
Sodexo Airport Services A/S

Oldenburg Allé 1, 1. sal, DK-2630 Taastrup

Annual Report for 2017/2018

CVR-nr. 36 44 05 89

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

Azita Shariati
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sodexo Airport Services 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 give a true and fair view of the financial position at 31 August 2018 of the Company and of the results of the Company operations for the Financial Year 2017/18.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Taastrup, 26/02 2019

Executive Board

Christian Villadsen Lunner
CEO

Board of Directors

Azita Shariati
Chairman

Marc Guy Rolland

Emmanuel Jean Fraysse

Christian Villadsen Lunner

Independent Auditor's Report

To the Shareholders of Sodexo Airport Service A/S.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2018 and of the results of the Company operations for the financial year 1 September 2017 - 31 August 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sodexo Airport Service 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 ("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 Company 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 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 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 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 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.
- 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 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 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 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.

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

Sodexo Airport Services A/S
Oldenburg Allé 1, 1. sal
DK-2630 Taastrup
E-mail: debtor.dk@sodexo.com

CVR-nr.: 36 44 05 89

Financial period: 1. september - 31 August

Financial year: 4th financial year

Municipality of reg. office: Høje Taastrup

Board of Directors

Azita Shariati, Chairman
Marc Guy Rolland
Emmanuel Jean Fraysse
Christian Villadsen Lunner

Executive Board

Christian Villadsen Lunner, CEO

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a four-year period, the development of the Company is described by the following financial highlights

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
Key figures				
Profit/loss				
Revenue	114.314	112.267	113.276	67.994
Gross profit/loss	100.144	88.927	95.386	56.529
Profit/loss before financial income and expenses	6.323	1.367	6.490	4.584
Net financials	-37	-21	-20	-21
Net profit/loss for the year	5.562	1.698	4.397	3.501
Balance sheet				
Balance sheet total	44.167	32.328	34.264	37.269
Equity	15.158	10.096	8.398	4.001
Investment in property, plant and equipment	20	98	0	2.076
Number of employees	207	189	195	202

Financial Highlights

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
Ratios				
Gross margin	87,6%	79,2%	84,2%	83,1%
Profit margin	5,5%	1,2%	5,7%	6,7%
Return on assets	16,5%	3,5%	18,1%	24,6%
Solvency ratio	34,3%	23,0%	24,5%	10,7%
Return on equity	44,0%	18,4%	70,9%	175,0%

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

The Company's main activity is facility management including cleaning services and storage in airports and related activities.

Development in the year

The income statement of the Company for 2017/18 shows a profit of TDKK 5.562 and at August 31st, 2018 the balance sheet of the Company shows an equity of TDKK 15.158.

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 expectations for the future are a continued and stable growth.

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, 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 must be part of our culture 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 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.

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
 - 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 Company and the results of the activities of the Company 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

	<u>Note</u>	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
Revenue		114.314	112.267
Other operating income		10.031	9.553
Expenses for raw materials and consumables		-1.990	-1.651
Other external expenses		-22.211	-31.242
Gross profit/loss		100.144	88.927
Staff expenses	1	-93.529	-86.862
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-292	-699
Profit/loss before financial income and expenses		6.323	1.367
Financial income		11	3
Financial expenses		-48	-24
Profit before tax		6.286	1.346
Tax on profit/loss for the year	2	-1.383	352
Tax previous years	2	659	0
Net profit/loss for the year	3	5.562	1.698

Balance Sheet at 31 August

Assets

	<u>Note</u>	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
Plant and machinery		84	356
Property, plant and equipment	4	<u>84</u>	<u>356</u>
Fixed assets		<u>84</u>	<u>356</u>
Trade receivables		7.874	9.688
Receivables from group enterprises		34.862	20.458
Other receivables		550	1.144
Prepayments	5	797	682
Receivables		<u>44.083</u>	<u>31.972</u>
Current assets		<u>44.083</u>	<u>31.972</u>
Assets		<u>44.167</u>	<u>32.328</u>

Balance Sheet at 31 August

Liabilities and equity

	<u>Note</u>	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
Share capital		500	500
Proposed dividend for the year		0	500
Retained earnings		14.658	9.096
Equity	6	<u>15.158</u>	<u>10.096</u>
Provision for deferred tax		81	82
Provisions		<u>81</u>	<u>82</u>
Prepayments received from customers		6.765	6.765
Trade payables		1.246	1.586
Payables to group enterprises		837	0
Corporation tax		1.384	397
Other payables		18.696	13.402
Short-term debt		<u>28.928</u>	<u>22.150</u>
Debt		<u>28.928</u>	<u>22.150</u>
Liabilities and equity		<u>44.167</u>	<u>32.328</u>
Contingent assets, liabilities and other financial obligations	7		
Related parties and ownership	8		

Statement of Changes in Equity

	Share capital	Dividend	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 September 2017	500	500	9.096	10.096
Paid dividend for previous year	0	-500	0	-500
Net profit/loss for the year	0	0	5.562	5.562
Equity at 31 August 2018	500	0	14.658	15.158

Notes to the Annual Report

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
1 Staff expenses		
Wages and salaries	83.801	77.554
Pensions	10.121	9.404
Other social security expenses	1.647	1.727
Reimbursements	-2.126	-1.861
Other staff costs	87	38
	<u>93.529</u>	<u>86.862</u>
Average number of employees	<u>207</u>	<u>189</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Tax on profit/loss for the year		
Current tax for the year	-1.384	397
Tax regarding previous years	659	-648
Deferred tax for the year	1	-101
	<u>-724</u>	<u>-352</u>
3 Distribution of profit		
Proposed dividend for the year	0	500
Retained earnings	5.562	1.198
	<u>5.562</u>	<u>1.698</u>

Notes to the Annual Report

4 Property, plant and equipment

	Plant and machinery
	<u>TDKK</u>
Cost at 1 September 2017	1.447
Additions for the year	20
Cost at 31 August 2018	<u>1.467</u>
Impairment losses and depreciation at 1 September 2017	1.091
Depreciation for the year	292
Impairment losses and depreciation at 31 August 2018	<u>1.383</u>
Carrying amount at 31 August 2018	<u>84</u>

5 Prepayments

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

Notes to the Annual Report

6 Equity

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital since the formation of the Company.

7 Contingent assets, liabilities and other financial obligations

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.

The Company has entered leasing agreements for a period of 45 months with a total of TDKK 707, of which TDKK 279 are due within a Year.

Notes to the Annual Report

8 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 A/S, Taastrup

Consolidated Financial Statements

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

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

Sodexo A/S
Oldenburg Allé 1, 1. sal
2630 Taastrup
Danmark

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

Accounting Policies

Basis of Preparation

Financial Statements of Sodexo Airport Services A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Financial Statements for 2017/18 are presented in TDKK.

The accounting policies applied remain unchanged from last year.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Sodexo A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. 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 amortisation, depreciation and assumptions and reimbursements as a result of changes in the accounting estimates of amounts previously recognized 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.

Accounting Policies

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

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 recognized 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 recognized in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue is recognized 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.

Accounting Policies

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

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities.

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.

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 property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as extra payments and repayment under the on account taxation scheme.

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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the parent company. The tax effect of the joint taxation with the parent company 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.

Accounting Policies

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.

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 fittings, tools, 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.

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.

Equity

Dividend

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

Accounting Policies

Deferred tax assets and liabilities

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

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

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.

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$