

Aclass Holding ApS
Gammeltorv 18
1457 København K
Central Business Registration
No 38715992

Annual report 2018

The Annual General Meeting adopted the annual report on 12.03.2019

Chairman of the General Meeting

Name: Kurt Kvorning

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Entity details

Entity

Aclass Holding ApS
Gammeltorv 18
1457 København K

Central Business Registration No: 38715992
Registered in: Aarhus
Financial year: 01.01.2018 - 31.12.2018

Executive Board

Kasper Skovgaard Kristensen
Niels Garde Toft

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Aclass Holding ApS for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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

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

Copenhagen, 12.03.2019

Executive Board

Kasper Skovgaard Kristensen Niels Garde Toft

Independent auditor's report

To the shareholders of Aclass Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Aclass Holding ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

Independent auditor's report

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 consolidated financial statements and parent financial statements.

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

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

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 12.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification number (MNE) mne32127

Management commentary

	2018 DKK'000	2017 DKK'000
Financial highlights		
Key figures		
Gross profit	55.247	20.254
Operating profit/loss	13.868	4.197
Net financials	(2.015)	(2.883)
Profit/loss for the year	6.542	(230)
Total assets	356.772	348.114
Investments in property, plant and equipment	1.367	772
Equity	169.418	148.556
Cash flows from (used in) operating activities	22.793	62.065
Cash flows from (used in) investing activities	(5.822)	(236.037)
Cash flows from (used in) financing activities	(15.063)	239.779
Ratios		
Return on equity (%)	4,1	(0,2)
Equity ratio (%)	47,5	42,7

As the period from 15.06.2017 to 31.12.2017 was the Company's and the Group's first financial year, the comparative figures are not comparable.

Financial highlights are defined and calculated in accordance with latest "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

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

Management commentary

Primary activities

The Group's activities consist of arranging travels etc., whereas the Company's object is to invest in and hold shares in other enterprises.

Development in activities and finances

The Company is the ultimate parent company of the Aclass Group and has the Danish private equity fund Maj Invest Equity 5 K/S as principal shareholder.

The Company's income statement for 2018 showed a profit before tax of DKK 11,852,993 and the balance sheet at 31st december 2018 showed equity of DKK 169,418,496.

Management considers the profit satisfactory.

Outlook

Aclass will continue execution of the agreed strategy in 2019. Initiatives started up in 2018 and new initiatives for 2019 are expected to contribute positively to the growth and thus activities are expected to further pick up throughout the year.

As a supplement to the initiatives outlined in the strategy, the continuously work on sales and operational excellence throughout the organization is also expected to support the positive outlook for 2019 and as a result, the management expects to see a higher result before tax.

Particular risks

The Group is exposed particularly to fluctuations in foreign currencies. Management is aware of this risk, which is reduced by hedging the foreign exchange rates.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		55.246.775	20.253.826
Staff costs	1	(27.070.511)	(9.980.746)
Depreciation, amortisation and impairment losses	2	(14.307.954)	(6.076.392)
Operating profit/loss		13.868.310	4.196.688
Other financial income		273.301	87.893
Other financial expenses		(2.288.618)	(2.971.330)
Profit/loss before tax		11.852.993	1.313.251
Tax on profit/loss for the year	3	(5.310.649)	(1.543.076)
Profit/loss for the year	4	6.542.344	(229.825)

Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired rights		7.526.646	5.075.907
Goodwill		212.032.387	224.016.738
Intangible assets	5	219.559.033	229.092.645
Other fixtures and fittings, tools and equipment		1.323.351	544.703
Leasehold improvements		159.904	97.267
Property, plant and equipment	6	1.483.255	641.970
Other receivables		431.800	225.668
Fixed asset investments	7	431.800	225.668
Fixed assets		221.474.088	229.960.283
Deferred tax	8	63.000	54.000
Other receivables	9	66.641.127	50.380.982
Income tax receivable		0	1.220.047
Prepayments	10	827.519	641.513
Receivables		67.531.646	52.296.542
Cash		67.766.329	65.857.579
Current assets		135.297.975	118.154.121
Assets		356.772.063	348.114.404

