

ANNUAL REPORT 2017/18

19 October 2017 – 31 December 2018

P-A2017 Holding 1 A/S

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The Annual Report was presented and adopted at the Annual General Meeting of the company on 20 June 2019

Karsten Poulsen
Chairman

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Management Review

2019 a year with focus on successful transition.

P-A2017 Holding A/S is the ultimate parent Company in the Alliance+ Group. Hereafter referred to as “Alliance+” or (“the Group”). The Alliance+ Group was acquired by the end of October 2017. This Annual Report comprises the consolidated financial statements of the Group and the Parent Company Financial Statements.

The efforts to getting back on track and aligned for growth has continued in 2017 and 2018. A significant number of strategic initiatives were successfully executed and forms a good basis for alignment of the businesses in Denmark, Norway and Sweden. At the same time, the ISO certifications, the Nordic Eco Swan Label and Servicenormen were all renewed.

Continuous negative development in the beginning of 2018 underlined the need to establish a new baseline and a rightsized organization that can be sustained by the current business portfolio, which resulted in several initiatives during the year. Focus has been on profitability, increasing customer satisfaction, employee engagement and to continue the establishment of the best possible platform for future growth.

The 2017/2018 result is significantly impacted by the Swedish results. In November 2018, the Swedish company Allianceplus AB went into reconstruction in order to establish a sustainable business going forward. With a large drop in revenue over the past years, the company has not been able to adjust the costs in a sufficiently fast pace.

The reconstruction focused on establishing the right cost structure for the future, which includes focusing our business towards the larger cities. During the reconstruction there has been a close dialogue with our customers and focus on continuing the deliverance of high-quality service. The reconstruction in Sweden has just been concluded and is expected to meet the overall objective.

The Group functions and the business in Denmark have also gone through a number of changes in organization, structure, systems and processes. The objectives have been to strengthen and develop the relationships to our customers while ensuring that the organizational structure, competences and costs are right for the size of business we operate.

APPETIZE+, our staff restaurant segment, remains in positive development with several new customers now enjoying our daily serving of homemade food and take-away.

The Norwegian business continues to develop positively and contributes positively to the Group result. Additional Oslo customers were secured during the end of 2018 forming the basis for a build-up towards a strong footprint.

The annual Employee Engagement Survey had a satisfactory participation ratio of 72% and showed encouraging improvements on almost all most topics including the traditional engagement score that increased from 76 to 80.

The efforts in 2018 have focused on the reconstruction in Sweden, rightsizing in Denmark and to continue our journey towards a scalable platform with system supported processes and digitalization where possible. 2019 will be a year with focus on a successful transition, stabilization and continued optimization, in order to achieve improved margins.

Financial Review

The 2017/2018 result is significantly impacted by the Swedish results and restructuring of the Swedish entity.

Income Statement

In 2017/2018, revenue amounted to DKK 1,227 million.

EBITDA was negative DKK 24 million. EBITDA was impacted in all countries due to lower cost for redundant employees and better operational performance in Denmark.

Operating Profit (EBIT) was negative DKK 75 million. Operating Profit is significantly impacted by amortization on goodwill of DKK 37 million.

Net financials were negative DKK 9 million. The Group's loan agreements were changed in 2017, which has reduced the interest payment significantly during 2018.

Net Profit for the year was negative DKK 84 million. Despite the improvement during 2017/2018, and the significant impact by the Swedish results, the overall result remains unsatisfactory.

For 2019, management expects a continued positive development of the Group's EBITDA and net result. The restructuring of the Swedish entity has been finally approved by a majority of the creditors and the Swedish authorities with effect 31 May 2019 improving the financial position of the Group.

Balance Sheet

Total assets amount to DKK 557 million. Assets were mainly decreased by amortization of goodwill.

Cash Flow

Free Cash Flow amounted to DKK 46 million and Operating Cash Flow amounted to DKK 30 million.

Financing

Net Interest Bearing Debt (NIBD) amounts to DKK 233 million as of 31 December 2018.

