
Cube Denmark ApS

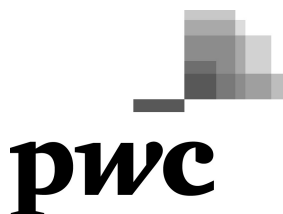
Farverland 7, DK-2600 Glostrup

Annual Report for 1 January - 31 December 2019

CVR No 38 17 57 93

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /5 2020

Ole Steensbro
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Cube Denmark ApS for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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.

Glostrup, 6 May 2020

Executive Board

Ole Steensbro
Executive Officer

Board of Directors

Jérôme Maurice Olivier Emile
Joseph Jeuffroy
Chairman

Stefan Konrad Weis

Brice Masselot

Independent Auditor's Report

To the Shareholder of Cube Denmark ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Cube Denmark ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 6 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
statsautoriseret revisor
mne30141

Jesper Bo Winther
statsautoriseret revisor
mne26864

Company Information

The Company

Cube Denmark ApS
Farverland 7
DK-2600 Glostrup

CVR No: 38 17 57 93
Financial period: 1 January - 31 December
Incorporated: 1 November 2016
Financial year: 4th financial year
Municipality of reg. office: Albertslund

Board of Directors

Jérôme Maurice Olivier Emile Joseph Jeuffroy, Chairman
Stefan Konrad Weis
Brice Masselot

Executive Board

Ole Steensbro

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group			
	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures				
Profit/loss				
Revenue	686,797	580,799	385,536	0
Gross profit/loss	501,106	412,979	290,471	0
Operating profit/loss	17,611	3,354	13,173	0
Net financials	-12,477	-8,883	-8,067	0
Net profit/loss for the year	3,827	-5,584	3,479	0
Balance sheet				
Balance sheet total	725,313	633,627	599,756	50
Equity	112,844	89,416	88,590	50
Cash flows				
Cash flows from:				
- operating activities	86,068	50,417	39,175	0
- investing activities	-162,001	-65,216	-274,461	0
including investment in property, plant and equipment	-93,075	-67,566	-181,111	0
- financing activities	74,429	37,762	258,350	50
Change in cash and cash equivalents for the year	-1,504	18,243	23,064	50
Number of employees	974	890	874	0
Ratios				
Profit margin	2.6%	1.0%	3.9%	0.0%
Solvency ratio	15.6%	14.1%	14.8%	100.0%
Return on equity	3.8%	-6.3%	7.8%	0.0%

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

The Financial Statements of Cube Denmark ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Key activities/Business model

Parent:

Cube Denmark ApS's primarily activity is to own shares in subsidiaries.

The Group:

The main activity of the Group is to provide public transport services for the Public Transport Authorities (PTA) of the Regions of Denmark.

Development in the year

The income statement of the Group for 2019 shows a profit of TDKK 3,827 (2018: TDKK -5,584), and at 31 December 2019 the balance sheet of the Group shows equity of TDKK 112,844 (2018: TDKK 89,417).

The result is as expected for 2019.

The Group provides transport services for 4 out of 5 regional Public Transport Authorities (PTA) and 2019 was characterized by both successfully won contracts and the loss of one contract in Jutland.

2019 was the year where the Group became the first national operator to start a contract for operating public transport with a full fleet of electric vehicles. The buses deliver services for the total operations in the city of Roskilde and operations have started in April 2019. The operations have successfully delivered extraordinary positive results in terms of both service, reliability and customer satisfaction.

Furthermore, 2019 became the year where the Group acquired all shares in the company A/S Jens Jensen & Sønner (De Blaa Busser). The company operates 80 vehicles and represents an annual turnover of approx. DKK 80 million. Closing was executed in January 2019 and the integration into the Group has been successful.

Special risks

Operating risks

The Group is not assessed to be exposed to any special risks. The Group's most important customers are the Danish PTA, and the service contracts are typically concluded for a long period of time with the possibility of extension; thus, the service contracts match the useful lives of the buses.

Management's Review

Price risks

The Group is not subject to any special price risks as the monthly indexation of contract payments from the Danish Public Transport Authorities includes general fluctuations in wage levels, interest rate levels and fuel prices.

Interest rate risks

The interest-bearing debt constitutes a material amount in the Group. Changes to the interest rate level are, however, included in the indexation of the service contracts with the Danish Public Transport Authorities and, therefore, increases in interest rates do not constitute any significant risk for the Group.

Credit risks

The debtor risk is considered very limited as the Group's major customers are the Danish PTA's.