Consolidated balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		10.750.000	10.000.000
Retained earnings		158.668.496	138.555.719
Equity		169.418.496	148.555.719
Bank loans		47.000.000	75.000.000
Non-current liabilities other than provisions	11	47.000.000	75.000.000
Current portion of long-term liabilities other than provisions	11	15.000.000	15.000.000
Prepayments received from customers	12	107.723.175	98.156.914
Trade payables		11.342.153	6.606.706
Income tax payable		1.076.346	0
Other payables		5.211.893	4.795.065
Current liabilities other than provisions		140.353.567	124.558.685
Liabilities other than provisions		187.353.567	199.558.685
Equity and liabilities		356.772.063	348.114.404
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Transactions with related parties	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10.000.000	0	138.555.719	148.555.719
Increase of capital	750.000	12.187.288	0	12.937.288
Transferred from share premium	0	(12.187.288)	12.187.288	0
Exchange rate adjustments	0	0	5.776	5.776
Value adjustments	0	0	1.765.857	1.765.857
Tax of equity postings	0	0	(388.488)	(388.488)
Profit/loss for the year	0	0	6.542.344	6.542.344
Equity end of year	10.750.000	0	158.668.496	169.418.496

Consolidated cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Operating profit/loss		13.868.310	4.196.688
Amortisation, depreciation and impairment losses		14.307.954	6.076.392
Working capital changes	13	38.244	57.196.667
Cash flow from ordinary operating activities		28.214.508	67.469.747
Financial income received		273.301	87.893
Financial income paid		(2.288.618)	(2.971.330)
Income taxes refunded/(paid)		(3.406.146)	(2.521.308)
Cash flows from operating activities		22.793.045	62.065.002
Acquisition etc of intangible assets		(4.341.381)	(5.736.727)
Acquisition etc of property, plant and equipment		(1.366.939)	(772.202)
Sale of property, plant and equipment		92.869	0
Acquisition of fixed asset investments		(431.800)	(242.090)
Sale of fixed asset investments		225.668	16.422
Acquisition of enterprises		0	(229.302.026)
Cash flows from investing activities		(5.821.583)	(236.036.623)
Loans raised		0	90.000.000
Instalments on loans etc		(28.000.000)	0
Cash increase of capital		12.937.288	149.779.200
Cash flows from financing activities		(15.062.712)	239.779.200
Increase/decrease in cash and cash equivalents		1.908.750	65.807.579
Cash and cash equivalents beginning of year		65.857.579	50.000
Cash and cash equivalents end of year		67.766.329	65.857.579

Notes to consolidated financial statements

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	23.448.039	8.128.945
Pension costs	1.671.664	669.690
Other social security costs	629.763	403.715
Other staff costs	1.321.045	778.396
	27.070.511	9.980.746
Average number of employees	46	41
	2018 DKK	2017 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	13.874.993	5.778.896
Depreciation of property, plant and equipment	432.961	297.496
	14.307.954	6.076.392
	2018 DKK	2017 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	5.319.649	1.597.076
Change in deferred tax for the year	(9.000)	(54.000)
	5.310.649	1.543.076
	2018 DKK	2017 DKK
4. Proposed distribution of profit/loss		
Retained earnings	6.542.344	(229.825)
	6.542.344	(229.825)

Notes to consolidated financial statements

	Acquired rights DKK	Goodwill DKK
5. Intangible assets		
Cost beginning of year	5.736.727	229.302.026
Additions	4.341.381	0
Cost end of year	10.078.108	229.302.026
Amortisation and impairment losses beginning of year	(660.820)	(5.285.288)
Amortisation for the year	(1.890.642)	(11.984.351)
Amortisation and impairment losses end of year	(2.551.462)	(17.269.639)
Carrying amount end of year	7.526.646	212.032.387

Goodwill is amortised on a straight-line basis over its estimated useful time, which is determined based on Management's experience within each business area.

When determining the amortisation period, Management has chosen to base the amortisation on useful lives, which are determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile.

It is Management's assessment that the carrying amount of goodwill embodies useful lives which are assessed to be long-term since the goodwill relates to affiliated markets where the Company has a strong market profile and continuously invests to meet the potential. Consequently, Management assesses the earnings profile to be long-term.