Capital Resources

The restructuring of the Swedish subsidiary was completed 31 May 2019. The effect hereof is that creditors of the Swedish subsidiary has waived debt improving the solvency of the Group and strengthening the Group's capital resources. The capital resources of the Group are closely monitored and optimized were possible. Based on the restructuring of the Swedish subsidiary, cash and cash equivalents and the existing credit facilities, it is the assessment of Management that the Group has sufficient capital resources to support the 2019 business initiatives and the activities of the Group.

Uncertainty in recognition and measurement

The Accounting estimates and judgements, which may entail a risk of material adjustments in subsequent years, are described in note 2.

Key figures - Group

Financial Highlights

	2018
Group	(t.kr)
Income statement	
Revenue	1.227.073
EBITDA	-23.637
EBITA	-35.220
Operating profit/loss	-75.066
Net financials	-8.687
Net profit/loss for the year	-83.763
Balance sheet	
Balance sheet total	556.640
Assets excl goodwill	27.485
Equity	23.553
Cash flow statement	
Investment in property, plant and equipment	1.545
Ratios	
Return on assets	-13,5
Solvency ratio	4,2
Return on equity	-211,3
EBITDA-margin (%)	-1,9
EBITA- margin (%)	-2,9
EBITDA/operating assets	-86,0
EBITA/ operating assets	-128,1

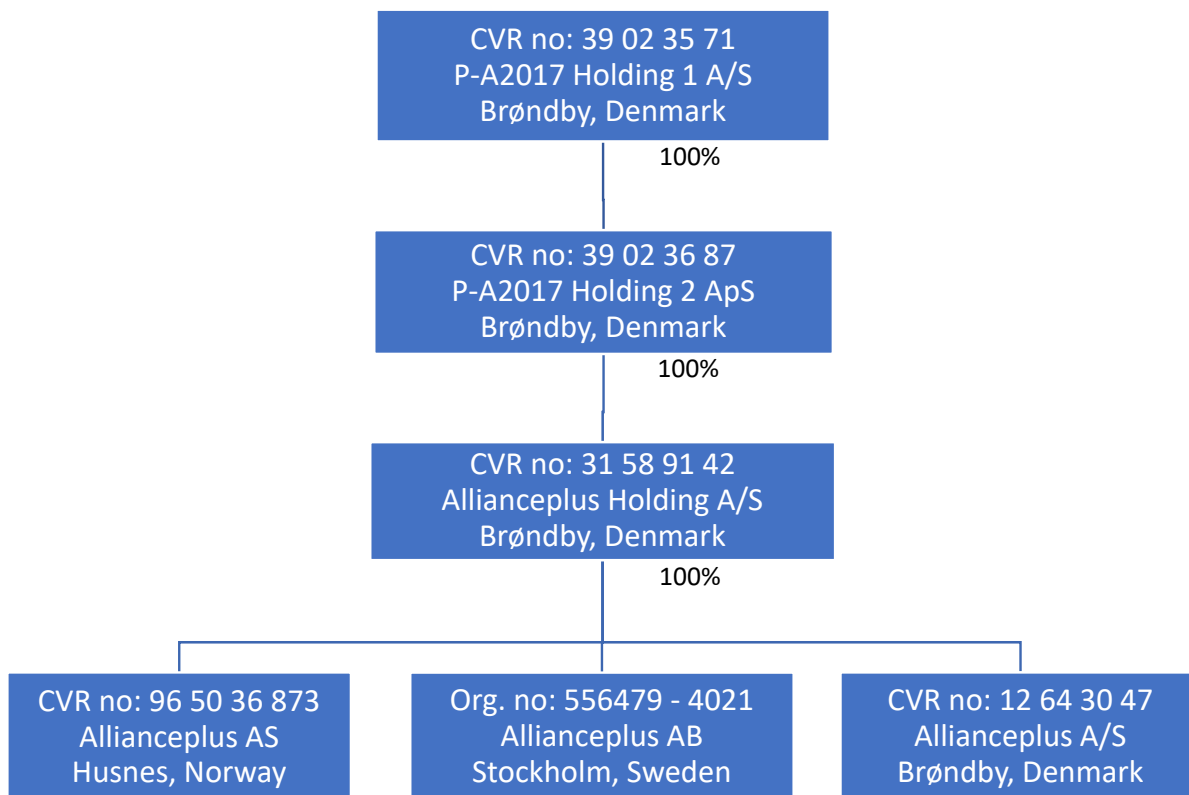
Ratios are defined in accounting policies

Knowledge resources & Corporate Social Responsibility

The Group had 2,114 full-time employees at the end of 2018. The Group focuses on retaining the best qualified and most motivated employees. Focus on retention and low employee turnover is important as qualified employees who know the Group's manuals, materials, machinery and routines are a precondition for the Group continuing its positive development.