Strategy

Management is currently considering expanding the Group's activities in public transport through participation in all major tenders in public transport and M&A activities.

Expectations for the year ahead

A profit for the group is expected to be realized for 2020 at the level of 2019.

While COVID-19 has impacted the global business environment in the beginning of 2020, it is not expected to have significant impact on the operations and results of the Group due to the agreements with the Danish PTA's to ensure public transport.

Statement of corporate social responsibility

For a short description of our business model, see the section "Key activities/Business model" on page 7.

It is the Group's policy to consider social and environmental issues as well as corporate governance when making decisions and in its day-to-day operations. We adhere to the UN Global Compact initiative and support a set of basic values within human rights, employee rights, environment and anti-corruption:

Management's Review

Human rights

- 1) The Group supports and respects the protection of internationally-proclaimed human rights; and
- 2) we ensure that we do not participate in the infringement of human rights.

The Group has moreover implemented the following diversity policy:

"We see diversity as a strength for our Company. We appreciate working together across differences in age, gender, religion, sexuality and ethnicity, etc. We believe that diversity inspires and builds strength, and we provide equal opportunities for everyone by being flexible and showing individual considerations. We have room for diversity, and any attempt at discrimination and bullying, etc. is prohibited and will result in dismissal. If you need special attention or special conditions, please talk to your manager. We will be pleased to accommodate your wishes if possible, taking into consideration the interests of the Company".

The Company activities are continuously reviewed by senior management, employee representatives and the various works council functions as described in Danish law. The company also has a whistle blower arrangement in place which gives all employees an opportunity to report any deviating behaviour anonymously. Based on that, risk of breach of the human rights policies of the company are regarded as low.

Actions in 2019

In order to secure the continued delivery of our policies 3 initiatives, kicked off in 2018, but followed up in 2019 are worth mentioning:

1. The establishment of our whistle blower process where all employees can report any inappropriate behaviour and demand a proper response from management. The process is in place but has not yet given reason to received inquiries or complaints.
2. Update of our purchase agreements with the main suppliers in order to secure that they meet our standards in terms of staff conditions and environmental protection. The process is ongoing as agreements are renewed but the initiative has not yet given reason to any disputes with suppliers.
3. Visits to our main suppliers (i.e. vehicle manufacturers) to check relevant conditions are met. In 2019, the production and delivery of vehicles from China has tested this process successfully and several visits were agreed with the supplier without giving reason to any concerns.

Management's Review

Employee rights

The Group

- 1) ensures the freedom of association of its employees and recognises their right to and need for collective bargaining;
- 2) supports the elimination of any type of forced labour;
- 3) rejects child labour; and
- 4) eliminates any discrimination in conditions of work and employment.

Moreover, the Group has implemented the following occupational health and safety policy:

"A good working environment is an important condition for being able to provide the right services to our passengers. Naturally, the physical environment and tools must be in working order, but we also look positively at our cooperation in our environmental organization, with trade organizations and our external partners who help us map employee satisfaction. Such initiatives are always backed up by action plans that can contribute to improving our working environment."

Actions in 2019

2019 has been a year of change across our organisations and operational management. In the Western part of our organisation, we have reviewed our performance and management competencies across our many depots and that has led to significant restructuring and changes in management locally. At the same time "De Blaa Busser" was acquired early in the year, representing an integration challenge. All these activities have been carried out with respect for all employees and in understanding with the local union representatives. The changes have led to a more stable working environment and better operational performance, but the real long-term effect of changes is expected to surface in 2020. In the Eastern part of the organisation, a lot of focus has been attracted to the mobilisation and opening of the pure electric operation of the fleet of busses for the city of Roskilde. Across the organisation, and despite the significant organisational challenge mentioned, we see a drop in absence and sickness in the second half of the year, indicating that employees have embraced the cross organisational changes in 2019.

Our internal works and environmental council are continuously following the situation and are putting in place initiatives and campaigns whenever relevant.

2018/19 was also the years where the Group systematically promised to deliver OHSAS 18001 certification whenever submitting tenders for operations. First time will be in the opening of operations in the City of Randers in summer 2020.

Management's Review

Environment

The Group

- 1) supports a precautionary approach to environmental challenges;
- 2) takes initiatives to promote a high level of environmental responsibility; and
- 3) encourages the development and dissemination of environmentally sound technologies.