Based on the above, Management has assessed that it will be a fairer presentation if the amortisation period of goodwill is 20 years. Moreover, Management will reassess the useful lives so that they reflect the continuous market and earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment		
Cost beginning of year	653.616	118.663
Exchange rate adjustments	273	0
Additions	1.225.724	141.215
Disposals	(195.795)	(81.746)
Cost end of year	1.683.818	178.132
Depreciation and impairment losses beginning of the year	(108.913)	(21.396)
Exchange rate adjustments	(97)	0
Depreciation for the year	(354.383)	(78.578)
Reversal regarding disposals	102.926	81.746
Depreciation and impairment losses end of the year	(360.467)	(18.228)
Carrying amount end of year	1.323.351	159.904
		Other receivables DKK
7. Fixed asset investments		
Cost beginning of year		225.668
Additions		431.800
Disposals		(225.668)
Cost end of year		431.800
Carrying amount end of year		431.800
	2018 DKK	2017 DKK
8. Deferred tax		
Intangible assets	61.000	39.000
Property, plant and equipment	(20.000)	(7.000)
Liabilities other than provisions	22.000	22.000
	63.000	54.000
Changes during the year		
Beginning of year	54.000	
Recognised in the income statement	9.000	
End of year	63.000	

Notes to consolidated financial statements

	2018 DKK	2017 DKK
9. Other receivables		
Derivative financial instruments	831.494	0
Other receivables	65.809.633	50.380.982
	66.641.127	50.380.982

The derivative financial instruments are further described in note 13.

10. Prepayments

Prepayments comprise costs incurred relating to subsequent financial years. Prepayments are measured at cost.

	Instalments within 12 months 2018 DKK	Instalments within 12 months 2017 DKK	Instalments beyond 12 months 2018 DKK
11. Liabilities other than provisions			
Bank loans	15.000.000	15.000.000	47.000.000
	15.000.000	15.000.000	47.000.000

The Company has no bank debt after 5 years.

12. Prepayments received from customers

Prepayments received from costumers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

	2018 DKK	2017 DKK
13. Change in working capital		
Increase/decrease in receivables	(14.680.294)	(52.362.018)
Increase/decrease in trade payables etc	14.718.538	109.558.685
	38.244	57.196.667

14. Financial instruments

Disclosure on forward exchange contracts acquired to hedge liabilities

Other receivables include a positive fair value of the forward exchange contracts of DKK 831k. The forward exchange contracts have been acquired to hedge the foreign currency risk of trade payables in USD, THB, SEK, GBP, NOK and ZAR. The exchange loss has been set off against the value adjustments of the hedged payables in the income statement. The forward exchange contracts have a term of 0-12 months. The forward exchange contracts have been entered into with the Company's usual bank.

Notes to consolidated financial statements

	2018 DKK	2017 DKK
15. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	3.978.565	254.045

Unrecognised rental and lease commitments comprise rental commitments with a remaining contract period of 51 months. The commitment amounts to DKK 3,696k (2017: DKK 254k).

The remaining commitment comprises lease commitments relating to operating leases on other fixtures and fittings, tools and equipment. The commitment amounts to DKK 283k (2017: DKK 0k).

16. Mortgages and securities

The Group has provided payment guarantees totalling DKK 34,805k. The amount is distributed as follows:

- Rejsegarantifonden, DKK 1,800k
- Air Travel Trust, DKK 4,705k
- ATOL, DKK 28,234k
- Other guarantees, DKK 66k

17. Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed.

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
18. Subsidiaries					
Aclass A/S	Aarhus, Denmark	A/S	100,0	64.094.328	16.065.421
ASClass GmbH	Henstedt-Ulzburg, Germany	GmbH	100,0	2.406.724	797.428
Aclass UK Ltd	Richmond, England	Ltd	100,0	243.054	3.054

Parent income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross loss		(33.979)	(25.495)
Income from investments in group enterprises		10.000.000	0
Other financial expenses		(1.974.524)	(1.120.426)
Profit/loss before tax		7.991.497	(1.145.921)
Tax on profit/loss for the year	1	441.871	252.103
Profit/loss for the year	2	8.433.368	(893.818)

Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Investments in group enterprises		229.750.589	237.750.589
Fixed asset investments	3	229.750.589	237.750.589
Fixed assets		229.750.589	237.750.589
Deferred tax	4	22.000	22.000
Income tax receivable		0	1.416.855
Joint taxation contribution receivable		1.049.500	1.613.248
Receivables		1.071.500	3.052.103
Cash		2.116.578	957.690
Current assets		3.188.078	4.009.793
Assets		232.938.667	241.760.382