The Group has an impact on the surrounding world for which we want to take responsibility. As a facility management provider, we have the opportunity of contributing to a positive development for both the environment, employees and society. This has been formulated in our CSR policy. For further details, please see Allianceplus Holding A/S' CSR report 2018: <https://www.allianceplus.eu/media/1426/csr-rapport2018-en-web.pdf>

GROUP CHART



MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of P-A2017 Holding 1 A/S for the financial year 19 October 2017 - 31 December 2018.

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

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Company, of the results of the Group and the Parent Company and of consolidated cash flows for the financial year 19 October 2017 - 31 December 2018.

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

Copenhagen, 20 June 2019

Executive Board

Henrik Bonnerup
CEO

Board of Directors

Karsten Poulsen
Chairman

Jesper Teddy Lok
Deputy Chairman

Henrik Bonnerup

Kim Gulstad

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholders of P-A2017 Holding 1 A/S.

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 2018, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 19 October 2017 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of P-A2017 Holding 1 A/S for the financial year 19 October 2017 - 31 December 2018, 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 ("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 ex-press 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 Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the financial statements

Management is responsible for the preparation of 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 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 financial statements unless Management either intends to liquidate the Group or the Parent 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 ISA's and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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.
- 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 over-ride of internal control.
- 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 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 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 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, 20 June 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorized Public Accountant

mne28703

Leif Ulbæk Jensen

State Authorized Public Accountant

mne23327

Group**Income Statement 19 October 2017 - 31 December 2018**

	Note	2017/2018 (DKK' 000)
Revenue	3	1.227.073
Cost of sales		-123.023
Other operating income		3.384
Other external expenses	4	<u>-82.431</u>
Gross profit		1.025.003
Staff expenses	5	-1.048.640
Depreciation, property, plant and equipment	6	-11.583
Impairment and amortisation of intangible assets	6	<u>-39.846</u>
Operating profit/loss (EBIT)		-75.066
Financial income	8	7.631
Financial expenses	9	<u>-16.318</u>
Profit/loss before tax		-83.753
Tax on profit/loss for the year	10	<u>-10</u>
Net Profit/loss for the year		<u><u>-83.763</u></u>

Special items	7
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Group

Balance Sheet at 31 December

Assets	Note	2018
		(DKK' 000)
Software		10.434
Acquired rights		903
Goodwill		341.027
Intangible assets	11	<u>352.364</u>
Property, plant and equipment		13.983
Tangible assets	12	<u>13.983</u>
Other receivables	13	2.165
Fixed asset investments		<u>2.165</u>
Total fixed assets		<u>368.512</u>
Inventories		<u>2.255</u>
Trade receivables		121.038
Other receivables		8.226
Corporation tax		0
Deferred tax	14	8.872
Prepayments	15	2.015
Receivables		<u>140.151</u>
Cash at bank and in hand		<u>45.722</u>
Total current assets		<u>188.128</u>
Total assets		<u><u>556.640</u></u>

Group

Balance Sheet at 31 December

Group

Liabilities and equity	Note	2018
		(DKK' 000)
Share capital		1.500
Retained earnings		22.053
Total equity		23.553
Other provisions		0
Total provisions		0
Credit institutions		276.200
Long-term debt	16	276.200
Lease liabilities		2.639
Trade payables		39.054
Corporation tax		3.506
Debt to group enterprises		1.060
Other payables	17	210.628
Short-term debt		256.887
Total debt		533.087
Total liabilities and equity		556.640
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Group
Total equity