Moreover, the Group is ISO 14001 certified and has implemented the following environmental policy:

"Even though public transport contributes to an overall reduction of transport emissions into the environment, we do have an impact on the environment. We use fossil fuel, chemicals and generate a lot of waste. We produce noise and have an overall impact on the surroundings. Both locally and globally. Therefore, it is a matter of the heart for us to minimize our impact on the environment by always being prepared to experiment with alternative technologies and energy sources when requested by the Public Transport Authorities. We are pleased to lead the way and to assume a calculated risk daily assisted by our environmental management system ISO 14001, which ensures that we work systematically with our environmental impact. We aim continuously at reducing our consumption of resources and our environmental impact through, for example, our systems and follow-up on fuel consumption. On locations where new buses operate, we have invested in technology that assist the drivers in "green driving". If we can reduce our fuel consumption, we reduce both the environmental impact and save money. We readily share this gain with our employees."

Actions in 2019

In 2016-2018, we invested in equipment which, through replacement of the equipment and the use of alternative and renewable propellants, reduces our environmentally harmful emissions. In 2019 the Company started operation of the first service contract for a full fleet of electric buses in the municipality of Roskilde as the first company in Denmark. The Group participated in tenders across Denmark and is seen as an ambassador for the 0-emission solutions available. In 2019 and 2020 we continue to develop our capacity of electric operations.

We continued our intense focus on the energy consumption in our bus fleet. We did set a target of 2% reduction in fuel consumption from 2017 to 2020. This target was already met in 2018. Our renewed target is another 5% reduction before 2023.

Reason for not having defined a policy on anti-corruption and bribery

The Company is engaged with a significant low number of customers (4 public transport authorities and a limited number of municipalities) in a very regulated tendered marketplace with objective and transparent criteria for assignment of contracts. Representatives of management are fully informed of the Company's rules in respect of gift's etc. All commercial activities towards our clients are managed by senior management. Commercial agreements are not agreed or signed by any employee, but senior management.

In respect of supplier agreements, the same rules apply.

Management's Review

Consequently, it is the Company's assessment that the risk of attempts at corruption and bribery is limited, and so no policy has been defined. The Company always adheres to relevant local and international legislation and follows development in this area closely and will revisit whether a policy is needed in the future.

Statement on gender composition

Target figure for the underrepresented gender on the Board of Directors

The Board of Directors of Cube Denmark ApS comprises three members elected at the General Meeting none of whom are women. Our target is to have 33% women by 2023 corresponding to one woman on the Board of Directors.

Representation of men/women on the Company's Board of Directors: 3/0

Representation of men/women on the Company's Board of Directors (target figure for 2023): 2/1

Currently we have not met this target as no female board members were elected in 2019, but will initiate a debate among the shareholders, in order to ensure the progress going forward. We will follow up on the target figure and the prior year's efforts in relation to the target fulfilment on an annual basis.

The Board of Directors of Umove A/S comprises four members elected at the General Meeting none of whom are women. Our target has been to have 25% women by 2020 corresponding to one woman on the Board of Directors.

Representation of men/women on the Company's Board of Directors: 4/0

Representation of men/women on the Company's Board of Directors (target figure for 2020): 3/1

Currently we have not met this target as no female board members were elected in 2019, but will initiate a debate among the shareholders, in order to ensure the progress going forward. We will follow up on the target figure and the prior year's efforts in relation to the target fulfilment on an annual basis.

The Board of Directors of Umove Vest A/S comprises three members elected at the General Meeting none of whom are women. Our target is to have 33% women by 2023 corresponding to one woman on the Board of Directors.

Representation of men/women on the Company's Board of Directors: 3/0

Representation of men/women on the Company's Board of Directors (target figure for 2023): 2/1

Currently we have not met this target as no female board members were elected in 2019, but will initiate a debate among the shareholders, in order to ensure the progress going forward. We will follow up on the target figure and the prior year's efforts in relation to the target fulfilment on an annual basis.

Management's Review

Policy for the underrepresented gender at other management levels

The Group's policy is for a number of initiatives and guidelines to be set out on a current basis that are to ensure that everyone, irrespective of gender, is assessed based on a combination of professional qualifications and the competencies required for holding an executive position in the Group. The recruitment of employees in the Group is moreover to take place in accordance with this policy.

