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Havneholmen 29  
DK-1561 Copenhagen V  
CVR no. 20 22 26 70

**TOUR PARTNER APS**  
**HANS EDVARD TEGLERS VEJ 3, 1., 2920 CHARLOTTENLUND**  
**ANNUAL REPORT**  
**18 OCTOBER 2017 - 31 DECEMBER 2018**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 14 June 2019**

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**Christian Nissen**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 39 02 00 76**

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**COMPANY DETAILS****Company**

Tour Partner ApS  
Hans Edvard Teglers Vej 3, 1.  
2920 Charlottenlund

CVR No.: 39 02 00 76  
Established: 18 October 2017  
Registered Office: Gentofte  
Financial Year: 18 October 2017 - 31 December 2018

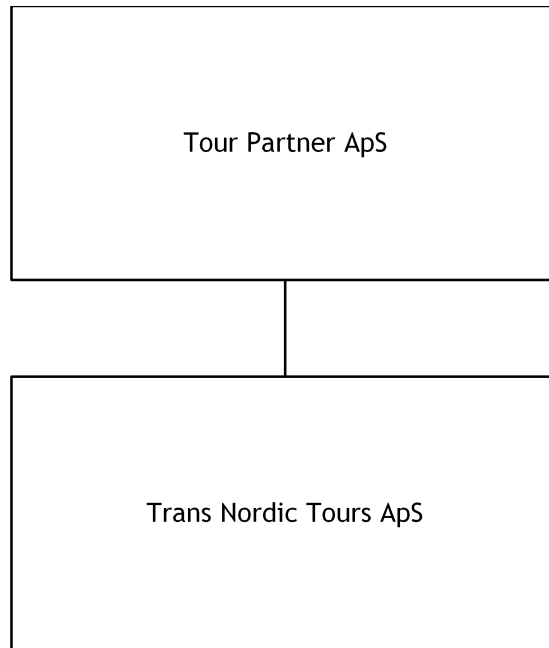
**Board of Executives**

Mark David Mayhew  
Mark Pharoah  
Paul John Maine

**Auditor**

BDO Statsautoriseret revisionsaktieselskab  
Havneholmen 29  
1561 Copenhagen V

GROUP STRUCTURE



## STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Tour Partner ApS for the financial year 18 October 2017 - 31 December 2018.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2018 and of the results of Group's and the Company's operations and cash flows for the financial year 18 October 2017 - 31 December 2018.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Charlottenlund, 13 June 2019

Board of Executives

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Mark David Mayhew

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Mark Pharoah

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Paul John Maine

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tour Partner ApS

### Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Tour Partner ApS for the financial year 18 October 2017 - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at *31 December 2018* and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 18 October 2017 - 31 December 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 Company 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the 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 Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements.

## INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company 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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of Management's Review.

Copenhagen, 14 June 2019

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Henrik Brünings  
State Authorised Public Accountant  
MNE no. mne3106



**FINANCIAL HIGHLIGHTS OF THE GROUP**

	2017/18 DKK '000
<b>Income statement</b>	
Gross profit/loss.....	49.261
Operating profit/loss.....	2.013
Financial income and expenses, net.....	-17.517
Profit/loss for the year before tax.....	-15.504
Profit/loss for the year.....	-17.623
<b>Balance sheet</b>	
Balance sheet total.....	218.268
Equity.....	15.034
Equity incl. minority interests.....	15.034
<b>Cash flows</b>	
Cash flows from operating activities.....	177.834
Cash flows from investment-related activities.....	-205.393
Cash flows from financing activities.....	31.933
Total cash flows.....	4.374
Investment in tangible fixed assets.....	-427
<b>Ratios</b>	
Solvency ratio.....	6,9
Return on equity.....	-234,4
Return on equity (excl. minority interests).....	-234,4

*The ratios stated in the list of key figures and ratios have been calculated as follows:*

<i>Solvency ratio:</i>	$\frac{\text{Equity (ex. minorities), at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
<i>Return on equity:</i>	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
<i>Return on equity (ex minorities):</i>	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

*The ratios follow in all material respects the recommendations of the Danish Finance Society.*

## MANAGEMENT'S REVIEW

### Principal activities

The principal activities comprise operation of a travel agency with sale of services in the form of accommodation and tours in Northern Europe to our business partners in large parts of the world.

Trans Nordic Tours ApS was acquired by Tour Partner ApS on 3 November 2017. The parent company is Tour Partner Group, incorporated in Great Britain.

### Development in activities and financial position

In order to grow and strengthen market shares in our source markets, the company increased the efficiency and the service to partners further and invested in developing new source markets and product line.