2018	Share capital	Retained earnings	Total equity
Capital increase at 19 October 2017	500	0	500
Capital increase at 25 October 2017	1.000	98.560	99.560
Currency exchange in subsidiaries	0	2.813	2.813
Other equity movements in subsidiaries	0	4.443	4.443
Net profit/loss for the year		-83.763	-83.763
Equity at 31 December	1.500	22.053	23.553

Group

Consolidated Cash Flow Statement

	Note	2018 (DKK' 000)
Profit for the year before tax		-83.753
Adjustments	21	74.953
Change in working capital	22	47.880
Cash flows from operating activities before financial items		39.080
Interest income etc		7.631
Interest payments etc		-16.318
Cash flows from operating activities before tax		30.393
Corporation tax paid/received		0
Cash flows from operating activities		30.393
Purchase of intangible assets	11	-8.215
Purchase of property, plant and equipment	12	-1.545
Sale of property, plant and equipment		503
Acquisition of subsidiaries	23	33.075
Change in fixed assets receivables		-678
Cash flows from investing activities		23.140
Capital increases in the year		100.560
Change in intercompany loans		1.060
Change in loans from credit institutions		-109.431
Cash flows from financing activities		-7.811
Change in cash and cash equivalents		45.722
Cash and cash equivalents at 19 October		
Cash and cash equivalents at 31 December		45.722

Notes

Group

Note 1: Summary of significant accounting policies

The Annual Report and the Consolidated Financial Statements of P-A2017 Holding 1 A/S for the financial year 19 October 2017 – 31 December 2018 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Annual Report is presented in TDKK.

The most significant elements of the accounting policies applied are as follows:

Recognition and measurement

Revenues are recognized in the income statement as earned. Value adjustments of financial assets and liabilities are also recognized in the income statement as well as all costs, including depreciation, amortization and impairment losses.

Assets are recognized 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 recognized 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.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company, P-A2017 Holding 1 A/S, and subsidiaries in which P-A2017 Holding 1 A/S directly or indirectly holds more than 50% of the votes or in which the Parent Company 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, elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

Investments in subsidiaries are set off against the proportionate share of the market value of net assets and liabilities of subsidiaries at the time of acquisition.

Newly acquired or newly founded enterprises are recognized in the Consolidated Financial Statements as from the date of acquisition. Sold or wound up enterprises are recognized in the consolidated income

statement until the date of disposal. Comparative figures are not restated in respect of newly acquired, sold or wound up enterprises.

On acquisition of new enterprises, the acquisition method is applied under which identified assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

Positive differences (goodwill) between cost and fair value of identified assets and liabilities taken over are recognized in intangible assets and amortized systematically over the income statement based on an individual assessment of the useful life.

Goodwill relating to acquired enterprises may be adjusted until the end of the financial year following the year of acquisition.

Profit or loss on sale or winding-up of subsidiaries and associates is stated as the difference between the selling price or the winding-up sum and the carrying amount of net assets at the time of sale as well as expected selling or winding-up costs.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Leasing

Leases relating to property, plant and equipment in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet as assets. On initial recognition, the assets are measured at cost which corresponds to fair value or (if lower) the net present value of the future lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated value is applied as the discount rate. Finance leases are then depreciated under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalized and recognized 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 recognized in the income statement over the term of the contract. The Company's total operating lease and rental obligations are disclosed under contingent assets and liabilities.

Revenue

Revenue comprises invoiced sale of goods and services as well as uninvoiced income relating to services in progress. Recognition is made when:

- + delivery has been made before year end;
- + a binding sales agreement has been made;
- + payment has been received or may with reasonable certainty be expected to be received.

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

Cost of sales

Cost of sales comprises supplies consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Staff expenses

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

Other operating income and expenses

Other operating income and expenses comprise accounting items of a secondary nature to the main activity.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realized and unrealized exchange adjustments of debts and transactions in foreign currencies as well as interests regarding extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year as well as adjustments to previous years. 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 other Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet**Intangible assets**

Intangible assets are measured at cost less accumulated amortization and impairment losses calculated on the basis of the expected useful lives of the assets.