While it is strictly against the Group's policy to discriminate based on gender, the Group acknowledges that women are underrepresented. This is mainly due to the industry, which has traditionally been overrepresented by men. Consequently, the Group is striving for increasing the share of women at all levels of the organisation, although the candidate with the best professional qualifications always will be chosen. This goes for recruitments as well as promotions. In an attempt to increase awareness and interest from female applicants, the Group participates in job fairs throughout the country, where colleagues share information about how it is to work as a driver, mechanic, etc. Whenever possible, female colleagues participate as well. In addition, the company culture encourages frequent 1:1 meetings between employee and manager, where personal development as well as management responsibility can be discussed. As a result of this, two female managers have been appointed within the last six months.

ESG actions and target figures

The Company keeps track of agreed targets on all relevant parameters, such as energy consumption, waste and emissions, staff related issues such as absence, work injuries etc. All targets and actual results for the Company activities are constantly reported and publicised via the GRESB Assessment Portal.

Subsequent events

The emergence of the Corona Virus has tested the company's ability to adapt to changes in the environment. However the virus and the subsequent close down of Danish activities and the reduction in public transport operations will not fundamentally represent a financial threat to the company, as we are well protected. It does test our ability to manoeuvre in a very unstable operational and business environment. At this stage it is too early to foresee the long-term effects on public transport and the company and to what extent it will impact the financial results of 2020.

Management considers the implications of COVID-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

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

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Revenue	2	686,797,170	580,798,745	0	0
Other operating income		304,469	2,349,470	0	0
Expenses for raw materials and consumables		-138,197,360	-129,917,874	0	0
Other external expenses		-47,797,887	-40,251,404	-534,718	-350,485
Gross profit/loss		501,106,392	412,978,937	-534,718	-350,485
Staff expenses	3	-409,850,790	-348,135,209	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-73,340,118	-59,140,722	0	0
Profit/loss before financial income and expenses		17,915,484	5,703,006	-534,718	-350,485
Income from investments in subsidiaries		0	0	2,721,083	7,571,277
Financial income	4	34,646	53,522	0	0
Financial expenses	5	-12,511,822	-8,936,723	-2,591,006	-2,102,443
Profit/loss before tax		5,438,308	-3,180,195	-404,641	5,118,349
Tax on profit/loss for the year	6	-1,611,241	-2,403,827	687,660	539,644
Net profit/loss for the year		3,827,067	-5,584,022	283,019	5,657,993

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Contracts		8,019,886	0	0	0
Goodwill		115,012,125	107,607,566	0	0
Intangible assets	8	123,032,011	107,607,566	0	0
Land and buildings		63,364,804	55,144,334	0	0
Other fixtures and fittings, tools and equipment		414,204,356	352,921,598	0	0
Leasehold improvements		3,162,662	3,093,413	0	0
Property, plant and equipment in progress		0	1,404,017	0	0
Property, plant and equipment	9	480,731,822	412,563,362	0	0
Investments in subsidiaries	10	0	0	159,161,099	159,161,099
Receivables from group enterprises		0	0	74,080,290	33,988,044
Deposits		1,702,157	1,670,799	0	0
Fixed asset investments		1,702,157	1,670,799	233,241,389	193,149,143
Fixed assets		605,465,990	521,841,727	233,241,389	193,149,143

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Inventories	11	19,818,551	14,223,602	0	0
Trade receivables		33,948,457	23,983,239	0	0
Receivables from group enterprises		0	0	142,499	0
Other receivables		8,971,892	15,631,373	0	0
Deferred tax asset	12	4,000,000	3,154,908	0	0
Corporation tax		0	840,183	573,799	840,183
Prepayments	13	8,129,153	7,768,742	0	0
Receivables		55,049,502	51,378,445	716,298	840,183
Securities	14	5,019,634	4,720,373	0	0
Cash at bank and in hand		39,959,466	41,463,091	2,656,499	34,573,005
Currents assets		119,847,153	111,785,511	3,372,797	35,413,188
Assets		725,313,143	633,627,238	236,614,186	228,562,331

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Share capital		11,451,440	9,459,842	11,451,440	9,459,842
Retained earnings		94,381,523	74,414,540	100,375,146	82,037,603
Equity attributable to shareholders of the Parent Company		105,832,963	83,874,382	111,826,586	91,497,445
Minority interests		7,011,447	5,541,877	0	0
Equity	15	112,844,410	89,416,259	111,826,586	91,497,445
Provision for deferred tax	12	20,052,930	14,976,007	0	0
Other provisions		10,222,361	14,748,135	0	0
Provisions		30,275,291	29,724,142	0	0
Subordinated loan capital	16	3,324,216	3,324,216	0	0
Mortgage loans		1,593,632	4,601,949	0	0
Credit institutions		191,863,430	204,718,708	0	0
Lease obligations		113,988,551	20,509,674	0	0
Payables to group enterprises		118,675,373	102,436,372	118,675,373	102,436,372
Other payables		12,586,355	0	0	0
Long-term debt	17	442,031,557	335,590,919	118,675,373	102,436,372