### Profit/loss for the year compared to future expectations

The result for the group was lower than expectation but reflects investment in the development of new markets

### Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

### Special risks

The Group's most significant operating risk is attached to the ability to be strongly positioned in the markets where the products are sold, to obtain the necessary space with the suppliers, and to ensure that the price of our services is always competitive.

### VAT risks:

The company has provided for the potential historic VAT registration risk in Norway. Whilst the final position for potential liability and registration is still to be agreed with respective tax authorities, the company feels it prudent to recognise current provisional estimates.

### Foreign exchange risks:

As there are activities in foreign countries, the results, cash flows and equity are influenced by the exchange rate and interest development of a number of currencies. It is the company's policy to hedge some of the commercial foreign exchange risks. The hedging is primarily made by forward exchange contracts to hedge the main part of the expected revenue within the first 12 months.

The company does not enter into speculative foreign currency positions.

### Future expectations

The development of the company's products and new markets continues and a small increase in sales is expected in 2019. We have added resource and invested in our marketing during 2018, to be able to increase the result for 2019.

**INCOME STATEMENT 18 OCTOBER - 31 DECEMBER**

	<u>Group</u>	<u>Parent company</u>
Note	2017/18 DKK	2017/18 DKK
<b>GROSS PROFIT</b> .....	<b>49.261.098</b>	<b>-59.125</b>
Staff costs.....	1 -23.263.814	0
Depreciation, amortisation and impairment losses.....	-23.982.874	0
Other operating expenses.....	-1.000	0
<b>OPERATING PROFIT</b> .....	<b>2.013.410</b>	<b>-59.125</b>
Other financial income.....	2 2.137.829	1.670.970
Other financial expenses.....	3 -19.655.279	-19.012.191
<b>LOSS BEFORE TAX</b> .....	<b>-15.504.040</b>	<b>-17.400.346</b>
Tax on profit/loss for the year.....	4 -2.118.872	3.828.080
<b>LOSS FOR THE YEAR</b> .....	<b>-17.622.912</b>	<b>-13.572.266</b>
 <b>PROPOSED DISTRIBUTION OF DIVIDEND</b>		
Retained earnings.....	-17.622.912	-13.572.266
<b>TOTAL</b> .....	<b>-17.622.912</b>	<b>-13.572.266</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group	Parent company
		2018 DKK	2018 DKK
Goodwill.....		180.613.973	0
<b>Intangible fixed assets.....</b>	<b>5</b>	<b>180.613.973</b>	<b>0</b>
Leasehold improvements.....		43.750	0
Other plants, machinery, tools and equipment.....		713.594	0
<b>Tangible fixed assets.....</b>	<b>6</b>	<b>757.344</b>	<b>0</b>
Equity investments in group enterprises.....		0	223.695.930
Rent deposit and other receivables.....		578.121	0
<b>Fixed asset investments.....</b>	<b>7</b>	<b>578.121</b>	<b>223.695.930</b>
<b>FIXED ASSETS.....</b>		<b>181.949.438</b>	<b>223.695.930</b>
Trade receivables.....		7.836.295	0
Receivables from group enterprises.....		18.854.985	18.854.986
Other receivables.....		299.984	0
Joint tax contribution receivable.....		0	3.828.080
Prepayments and accrued income.....		4.812.340	0
<b>Receivables.....</b>		<b>31.803.604</b>	<b>22.683.066</b>
<b>Cash and cash equivalents.....</b>		<b>4.514.848</b>	<b>49.513</b>
<b>CURRENT ASSETS.....</b>		<b>36.318.452</b>	<b>22.732.579</b>
<b>ASSETS.....</b>		<b>218.267.890</b>	<b>246.428.509</b>

BALANCE SHEET AT 31 DECEMBER

		<u>Group</u>	<u>Parent company</u>
	Note	2018 DKK	2018 DKK
<b>EQUITY AND LIABILITIES</b>			
Share capital.....	8	150.000	150.000
Retained earnings.....		14.883.715	18.260.324
<b>EQUITY.....</b>		<b>15.033.715</b>	<b>18.410.324</b>
Provision for deferred tax.....	9	133.251	0
<b>PROVISION FOR LIABILITIES.....</b>		<b>133.251</b>	<b>0</b>
Bank debt.....		91.393	0
Prepayments received from customers.....		193.682	0
Trade payables.....		9.816.572	58.750
Payables to group enterprises.....		175.617.947	227.959.435
Corporation tax.....		1.640.667	0
Other liabilities.....		5.684.320	0
Accruals and deferred income.....	10	10.056.343	0
<b>Current liabilities.....</b>		<b>203.100.924</b>	<b>228.018.185</b>
<b>LIABILITIES.....</b>		<b>203.100.924</b>	<b>228.018.185</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>218.267.890</b>	<b>246.428.509</b>
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## EQUITY