The following useful lives are applied to the individual assets:

Goodwill	Up to 20 years
Software	Up to 5 years
Acquired rights	5 - 20 years

The amortization period of goodwill is assessed individually on the basis of a specific assessment of the customer composition of each acquired enterprise, the expected useful lives of contracts and the useful lives of business combination synergies. Based on this, goodwill on consolidation is considered to have an expected useful life of up to 20 years.

Development projects

Development projects comprise salaries, depreciations and amortization as well as other costs directly or indirectly attributable to the development activities.

Development projects that are clearly defined and identifiable, where the technical utilization rate, sufficient resources and a potential future market or development opportunity in the Group can be identified and where the intention is to manufacture, market or use the project, are recognized as

intangible assets if there is sufficient comfort that the capital value of the future earnings can cover production, sales and administration costs as well as the actual development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as costs in the income statement as the costs are incurred.

Capitalized development costs are measured at cost less accumulated depreciation and write-downs or recoverable value, if this is lower. An amount corresponding to the capitalized development costs in the balance sheet incurred after 1 January 2016 is recognized in the item Reserve for development costs under equity. The reserve is reduced in value as a result of depreciation.

Capitalized development costs are depreciated from the date of completion linearly over the period in which development work is expected to generate economic benefits.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation is based on cost less expected residual value at the end of the useful life. 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 is made on a straight-line basis over the following expected useful lives:

Property, plant and equipment	3-5 years.
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Assets costing less than DKK 13k per unit are expensed in the income statement in the year of acquisition. Fixtures and fittings with expected useful lives of three years are capitalized even though the cost is below DKK 13k.

Annual evaluation of depreciation periods and scrap values are carried out.

Impairment of fixed assets

The carrying amounts of fixed assets, hereunder goodwill, are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment (Cash Generating Unit/CGU).

Deposits

Deposits are recognized at cost under "Fixed asset investments". If cost exceeds net realisable value, the asset is written down to its net realisable value.

Inventories

Inventories are measured at cost under the FIFO method. If the net realisable value is lower than cost, inventories are written down to the net realisable value.

Cost equals landed cost. Write-down for obsolescence is based on an individual assessment.

The net realisable value of inventories is stated as the selling price with deduction of costs of completion and selling expenses incurred to effect the sale and is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are recognized at amortized cost, which generally corresponds to nominal value. The value is reduced by provisions for estimated bad debts based on an individual assessment of the receivables.

Prepayments

Prepayments comprise prepaid expenses relating to subsequent years.

Dividend

Proposed expected distribution for the year is shown as a separate equity item. Proposed dividend is recognized as a liability at the time of adoption by the Annual General Meeting.

Accrued tax and deferred tax

Current tax liabilities and receivables are recognized 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.

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. In cases where the tax base may be calculated according to alternative tax rules, e.g. in respect of shares, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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 crystallize as current tax. Changes in deferred tax due to changes in tax rates are recognized in the income statement.

The Company is jointly taxed with the Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes.

Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Debts

Financial liabilities are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, financial liabilities are measured at amortized cost corresponding to the capitalized value when applying the effective interest rate; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

Financial liabilities also include the capitalized remaining lease obligation relating to finance leases. Other debt is measured at amortized cost corresponding to nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair values. Derivative financial instruments are recognized in other receivables and other payables, respectively. Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognized in equity. On realization of the hedged transactions, gains and losses relating to such hedging transactions are transferred from equity and recognized in the same item as the hedged transaction.

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 Group's share of net profit/loss adjusted for noncash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities as well as 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 changes in the amount and composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise the item cash at bank and in hand. The cash flow statement cannot be immediately derived from the published financial records.

Ratios

The ratios have been prepared in accordance with "Recommendations and Financial Ratios 2015" issued by Finansforeningen. The ratios provided in Financial Highlights have been calculated as follows:

Return on assets = Operating profit/loss x 100 / Assets

Solvency ratio = Equity x 100 / Assets

Return on equity = Net Profit for the Year x 100 / Average Equity

Other ratios

EBITDA-margin (%) = EBITDA / Revenue

EBITA-margin (%) = EBITA / Revenue

EBITDA/operating assets = Operating profit/loss before depreciation of fixed assets x 100/assets excl goodwill (operating assets)

EBITA/operating assets = Operating profit/loss before goodwill amortization x 100/assets excl good-will.