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Mortgage loans	17	156,220	311,881	0	0
Credit institutions	17	35,073,304	94,182,870	0	0
Lease obligations	17	24,185,210	7,635,480	0	0
Trade payables		20,238,471	25,779,435	69,341	173,487
Payables to group enterprises	17	6,042,889	0	6,042,889	34,455,027
Other payables	17	54,379,340	50,962,022	-3	0
Deferred income		86,451	24,230	0	0
Short-term debt		140,161,885	178,895,918	6,112,227	34,628,514
Debt		582,193,442	514,486,837	124,787,600	137,064,886
Liabilities and equity		725,313,143	633,627,238	236,614,186	228,562,331
Subsequent events	1				
Distribution of profit	7				
Subordinate loan capital	16				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Acquisition of A/S Jens Jensen & Sønner	22				
Fee to auditors appointed at the general meeting	23				
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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	9,459,842	74,414,540	83,874,382	5,541,877	89,416,259
Cash capital increase	1,991,598	18,054,524	20,046,122	0	20,046,122
Ordinary dividend paid	0	0	0	-266,135	-266,135
Other equity movements	0	-178,903	-178,903	0	-178,903
Net profit/loss for the year	0	2,091,362	2,091,362	1,735,705	3,827,067
Equity at 31 December	11,451,440	94,381,523	105,832,963	7,011,447	112,844,410

Parent Company

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	9,459,842	82,037,603	91,497,445	0	91,497,445
Cash capital increase	1,991,598	18,054,524	20,046,122	0	20,046,122
Net profit/loss for the year	0	283,019	283,019	0	283,019
Equity at 31 December	11,451,440	100,375,146	111,826,586	0	111,826,586

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2019 DKK	2018 DKK
Net profit/loss for the year		3,827,067	-5,584,022
Adjustments	18	85,560,791	71,708,465
Change in working capital	19	5,830,567	-6,823,801
Cash flows from operating activities before financial income and expenses		95,218,425	59,300,642
Financial income		34,646	53,522
Financial expenses		-9,295,669	-8,936,741
Cash flows from ordinary activities		85,957,402	50,417,423
Corporation tax received		111,049	0
Cash flows from operating activities		86,068,451	50,417,423
Purchase of property, plant and equipment		-93,074,656	-67,565,827
Sale of property, plant and equipment		250,725	2,349,470
Business acquisition		-69,177,000	0
Cash flows from investing activities		-162,000,931	-65,216,357

Cash Flow Statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
Repayment of mortgage loans		-743,089	-378,111
Repayment of loans from credit institutions		-50,602,560	-36,144,451
Reduction of lease obligations		-7,628,343	-10,067,022
Raising of loans from credit institutions		93,576,778	52,766,150
Raising of loans from group enterprises		20,046,082	21,663,463
Raising of loans from associates		0	3,324,216
Minority interests		0	-2,672,687
Capital increase		20,046,122	17,599,992
Dividend paid		-266,135	-8,329,727
Cash flows from financing activities		74,428,855	37,761,823
Change in cash and cash equivalents		-1,503,625	18,242,534
Cash and cash equivalents at 1 January		41,463,091	23,169,904
Exchange adjustment of current asset investments		0	50,653
Cash and cash equivalents at 31 December		39,959,466	41,463,091
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		39,959,466	41,463,091
Cash and cash equivalents at 31 December		39,959,466	41,463,091

Notes to the Financial Statements

1 Subsequent events

The consequences of COVID-19, due to which many governments around the world have decided to "close the country", are of great importance to the world economy. Management considers the consequences of COVID-19 as a single event that occurred after the balance sheet date (December 31, 2019) and therefore constitutes a non-regulatory event for the company, which therefore does not have any impact on measurement and recognition in the financial statements.

