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# ***Sodexo Airport Services A/S***

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

## **Annual Report for 1 September 2018 – 31 August 2019**

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CVR-nr. 36 44 05 89

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
7 January 2020

Ulf Wretskog  
Chairman

# Contents

Page

## **Management's Statement and Auditor's Report**

Management's Statement	1
Independent Auditor's Report on the Financial Statements	2

## **Management's Review**

Company Information	5
Financials Highlights	6
Management's Review	8

## **Financial Statements**

Income Statement 1. September 2018 - 31 August 2019	13
Balance Sheet at at 31 August 2019	14
Statement of Changes in Equity	16
Notes to the Annual Report	17
Accounting Policies	21

# 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 2018 – 31 August 2019.

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 2019 of the Company and of the results of the Company operations for the Financial Year 2018/19.

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, 7 January 2020

## Executive Board

Christian Villadsen Lunner  
CEO

## Board of Directors

Ulf Wretskog  
Chairman

Marc Guy Rolland

Emmanuel Jean Fraysse

Christian Villadsen Lunner

# Independent Auditor's Report

To the Shareholder of Sodexo Airport Services 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 2019 and of the results of the Company operations for the financial year 1 September 2018 - 31 August 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sodexo Airport Services A/S for the financial year 1 September 2018 - 31 August 2019, 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, 7 January 2020

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
*CVR-nr. 33 77 12 31*

Kim Danstrup  
State Authorised Public Accountant  
mne32201

Søren Alexander  
State Authorised Public Accountant  
mne42824

## 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: 5th financial year

Municipality of reg. office: Høje Taastrup

### **Board of Directors**

Ulf Wretskog, 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 five-year period, the development of the Company is described by the following financial highlights

	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	120.200	114.314	112.267	113.276	67.994
Gross profit/loss	104.372	100.144	88.927	95.386	56.529
Profit/loss before financial income and expenses	10.316	6.323	1.367	6.490	4.584
Net financials	-6	-37	-21	-20	-21
Net profit/loss for the year	8.041	5.562	1.698	4.397	3.501
<b>Balance sheet</b>					
Balance sheet total	52.128	44.167	32.328	34.264	37.269
Equity	23.199	15.158	10.096	8.398	4.001
Investment in property, plant and equipment	0	20	98	0	2.076
Number of employees	189	207	189	195	202

## Financial Highlights

	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK
<b>Ratios</b>					
Gross margin	86,8%	87,6%	79,2%	84,2%	83,1%
Profit margin	8,6%	5,5%	1,2%	5,7%	6,7%
Return on assets	21,4%	16,5%	3,5%	18,1%	24,6%
Solvency ratio	44,5%	34,3%	23,0%	24,5%	10,7%
Return on equity	41,9%	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 2018/19 shows a profit of TDKK 8.041 and at August 31st, 2019 the balance sheet of the Company shows an equity of TDKK 23.199.

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.

## **Operational risk**

Sodexo operates services negotiated and agreed with public- and private customers. Services are operated as integrated services (IFM) or single services. Sodexo's operations are based on implemented standardized operational processes. Processes are regularly tested by internal audit.

## **Market risk**

The outsourcing of services in general is increasing in Denmark. As a global company Sodexo is well positioned in the market to attract global and national customers. The growth within IFM is increasing where we see the single services market stagnating or decreasing. With solid processes, tools, well-educated employees and IT systems Sodexo is well positioned to continue growing in this market.

## **Currency risks**

As a company operating in Denmark with revenue and cost in DKK Sodexo has very limited currency risks.

## **Statement on CSR cf. The Danish financial statement act section 99A**

### **Business Model**

Sodexo mobilizes, operates and develops facility services for private and public customers. Sodexo creates value by standardizing, optimizing services and by using IT and technology to create value to our customers and users.

### **Non- Financial Risks**

As a global company it is vital to Sodexo and our customers, that our business is founded on solid values and high ethical standards that is communicated and implemented throughout the company. Sodexo has an obligation, as a corporate citizen to secure good operational practices and governance.

Besides the processes in the daily work this is implemented by having all Sodexo employees trained in environment and sustainability.

Sodexo has as a company an obligation to reduce our environmental impact. Sodexo has no specific environmental risks, but we are continuously reducing our environmental impact by reducing and measuring waste and the use of chemicals.