NIBD: Net Interest Bearing Debt = Interest bearing debt less cash at bank and in hand.

Note 2 Uncertainty in recognition and measurement

In connection with the preparation of the financial statements, Management perform estimates and judgements, which may entail a risk of material adjustments. In particular in the determination of the carrying amount of intangible assets and deferred tax assets, estimates are required. In case of any indication of impairment, an impairment test is prepared. The impairment test is based on an assessment how the parts of the Group businesses to which the assets relates will be able to generate sufficient cash flows in the future to support the value of goodwill and other assets in the relevant Cash Generating Units of the Group, defined as each subsidiary. Expected cash flows and net results are estimated over a number of years, which inherently produces some degree of uncertainty regarding expected market development and development in macroeconomic variables e.g. the interest rate and currency fluctuations. A sensitivity analysis on the key assumptions in the impairment tests is performed in order to reduce the uncertainty. Due to the development of the Group's financial figures, indications of impairment exists an impairment test has been prepared. The impairment test prepared as of 31 December 2018 shows that the estimated market value of the equity exceeds the carrying value of the booked equity as of 31 December 2018 and the future taxable results exceeds the booked value of deferred tax assets. The blended discount rate (WACC) applied in the impairment test of goodwill and other assets is 10.4%.

2017/2018

(DKK' 000)

Note 3 - Revenue

Geographical segments:

Denmark	641.362
Norway	204.596
Sweden	381.115
	1.227.073

The revenue relates to Facility Management which include cleaning, building maintenance and catering.

Note 4 - Other external expenses

Fee to auditors appointed by the General assembly

Total Fee	
PwC	1.577
	1.577

Specification

PwC

Fee relating to statutory audit	883
Assurance engagements	0
Tax consulting services	68
Other services	626
	1.577

Note 5 - Staff expenses

Wages and salaries	842.795
Pension contributions	38.980
Social security expenses	139.865
Other staff expenses	27.000
	<u>1.048.640</u>

Average number of employees (full-time employees) **2.114**

Fee to the board of directors (Allianceplus Holding A/S) **1.178**

The executive board has not received separate remuneration.

Note 6 - Impairment, depreciation and amortisation

Goodwill	-37.441
Acquired rights	-322
Software	-2.083
Property, plant and equipment	-11.583
	<u>-51.429</u>

Note 7 - Special items

Special items comprise costs, which is special due to their size or nature e.g redundancy costs, stranded costs due to re-organisations and impairment losses.

The profit/loss for the period has been negatively affected by one-off costs in connection with restructuring of the business. One-off costs amount to approximately DKK 11 million, and comprise redundancy cost and stranded cost regarding re-organisation of business. The costs are included in line item "Other external expenses".

Note 8 - Financial income

Interest income from Group Companies	0
Exchange rate gains	6.121
Other financial income	1.510
	<u>7.631</u>

Note 9 - Financial expenses

Other financial expenses	16.318
	<u>16.318</u>

Note 10 - Tax on profit/loss for the year

Current tax for the year	1.084
Adjustment of deferred tax	-1.074
	<u>10</u>

Note 11 - Intangible assets

	Acquired rights	Intangible assets under construction	Software	Goodwill
Acquired cost at 25 October	2.863	793	12.120	745.579
Transfers	0	-793	793	0
Exchange rate adjustment	-123	0	-63	4.581
Additions during the period	191	0	8.024	16.502
Disposals during the period	0	0	-194	0
Cost at 31 December	2.931	0	20.680	766.662
Acquired amortisations at 25 October	-1.803	-192	-8.170	-386.616
Transfers	0	192	-192	0
Exchange rate adjustment	97	0	58	-1.578
Amortization for the period	-322	0	-2.083	-37.441
Impairment adjustment	0	0	141	0
Amortization and impairment losses at 31 December	-2.028	0	-10.246	-425.635
Carrying amount at 31 December	903	0	10.434	341.027