	Group		Parent Company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
2 Revenue				
Geographical segments				
Busservices Sealand	227,511,303	189,900,150	0	0
Busservices Jutland	453,178,875	387,022,448	0	0
Other revenue	6,106,992	3,876,147	0	0
	686,797,170	580,798,745	0	0
3 Staff expenses				
Wages and salaries	356,488,466	303,910,160	0	0
Pensions	38,528,164	34,338,924	0	0
Other social security expenses	8,081,232	6,935,068	0	0
Other staff expenses	6,752,928	2,951,057	0	0
	409,850,790	348,135,209	0	0
Average number of employees	974	890	0	0

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 Financial Statements

	Group		Parent Company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
4 Financial income				
Other financial income	34,646	53,522	0	0
	34,646	53,522	0	0
5 Financial expenses				
Interest paid to group enterprises	2,577,613	2,094,560	2,577,613	2,094,560
Other financial expenses	9,934,209	6,842,163	13,393	7,883
	12,511,822	8,936,723	2,591,006	2,102,443
6 Tax on profit/loss for the year				
Current tax for the year incl. adj. of previous year	-1,141,292	-5,906,785	-687,660	-539,644
Deferred tax for the year	2,752,533	8,310,612	0	0
	1,611,241	2,403,827	-687,660	-539,644
7 Distribution of profit				
Extraordinary dividend paid	0	7,571,667	0	7,571,667
Other statutory reserves	0	-546,448	0	0
Minority interests' share of net profit/loss of subsidiaries	1,735,705	849,491	0	0
Retained earnings	2,091,362	-13,458,732	283,019	-1,913,674
	3,827,067	-5,584,022	283,019	5,657,993

Notes to the Financial Statements

8 Intangible assets

Group

	<u>Contracts</u> DKK	<u>Goodwill</u> DKK
Cost at 1 January	0	132,155,813
Additions for the year	<u>10,299,120</u>	<u>22,775,526</u>
Cost at 31 December	<u>10,299,120</u>	<u>154,931,339</u>
Impairment losses and amortisation at 1 January	0	24,548,247
Amortisation for the year	<u>2,279,234</u>	<u>15,370,967</u>
Impairment losses and amortisation at 31 December	<u>2,279,234</u>	<u>39,919,214</u>
Carrying amount at 31 December	<u>8,019,886</u>	<u>115,012,125</u>

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK	Total DKK
Cost at 1 January	78,929,874	675,212,280	4,956,804	1,404,017	760,502,975
Net effect from acquisition	3,646,039	0	158,955	0	3,804,994
Additions for the year	240,500	92,221,439	612,717	0	93,074,656
Disposals for the year	0	-13,796,108	0	-1,404,017	-15,200,125
Cost at 31 December	82,816,413	753,637,611	5,728,476	0	842,182,500
Revaluations at 1 January	1,260,000	0	0	0	1,260,000
Reversals for the year of revaluations in previous years	-188,989	0	0	0	-188,989
Revaluations at 31 December	1,071,011	0	0	0	1,071,011
Impairment losses and depreciation at 1 January	18,824,809	295,950,841	1,863,392	0	316,639,042
Net effect from merger and acquisition	0	0	47,682	0	47,682
Depreciation for the year	1,697,811	53,337,366	654,740	0	55,689,917
Reversal of impairment and depreciation of sold assets	0	-9,854,952	0	0	-9,854,952
Impairment losses and depreciation at 31 December	20,522,620	339,433,255	2,565,814	0	362,521,689
Carrying amount at 31 December	63,364,804	414,204,356	3,162,662	0	480,731,822
Including assets under finance leases amounting to	0	380,235,438	0	0	380,235,438

Notes to the Financial Statements

	Parent Company	
	2019	2018
	DKK	DKK
10 Investments in subsidiaries		
Cost at 1 January	159,161,099	156,488,820
Additions for the year	0	2,672,279
Cost at 31 December	<u>159,161,099</u>	<u>159,161,099</u>
Value adjustments at 1 January	0	0
Net profit/loss for the year	0	0
Amortisation of goodwill	0	0
Other adjustments	0	0
Value adjustments at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>159,161,099</u>	<u>159,161,099</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
UM Leasing Øst 2020 A/S	Glostrup	500.000	100%	720,915	-11,803
UM Vest A/S	Horsens	500.000	100%	54,154,960	9,067,896
UM Leasing Vest 2016 ApS	Horsens	50.000	100%	191,787	-34,857
UM Leasing Vest 2017 ApS	Horsens	50.000	100%	-22,580	23,334
UM Leasing Vest 2018 ApS	Horsens	50.000	100%	5,771	-24,384
UM Ejendomme Vest 2017 ApS	Horsens	50.000	100%	367,568	135,003
A/S Jens Jensen & Sønner	Skive	500.000	100%	21,552,058	11,834,863
DBB Leasing 4 ApS	Skive	50.000	100%	2,910,571	59,157
DBB Leasing 5 ApS	Skive	50.000	100%	18,062,803	356,139
DBB Leasing 6 ApS	Skive	50.000	100%	8,303,639	191,402
Umove Øst A/S	Glostrup	2.350.000	100%	18,332,872	8,287,275
UM Leasing 2015 ApS	Glostrup	50.000	100%	1,406,883	79,154
UM Leasing Øst 2016 ApS	Glostrup	50.000	100%	450,643	-36,240
UM Leasing Øst 2019 ApS	Glostrup	50.000	100%	-166,757	-216,721
UM Ejendomme I ApS	Glostrup	125.000	100%	3,494,133	929,558
Umove Ejendomme II ApS	Glostrup	125.000	100%	7,414,035	190,177
UM Ejendomme Øst 2018 ApS	Glostrup	50.000	100%	57,105	129,797
Umove A/S	Glostrup	4.559.181	91%	102,782,768	12,923,089