Parent balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	5	10.750.000	10.000.000
Retained earnings		159.556.038	138.935.382
Equity		170.306.038	148.935.382
Bank loans		47.000.000	75.000.000
Non-current liabilities other than provisions	6	47.000.000	75.000.000
Current portion of long-term liabilities other than provisions	6	15.000.000	15.000.000
Trade payables		25.000	25.000
Payables to group enterprises		0	2.800.000
Income tax payable		607.629	0
Current liabilities other than provisions		15.632.629	17.825.000
Liabilities other than provisions		62.632.629	92.825.000
Equity and liabilities		232.938.667	241.760.382
Contingent liabilities	7		
Mortgages and securities	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2018

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10.000.000	0	138.935.382	148.935.382
Increase of capital	750.000	12.187.288	0	12.937.288
Transferred from share premium	0	(12.187.288)	12.187.288	0
Profit/loss for the year	0	0	8.433.368	8.433.368
Equity end of year	10.750.000	0	159.556.038	170.306.038

Notes to parent financial statements

	2018 DKK	2017 DKK
1. Tax on profit/loss for the year		
Tax on current year taxable income	(441.871)	(230.103)
Change in deferred tax for the year	0	(22.000)
	(441.871)	(252.103)

	2018 DKK	2017 DKK
2. Proposed distribution of profit/loss		
Retained earnings	8.433.368	(893.818)
	8.433.368	(893.818)

	Investments in group enterprises DKK
3. Fixed asset investments	
Cost beginning of year	237.750.589
Disposals	(8.000.000)
Cost end of year	229.750.589
Carrying amount end of year	229.750.589

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
Aclass A/S	Aarhus	A/S	100,0	64.094.328	16.065.421

	2018 DKK	2017 DKK
4. Deferred tax		
Provisions	22.000	22.000
	22.000	22.000

Changes during the year	
Beginning of year	22.000
End of year	22.000

Notes to parent financial statements

5. Contributed capital

The Company has issued warrants for 750,000 shares, entitling the holder to subscribe for 1 share in the Company at a nominal value of DKK 1 per share. The warrants have been granted to the warrant holder free of charge. The warrants must be exercised by the end of June 2022 and may be exercised at any time until exercised in full.

	Instalments within 12 months 2018 DKK	Instalments within 12 months 2017 DKK	Instalments beyond 12 months 2018 DKK
6. Liabilities other than provisions			
Bank loans	15.000.000	15.000.000	47.000.000
	15.000.000	15.000.000	47.000.000

The Company has no bank debt after 5 years.

7. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8. Mortgages and securities

The Company has provided its ownership interest in Aclass A/S as security for all debts to Jyske Bank. The bank debt at 31.12.2018 amounts to DKK 62,000k. The carrying amount of the investment provided as security is DKK 229,751k at 31.12.2018.

The Company has provided a guarantee for its subsidiaries' total debt to Jyske Bank. The bank debt amounts to DKK 0k at 31.12.2018.

The Company has provided payment guarantees totalling 28,234k to ATOL for Aclass UK Ltd's debt to ATOL.

9. Related parties with controlling interest

Related parties with controlling interest in the Company includes:

- Maj Invest Equity 5 K/S, Langelinie Allé 35, Copenhagen, holding the majority of voting rights.

10. Transactions with related parties

Only transactions with related parties that are not carried out at market terms are disclosed in the annual report. No such transactions have been performed.

Accounting policies

Reporting class

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

As this is the Company's second financial year, and last year's financial year covers the period 15.06.2017 to 31.12.2017, the comparative figures are not directly comparable.

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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

Accounting policies

Business combinations

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

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

For intra-group combinations, the uniting-of-interests method is applied. This means that the annual reports are combined as if the enterprises had been combined starting from the earliest accounting period forming part of the financial statements. The difference between the amount paid in contributed capital and any share premium plus any cash payment and the equity value of the subsidiary is clearly added to or deducted from reserves that may be used to cover losses.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including net capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually.

It is Management's assessment that the carrying amount of goodwill embodies useful lives which are assessed to be long-term since the goodwill relates to affiliated markets where the Company has a strong market profile and continuously invests to meet the potential. Consequently, Management assesses the earnings profile to be long-term.

Based on the above, Management has assessed that it will be a fairer presentation if the amortisation period of goodwill is 20 years. Moreover, Management will reassess the useful lives so that they reflect the continuous market and earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise acquired rights.

Acquired rights are measured at cost less accumulated amortisation. Rights are amortised on a straight-line basis over the estimated useful life of 5 to 10 years.

Acquired rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price and costs directly attributable to the acquisition.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Accounting policies

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

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

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

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

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash with an insignificant price risk less short-term bank loans.