Note 12 - Tangible fixed assets

	Property, plant and equipment
Acquired cost at 25 October	66.546
Additions for the period	1.545
Disposals for the period	-450
Cost at 31 December	67.641
Acquired depreciations at 25 October	-42.075
Depreciation for the period	-11.583
Disposals for the period	0
Depreciation at 31 December	-53.658
Carrying amount at 31 December	13.983
Including assets under finance leases	5.977

2018

(DKK' 000)

Note 13 - Other receivables

Acquired cost at 19 October	1.487
Additions for the period	678
Carrying amount at 31 December	2.165

Note 14 – Deferred tax/deferred tax asset

Deferred tax primarily comprises deferred tax relating to tax deficits carried forward and differences between accounting values and taxable values of intangible and tangible assets. Management has prepared impairment test and has recognised the tax asset based on budgets and forecasts for the coming 5 years and assessed it to be probable that the deferred tax asset can be utilized within the Danish joint taxation Group.

Note 15 – Prepayments

Prepayments comprise prepaid expenses relating to subsequent years.

Note 16 – Long-term debt

	Debt at 31 December	Installments next year	Installments 1 - 5 years	Remaining debt after 5 years
Credit institutions	276.200	0	276.200	0
	276.200	0	276.200	0

Loan agreement with credit institution is subject to loan covenant regarding investment in tangible and intangible assets.

2018

(DKK' 000)

Note 17 – Other payables

Salary related debt	164.740
Other Payables	28.146
VAT	17.742
	210.628

Note 18 – Contingent liabilities

The Group is part to a few pending lawsuits. The Group and its legal advisors consider the claims unjustified and do not perceive that the Group will incur any losses as a result of the actions for damages.

At 31 December 2018, the Group has a total rental obligation of DKK 11,321k.

At 31 December 2018, the Group has operating lease obligations relating to vehicles and other equipment amounting to DKK 36,611k.

Note 19 – Mortgages and security, etc

The Group has issued guarantees of DKK 7,416k towards customers.

The Group has provided shares in group enterprises with a carrying amount of DKK 307,425k at December 31, 2018 as security for bank debt.

The Group has issued floating guarantees to credit institution for a total of DKK 148,102k.

Moreover, the Group has entered into finance leases which have been recognised in fixed assets and debt obligations.

Note 20 - Related parties

Transactions

Transactions with related parties has been carried out at arm's length terms.

Related parties

The Group is owned jointly by the following entities:

P-A17 A/S, Malmøgade 3, 1., København, Denmark

KIRK KAPITAL A/S, Havneøen 1, Vejle, Denmark

2018

(DKK' 000)

Note 21 - Cash flow statement, adjustments

Financial income	-7.631
Financial expenses	16.318
Amortisations and depreciations on fixed assets	51.429
Exchange rate adjustments etc	2.129
Changes in tax items	13.444
Changes in other provisions	-736
	74.953

Note 22 - Cash flow statement, changes in working capital

Changes in receivables	48.591
Changes in inventory	2.598
Changes in other short term debt	-3.309
	47.880

Note 23 - Cash flow statement - investment in subsidiaries

Fixed assets	388.887
Inventories and receivables	200.439
Provisions	-736
Non-current payables	-384.070
Current payables	-254.097
Acquired net assets	-49.577
Goodwill	16.502
Net cash flow arising from aquisition	-33.075
Cash and cash equivalents	34.550
Acquisition cost	1.475

Note 24 - Subsequent events

The restructuring of the Swedish subsidiary was completed 31 May 2019. The effect hereof is that creditors of the Swedish subsidiary has waived debt improving the solvency of the Group and strengthening the Group's capital resources. The capital resources of the Group are closely monitored and optimized were possible. Based on the restructuring of the Swedish subsidiary, cash and cash equivalents and the existing credit facilities, it is the assessment of Management that the Group has sufficient capital resources to support the 2019 business initiatives and the activities of the Group.

