen.

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.

## Basis of consolidation

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

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

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent

# Accounting Policies

Company's share of the net asset value of subsidiaries stated at the time of consolidation.

## Leases

All 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. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

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

## Income Statement

### Revenue

Revenue is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

# **Accounting Policies**

## **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses. The item is net of refunds made by public authorities.

## **Amortisation, depreciation and impairment losses**

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

## **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises.

## **Financial income and expenses**

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

## **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and 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 wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## **Balance Sheet**

### **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.

## Accounting Policies

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:

Plant and machinery	3-5	years
Other fixtures and fittings, tools and equipment	3-5	years

### Impairment of fixed assets

The carrying amounts of 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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Inventories

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

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

The cost of inventories equals landed cost.

### 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

### Prepayments

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

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and



## **Accounting Policies**

the tax base of assets and liabilities.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

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

### **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 is recognised in the income statement in financial income and expenses.

### **Liabilities**

Liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

## **Cash flow statement**

The cash flow statement shows the group's and the parent company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's and the parent company's cash and cash equivalents at the beginning and at the end of the year.

### **Cash flows from operating activities**

Cash flows from operating activities are stated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

### **Cash flows from investing activities**

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, intangible assets, property, plant and equipment and investments.

### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the share capital

## **Accounting Policies**

and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

# Accounting Policies

## Financial Highlights

### Explanation of financial ratios

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