Notes to the Financial Statements

	Group		Parent Company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
11 Inventories				
Raw materials and consumables	19,818,551	14,223,602	0	0
	19,818,551	14,223,602	0	0
12 Provision for deferred tax				
Property, plant and equipment	20,296,491	14,911,797	0	0
Current assets	1,788,414	1,709,123	0	0
Liabilities	0	-3,332	0	0
Tax loss carry-forward	-8,714,694	-10,923,406	0	0
Transferred to deferred tax asset	6,682,719	9,281,825	0	0
	20,052,930	14,976,007	0	0
Deferred tax asset				
Calculated tax asset	6,710,414	9,281,825	0	0
Write-down to assessed value	-2,710,414	-6,126,917	0	0
Carrying amount	4,000,000	3,154,908	0	0

Deferred tax is measured at net realisable value and is based on management's best estimate of the ability to utilize the carry forward losses within 3-5 years. When assessing the possibility of utilizing the tax-losses management has considered new operational contracts that were recently won in the group, and based on updated budgets management has a positive expectation for utilization of the tax asset. The value of non-recognised deferred tax asset related to tax loss carry forwards amounts to DKK 2,710 thousands.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

	Group		Parent Company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
14 Securities				
Securities	5,019,634	4,720,373	0	0
	5,019,634	4,720,373	0	0

15 Equity

The share capital consists of 11,451,440 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2019	2018	2017
	DKK	DKK	DKK
Share capital at 1 January	9,459,842	7,711,260	50,000
Capital increase	1,991,598	1,748,582	7,661,260
Capital decrease	0	0	0
Share capital at 31 December	11,451,440	9,459,842	7,711,260

16 Subordinate loan capital

The subordinated loan capital from the group's investors of DKK 77.4 million is due 31 December 2029. The repayment of the principal amount of the loan is subordinated to all other present and future obligations, including claims according to the Danish Bankruptcy Act.

Notes to the Financial Statements

17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
Subordinated loan capital				
After 5 years	3,324,216	3,324,216	0	0
Long-term part	3,324,216	3,324,216	0	0
Within 1 year	0	0	0	0
	3,324,216	3,324,216	0	0
Mortgage loans				
After 5 years	969,997	3,351,374	0	0
Between 1 and 5 years	623,635	1,250,575	0	0
Long-term part	1,593,632	4,601,949	0	0
Within 1 year	156,220	311,881	0	0
	1,749,852	4,913,830	0	0
Credit institutions				
After 5 years	69,658,429	74,703,199	0	0
Between 1 and 5 years	122,205,001	130,015,509	0	0
Long-term part	191,863,430	204,718,708	0	0
Within 1 year	35,073,304	35,013,272	0	0
Other short-term debt to credit institutions	0	59,169,598	0	0
Short-term part	35,073,304	94,182,870	0	0
	226,936,734	298,901,578	0	0
Lease obligations				
After 5 years	57,686,578	0	0	0
Between 1 and 5 years	56,301,973	20,509,674	0	0
Long-term part	113,988,551	20,509,674	0	0
Within 1 year	24,185,210	7,635,480	0	0
	138,173,761	28,145,154	0	0

Notes to the Financial Statements

17 Long-term debt (continued)

	Group		Parent Company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
Payables to group enterprises				
After 5 years	118,675,373	40,451,143	118,675,373	40,451,143
Between 1 and 5 years	0	61,985,229	0	61,985,229
Long-term part	118,675,373	102,436,372	118,675,373	102,436,372
Other short-term debt to group enterprises	6,042,889	0	6,042,889	34,455,027
	124,718,262	102,436,372	124,718,262	136,891,399
Other payables				
Between 1 and 5 years	12,586,355	0	0	0
Long-term part	12,586,355	0	0	0
Other short-term payables	54,379,343	50,962,023	0	0
	66,965,698	50,962,023	0	0