	Group			
	Share capital	Share premium account	Retained earnings	Total
Equity at 18 October 2017.....	50.000	0	0	50.000
Capital increase.....	100.000	31.832.590		31.932.590
Value adjustments of equity.....			-1.339.419	-1.339.419
Transfers to/from other items.....		-31.832.590	33.846.046	2.013.456
Proposed distribution of profit.....			-17.622.912	-17.622.912
<b>Equity at 31 December 2018.....</b>	<b>150.000</b>	<b>0</b>	<b>14.883.715</b>	<b>15.033.715</b>

	Parent company			
	Share capital	Share premium account	Retained earnings	Total
Equity at 18 October 2017.....	50.000	0	0	50.000
Capital increase.....	100.000	31.832.590		31.932.590
Transfers to/from other items.....		-31.832.590	31.832.590	
Proposed distribution of profit.....			-13.572.266	-13.572.266
<b>Equity at 31 December 2018.....</b>	<b>150.000</b>	<b>0</b>	<b>18.260.324</b>	<b>18.410.324</b>

During the year 100.000 new shares is issued with a nominal value of DKK 100.000.

**CASH FLOW STATEMENT 18 OCTOBER - 31 DECEMBER**

	<u>Group</u>
	2017/18 DKK
Profit/loss for the year.....	-17.622.912
Reversed depreciation of the year.....	23.982.874
Reversed realization gains.....	-210.000
Reversed tax on profit/loss for the year.....	2.118.872
Change in receivables.....	-31.803.604
Change in current liabilities (ex bank and tax).....	201.368.864
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>177.834.094</b>
Purchase of intangible fixed assets.....	-204.468.649
Purchase of tangible fixed assets.....	-427.398
Sale of tangible fixed assets.....	50.000
Purchase of financial assets.....	-6.356
Other cash flows from investing activities.....	-540.826
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-205.393.229</b>
Changes in equity via capital increase.....	31.932.590
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>31.932.590</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>4.373.455</b>
Cash and cash equivalents at 18. october.....	50.000
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>4.423.455</b>
Specification of cash and cash equivalents at 31 December:	
Cash and cash equivalents.....	4.514.848
Bank debt.....	-91.393
<b>CASH AND CASH EQUIVALENTS, NET DEBT.....</b>	<b>4.423.455</b>

## NOTES

	<u>Group</u>	<u>Parent company</u>	Note
	2017/18 DKK	2017/18 DKK	
<b>Staff costs</b>			<b>1</b>
Average number of employees			
Group: 45			
Parent company: 3			
Wages and salaries.....	21.576.392	0	
Pensions.....	35.249	0	
Social security costs.....	465.182	0	
Other staff costs.....	1.186.991	0	
	<b>23.263.814</b>	<b>0</b>	
<p>The Company's Management consists of one executive and the board of directors does not receive separate fees, and accordingly the remuneration is not disclosed in accordance with the exemption provision in section 98b(3) of the Danish Financial Statements Act.</p>			
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	427.790	0	
Other interest income.....	1.710.039	1.670.970	
	<b>2.137.829</b>	<b>1.670.970</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	17.326.266	18.986.435	
Other interest expenses.....	2.329.013	25.756	
	<b>19.655.279</b>	<b>19.012.191</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	2.018.589	-3.828.080	
Adjustment of deferred tax.....	100.283	0	
	<b>2.118.872</b>	<b>-3.828.080</b>	
<b>Intangible fixed assets</b>			<b>5</b>
		<u>Group</u>	
		Goodwill	
Additions.....		204.468.649	
Cost at 31 December 2018.....		204.468.649	
Amortisation for the year.....		23.854.676	
Amortisation at 31 December 2018.....		23.854.676	
Carrying amount at 31 December 2018.....		180.613.973	



## NOTES

## Tangible fixed assets

Note

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	<u>Group</u>	
	Production plant and machinery	Other plants, machinery, tools and equipment
Cost at 18 October 2017.....	0	812.961
Additions.....	43.750	383.648
Disposals.....	0	-51.000
<b>Cost at 31 December 2018.....</b>	<b>43.750</b>	<b>1.145.609</b>
Depreciation and impairment losses at 18 October 2017.....	0	326.738
Depreciation for the year.....	0	105.277
<b>Depreciation and impairment losses at 31 December 2018....</b>	<b>0</b>	<b>432.015</b>
<b>Carrying amount at 31 December 2018.....</b>	<b>43.750</b>	<b>713.594</b>