Sodexo works only on well established markets and is a member of DI, all employees are employed under collective agreements and we use "Servicenormen" from SBA. This secures high standards within finance, quality, environment, work environment, employee relations, education and the use of suppliers and there's limited risk with regards to human rights issues and there for we do not have a formal policy developed on human rights issues.

### **CSR**

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.

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.

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 we have been working actively with these in the recent years.

### ***Environment and climate***

#### *Co2 Footprint*

In FY19 we have initiated the shift to electrical cars in Airports Services. It's our intention to cooperate with Copenhagen Airport to make it possible to change our entire fleet to electrical cars.

## *Waste*

In FY19 we have operationalized 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 we have continued and see great effects in waste reductions in the supply chain. We will continue scaling this with more suppliers in the coming year.

## ***Social and employee relations***

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 in order for us to better help our customers and employees to a high Quality of Life. We have in 2018/19 seen a significant decrease (60%) in work related injuries and we continue our work towards improving even more.

We have in 2018/19 seen a significantly decrease in work related injuries in Sodexo Airport Services A/S. This has been achieved by structured analysis of incidents, great cooperation with employees and management going forward in emphasizing the importance of a safe work environment.

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 19 we have continued 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
- She works
- Culture Origins day

## ***Anti-corruption***

Sodexo has a policy regarding anti-corruption, through our Statement of Business Integrity

- Conducting all aspects of Sodexo's business with the highest standards of ethics and integrity is essential to Sodexo's mission to improve the Quality of Life of our employees and of all whom we serve and to contribute to the economic, social and environmental development of the communities, regions and countries where we operate. Business Integrity is therefore a pillar of our Responsible Business Conduct commitments.

- This Statement of Business Integrity (“Statement”) sets forth Sodexo’s standards for Business Integrity. These standards are uncompromising. All of our employees—our leaders, executives, managers, and frontline employees—are expected to know and adhere to these standards. Sodexo employees must never compromise these standards for financial or other business objectives or for personal gain. We do not tolerate any practice that is corrupt, fraudulent or illegal in any place where we do business.
- We are likely to encounter complex situations in the many countries and cultures in which we do business. Nevertheless, our principles in this Statement do not vary. Sodexo employees must use good judgment and the tools available to them to give effect to these principles without exception and without seeking loopholes or shortcuts to evade them. We must judge everything we do not only by whether our conduct is legal, but also by whether it would further our commitment to Business Integrity and appear ethical and fair to our colleagues, ourselves, our stakeholders, and the public.

These standards apply to all Sodexo employees and to any persons acting on our behalf. Sodexo employees, consultants and other persons hired to act on our behalf are expected to comply with these standards, and any person retaining consultants or others to act on Sodexo’s behalf must take steps to ensure that such persons agree to comply with them. All consultants or other representatives shall be subject to due diligence to ensure they do not have a history or reputation for unethical behavior.

Sodexo employees must not seek to do indirectly through others what they may not do directly. All managers are bi annually taking part in a mandatory training in anti-corruption, where our policies are restated. In FY19 all of our top management has completed the training and we have not had any incidents where the statement of business integrity has been violated.

### **Gender balance cf. The Danish financial statement act section 99B**

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 gender balance with an acceptable spread of 40/60.

Board of directors – With predefined rules from Sodexo Group, for appointing board members, there are specific roles that are appointed as board members and there were no women in these positions in FY19, and we have not achieved gender balance. Sodexo has a target of having gender equality in all management levels within 2025.

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 38% women and 62% men. Sodexo has a leadership program for Women leaders, and we will continue our work and launch a career program especially for women in the coming years, in order to increase our effort to encourage women into management roles.

Employees - The composition of our employees should reflect the society that we live in, and the clients that we serve, therefore 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.

### **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 and we see the benefits of being part of a large global company.