Notes to the Financial Statements

	Group	
	<u>2019</u>	<u>2018</u>
	DKK	DKK
18 Cash flow statement - adjustments		
Financial income	-34,646	-53,522
Financial expenses	12,511,822	8,936,723
Depreciation, amortisation and impairment losses, including losses and gains on sales	73,340,120	56,791,253
Tax on profit/loss for the year	1,611,241	2,403,827
Other adjustments	-1,867,746	3,630,184
	<u>85,560,791</u>	<u>71,708,465</u>
19 Cash flow statement - change in working capital		
Change in inventories	-5,594,949	-5,801,226
Change in receivables	-3,683,336	-5,909,459
Change in trade payables, etc	10,319,609	4,886,884
Other adjustments	4,789,243	0
	<u>5,830,567</u>	<u>-6,823,801</u>

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
20 Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a value of TDKK 63.365 (2018: TDKK 55.144).

The following assets have been placed as security with credit institutions:

Assets under finance leases with a value of TDKK 380,235 (2018: 200,449).

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	11,123,696	8,848,553	0	0
Between 1 and 5 years	30,269,318	25,479,615	0	0
After 5 years	12,380,355	7,109,530	0	0
	53,773,369	41,437,698	0	0

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income. The total accrued corporation tax appears from the Annual Report of Cube Denmark ApS, which acts as administration company in the jointly taxed Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Mortgage deed with a nominal value of TDKK 34,450 in the group's leased machinery with a carrying amount of TDKK 50,638 has been deposited as security for engagement with credit institutions.

Company charges with a nominal value of TDKK 22,000 in the group's immaterial rights, operating equipment, inventory, and claims with a carrying amount of TDKK 53,190 has been deposited as security for engagement with credit institutions

As security towards traffic companies Tryg Garanti has provided guarantees of a total of TDKK 51,800.

Mortgage deed with a nominal value of TDKK 361,864 in the group's leased machinery with a carrying amount of TDKK 318,367 has been deposited as security for engagement with credit institutions.

21 Related parties

Basis

Controlling interest

Cube II Transport S.à.r.l

Ultimate parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There is no disclosure of transactions with related parties, as it is the assessment that all transactions are done on arms-length terms.

Notes to the Financial Statements

22 Acquisition of A/S Jens Jensen & Sønner

The group has acquired 100% of shares of A/S Jens Jensen & Sønner (De Blaa Busser) with a closing date on the 15th of January 2019. The agreed purchase price amounted to DKK 69.2 million including contracts and goodwill of DKK 31.2 million.

De Blaa Busser has contributed with a revenue of DKK 87.2 million and a net result of DKK 11.8 million in 2019 before depreciation of goodwill and contracts of DKK 4.4 million.

	Group		Parent Company	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	DKK	DKK	DKK	DKK
23 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	624,275	398,900	21,200	20,600
Non-audit services	345,850	311,450	148,800	226,163
	<u>970,125</u>	<u>710,350</u>	<u>170,000</u>	<u>246,763</u>

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Cube Denmark ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Cube Denmark ApS, 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 Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

24 Accounting Policies (continued)

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Notes to the Financial Statements

24 Accounting Policies (continued)

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Notes to the Financial Statements

24 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Segment information on revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

24 Accounting Policies (continued)

Income Statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and 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.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

24 Accounting Policies (continued)

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Contracts acquired is measured at cost less accumulated amortisation. Contracts is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Notes to the Financial Statements

24 Accounting Policies (continued)

Property, plant and equipment

On acquisition fixed assets are measured at cost with deduction of accumulated depreciation and write-downs.

Interest expenses on loans contracted directly for financing the construction of assets are recognised in cost over the construction period.

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 added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	25-50 years
Other fixtures and fittings, tools and equipment	5-12 years
Leasehold improvements	5-12 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

Other fixed asset investments

Other fixed asset investments consist of deposit.

Notes to the Financial Statements

24 Accounting Policies (continued)

Inventories

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Current asset investments

Current asset investments, which consist of share certificates, are measured at their fair values at the balance sheet date (the most recent net asset value is used as fair value).

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

24 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

24 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

24 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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