## Fixed asset investments

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	<u>Group</u>	
	Rent deposit and other receivables	
Cost at 18 October 2017.....	571.765	
Additions.....	6.356	
<b>Cost at 31 December 2018.....</b>	<b>578.121</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>578.121</b>	
	<u>Parent company</u>	
	Equity investments in group enterprises	
Additions.....	223.695.930	
<b>Cost at 31 December 2018.....</b>	<b>223.695.930</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>223.695.930</b>	

**Goodwill**

Tour Partner ApS has acquired Trans Nordic Tours ApS in the financial year. The cost of the shares is DKK ('000) 223.696. Goodwill on acquisitions for the year amounts to DKK ('000) 204.469.

## NOTES

		Note
<b>Share capital</b>		<b>8</b>
Specification of the share capital:		
Shares, 150.000 in the denomination of 1 DKK.....	150.000	
	<b>150.000</b>	

<b>Provision for deferred tax</b>		<b>9</b>
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.		

The amount breaks down as follows:

	Carrying Value	Tax Value	Tax depre. or amort. above carrying value
Plant, machinery and equipment.....	713.594	116.656	596.938
Leasehold improvements.....	43.750	35.000	8.750
	<b>757.344</b>	<b>151.656</b>	<b>605.688</b>
Provision for deferred tax.....			<b>133.251</b>

	<u>Group</u>	<u>Parent company</u>
	2018 DKK	2018 DKK
Deferred tax, beginning of year.....	32.968	0
Deferred tax of the year, income statement.....	100.283	0
<b>Provision for deferred tax 31 December 2018.....</b>	<b>133.251</b>	<b>0</b>

<b>Accruals and deferred income</b>		<b>10</b>
Tour Partner ApS has acquired Trans Nordic Tours ApS in the financial year. The cost of the shares is DKK ('000) 223.696. Goodwill on acquisitions for the year amounts to DKK ('000) 204.469.		

**NOTES****Note****Contingencies etc.**

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**Contingent liabilities**

The non-implementation of the EU judgement C-189/11 The Commission vs Spain in some member states leads to uncertainty in relation to the VAT treatment of B2B package tours within the EU, which may result in a risk that the company will be subject to VAT on its activities in other EU countries. Management consider this possibility to be low. A parent company guarantee is in place to cover a potential obligation should one arise.

**Joint liabilities**

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 1.641 at the balance sheet date.

**Related parties**

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The Company's related parties include:

**Controlling interest**

Hotels and More Ltd. and Mayfair Fox Holdco Ltd. are the principal shareholders.

**Transactions with related parties**

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

**Consolidated financial statements**

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The company is included in the consolidated financial statements of the ultimate parent, Tour Partner Group Middco Limited, Hygeia Building, 5th Floor, 66 - 68 College Road, Harrow, Middlesex, HA1 1BE, CVR no. 1-60989.

## ACCOUNTING POLICIES

The Annual Report of Tour Partner ApS for 2017/18 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared with the following accounting principles.

### ***Consolidated financial statements***

The consolidated financial statements include the parent company Tour Partner ApS and its subsidiaries in which Tour Partner ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Acquired enterprises are recognised in the consolidated financial statements under the book value-method on acquisition date. Identified assets and liabilities are measured at book value from the time of the acquisition, calculated under the accounting policies of the acquired company. The acquisition is considered as adopted as of November 3rd, 2017 and the comparative figures have not been adjusted.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

## INCOME STATEMENT

### **Net revenue**

Net revenue is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

### **Other operating income**

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

### **Other operating expenses**

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

### **Cost of sales**

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### **Other external expenses**

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

### **Staff costs**

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

**ACCOUNTING POLICIES**

**Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

**Tax**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

**BALANCE SHEET**

**Intangible fixed assets**

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company’s position in the market and earnings profile, and the industry-specific conditions.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

**Tangible fixed assets**

Plant, machinery and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Fixed asset investments**

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Acquired enterprises are recognised in the consolidated financial statements under the book value-method on acquisition date. Identified assets and liabilities are measured at book value from the time of the acquisition, calculated under the accounting policies of the acquired company. The acquisition is considered as adopted as of November 3rd, 2017 and the comparative figures have not been adjusted.

## ACCOUNTING POLICIES

### Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

## ACCOUNTING POLICIES

### Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

## CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

## ACCOUNTING POLICIES

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.