Parent**Income Statement 19 October 2017 - 31 December 2018**

	Note	2017/18
		(DKK' 000)
Other external expenses		-673
Gross profit		-673
Income from investments in group enterprises	6	-83.101
Financial expenses		-2
Profit/loss before tax		-83.776
Tax on profit/loss for the year	4	13
Net profit/loss for the year		-83.763
Proposed distribution of profit/loss	5	

Parent
Balance Sheet at 31 December

Assets	Note	2018
		(DKK' 000)
Investments in group enterprises	6	24.216
Financial assets		<u>24.216</u>
Total fixed assets		<u>24.216</u>
Receivables from group enterprises		275
Deferred tax asset		13
Receivables		<u>288</u>
Cash and cash equivalents		<u>594</u>
Total current assets		<u>882</u>
Total assets		<u><u>25.098</u></u>

Parent

Balance Sheet at 31 December

Liabilities and equity	Note	2018
		(DKK ' 000)
Share Capital		1.500
Retained earnings		22.053
Total Equity		23.553
Trade payables		20
Debt to group enterprises		1.501
Corporation tax		24
Short-term debt		1.545
Total debt		1.545
Total liabilities and equity		25.098
Summary of significant accounting policies	1	
Contingent liabilities	7	
Mortgages and securities, etc	8	
Related parties	9	
Subsequent events	10	

Parent

Total equity

(DKK' 000)	Share	Retained	Total
2018	capital	earnings	equity
Capital increase at 19 October 2017	500	0	500
Capital increase at 25 October 2017	1.000	98.560	99.560
Currency exchange in subsidiaries	0	2.813	2.813
Other equity movements in subsidiaries	0	4.443	4.443
Net profit/loss for the year	0	-83.763	-83.763
Equity at 31 December 2018	1.500	22.053	23.553

Parent Notes

Note 1: Summary of significant accounting policies

In addition to the accounting policies for the consolidated financial statements the following applies to the parent company financial statement:

The Income statement of the Parent company includes the proportional share of the profits of the individual subsidiaries after full elimination of internal profit/loss.

Investments in group enterprises are measured under the equity method according to the accounting policies of the Parent Company with deduction or addition of unrealized intercompany profits and losses and with addition or deduction of the remaining value of positive or negative goodwill stated under the acquisition method.

Group enterprises with a negative net asset value are recognized at DKK 0, and any receivables from these enterprises are written down by the Parent Company's share of the negative net asset value to the extent they are considered irrecoverable.

If the negative net asset value exceeds the receivables, the remaining amount is recognized under liabilities to the extent that the Parent Company has a legal or constructive obligation to cover the negative balance of the enterprise.

Net revaluation of investments in group enterprises is transferred to reserve for net revaluation in equity under the equity method to the extent the carrying amount exceeds cost less goodwill amortization.

On acquisition of investments in group enterprises, goodwill on consolidation is measured at cost less accumulated amortization and impairment losses. Goodwill is amortized on a straight-line basis over the expected useful life.

Note 2 Uncertainty in recognition and measurement

Refer to note 2 "Uncertainty in recognition and measurement" in the consolidated financial statements.

Note 3 - Other external expenses

The fee to external auditors is disclosed in note 4 in the consolidated financial statements.

	2017/18
	(DKK' 000)

Note 4 - Tax on profit/loss for the year

Current tax for the year	0
Adjustment of deferred tax	-13
	<u>-13</u>

Note 5 - Proposed distribution of profit

Net profit/loss for the year	-83.763
For distribution	<u>-83.763</u>
Retained earnings	-83.763
At disposal	<u>-83.763</u>

Note 6 - Investments in group enterprises

	Group enterprises
Cost at 19 October 2017	0
Additions for the period	100.060
Cost at 31 December 2018	100.060
Value adjustments at 19 October 2017	0
Exchange rate adjustments etc.	7.257
Result for the period	-83.101
Value adjustments at 31 December 2018	-75.844
Carrying amount at 31 December	24.216

Note 7 - Contingent liabilities etc

The Company is jointly taxed with Danish group enterprises. The Company is jointly and severally liable together with the jointly taxed enterprises for the tax which rests on the Company.

Note 8 - Mortgages and security, etc

The Company has provided shares in group enterprises with a carrying amount of DKK 307,425k at December 31, 2018 as security for bank debt.

Note 9 - Related parties

Refer to note 20 "Related parties" in the consolidated financial statements.

Note 10 - Subsequent events

Refer to note 23 "Subsequent events" in the consolidated financial statements.