### **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 as of August 31st. 2019 of the Company and the results of the activities of the Company for the financial year for 2018/19 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>2018/19</u> TDKK	<u>2017/18</u> TDKK
<b>Revenue</b>		<b>120.200</b>	<b>114.314</b>
Other operating income		9.932	10.031
Expenses for raw materials and consumables		-2.123	-1.990
Other external expenses		-23.637	-22.211
<b>Gross profit/loss</b>		<b>104.372</b>	<b>100.144</b>
Staff expenses	1	-94.022	-93.529
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-34	-292
<b>Profit/loss before financial income and expenses</b>		<b>10.316</b>	<b>6.323</b>
Financial income		0	11
Financial expenses		-6	-48
<b>Profit before tax</b>		<b>10.310</b>	<b>6.286</b>
Tax on profit/loss	2	-2.269	-724
<b>Net profit/loss for the year</b>	3	<b>8.041</b>	<b>5.562</b>

## Balance Sheet at 31 August

### Assets

	<u>Note</u>	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
Plant and machinery		50	84
<b>Property, plant and equipment</b>	4	<u>50</u>	<u>84</u>
<b>Fixed assets</b>		<u>50</u>	<u>84</u>
Trade receivables		10.133	7.874
Receivables from group enterprises		41.052	34.862
Other receivables		103	550
Prepayments	5	790	797
<b>Receivables</b>		<u>52.078</u>	<u>44.083</u>
<b>Current assets</b>		<u>52.078</u>	<u>44.083</u>
<b>Assets</b>		<u>52.128</u>	<u>44.167</u>

## Balance Sheet at 31 August

### Liabilities and equity

	<u>Note</u>	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
Share capital		500	500
Proposed dividend for the year		8.000	0
Retained earnings		14.699	14.658
<b>Equity</b>	<b>6</b>	<b><u>23.199</u></b>	<b><u>15.158</u></b>
Provision for deferred tax		100	81
<b>Provisions</b>		<b><u>100</u></b>	<b><u>81</u></b>
Prepayments received from customers		6.765	6.765
Trade payables		964	1.246
Payables to group enterprises		388	837
Corporation tax		2.250	1.384
Other payables		18.462	18.696
<b>Short-term debt</b>		<b><u>28.829</u></b>	<b><u>28.928</u></b>
<b>Debt</b>		<b><u>28.829</u></b>	<b><u>28.928</u></b>
<b>Liabilities and equity</b>		<b><u>52.128</u></b>	<b><u>44.167</u></b>
Contingent assets, liabilities and other financial obligations	7		
Related parties and ownership	8		

## Statement of Changes in Equity

	Share capital	Proposed dividend for the year	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 September 2018	500	0	14.658	15.158
Proposed dividend for the year	0	8.000	-8.000	0
Net profit/loss for the year	0	0	8.041	8.041
<b>Equity at 31 August 2019</b>	<b>500</b>	<b>8.000</b>	<b>14.699</b>	<b>23.199</b>

# Notes to the Annual Report

	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
<b>1 Staff expenses</b>		
Wages and salaries	84.541	83.801
Pensions	10.375	10.121
Other social security expenses	1.646	1.647
Reimbursements	-2.636	-2.126
Other staff costs	96	87
	<u><b>94.022</b></u>	<u><b>93.529</b></u>
<b>Average number of employees</b>	<u><b>189</b></u>	<u><b>207</b></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>		
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	2.250	1.384
Tax regarding previous years	0	-659
Deferred tax for the year	19	-1
	<u><b>2.269</b></u>	<u><b>724</b></u>
<b>3 Distribution of profit</b>		
Proposed dividend for the year	8.000	0
Retained earnings	41	5.562
	<u><b>8.041</b></u>	<u><b>5.562</b></u>

# Notes to the Annual Report

## 4 Property, plant and equipment

	Plant and machinery
	<u>TDKK</u>
Cost at 1 September 2018	1.467
Additions for the year	0
Cost at 31 August 2019	<u>1.467</u>
Impairment losses and depreciation at 1 September 2018	1.383
Depreciation for the year	34
Impairment losses and depreciation at 31 August 2019	<u>1.417</u>
<b>Carrying amount at 31 August 2019</b>	<b><u>50</u></b>

## 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.

### **Financial obligations**

The Company has entered leasing agreements for a period of 40 months with a total of TDKK 1.054, of which TDKK 435 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 ultimate Parent Company Sodexo S.A.

The Group Annual Report of Sodexo S.A. will be available on [www.sodexo.com](http://www.sodexo.com).

# Accounting Policies

## Basis of Preparation

Financial Statements of Sodexo Airport Services A/S for 2018/19 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 2018/19 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.

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.

## **Accounting Policies**

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.

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.

# Accounting Policies

## Financial income and expenses

Financial income and expenses are recognized 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.

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.

## 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
---------------------	-----------

### 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.

# Accounting Policies

## **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.

## **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 payables, 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$