
Select Service Partner Denmark A/S

Lufthavnsboulevarden 14, 1., DK-2770 Kastrup

Annual Report for 1 October 2020 - 30 September 2021

CVR No 71 75 05 15

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /2 2022

Dorte Westrup Gleie
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 October - 30 September	10
Balance Sheet 30 September	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Select Service Partner Denmark A/S for the financial year 1 October 2020 - 30 September 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2021 of the Company and of the results of the Company operations for 2020/21.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Kastrup, 7 February 2022

Executive Board

Dorte Westrup Gleie
CEO

Board of Directors

Jeremy James Fennell
Chairman

Morten Solberg Nilsen

Dorte Westrup Gleie

Independent Auditor's Report

To the Shareholder of Select Service Partner Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Select Service Partner Denmark A/S for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Copenhagen, 7 February 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Klaus Rytz

statsautoriseret revisor

mne33205

Company Information

The Company

Select Service Partner Denmark A/S
Lufthavnsboulevarden 14, 1.
DK-2770 Kastrup

Telephone: + 45 32 48 32 48

Website: www.ssp.dk

CVR No: 71 75 05 15

Financial period: 1 October - 30 September

Incorporated: 30 December 1982

Municipality of reg. office: Tårnby

Board of Directors

Jeremy James Fennell, Chairman
Morten Solberg Nilsen
Dorte Westrup Gleie

Executive Board

Dorte Westrup Gleie

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

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

	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK
Key figures					
Profit/loss					
Revenue	84.265	226.953	509.355	578.880	611.158
Gross profit/loss	22.534	73.956	171.440	183.157	226.344
Profit/loss before financial income and expenses	-25.990	-56.339	18.702	11.346	41.637
Net financials	-790	-700	-767	-225	630
Net profit/loss for the year	-20.890	-45.589	14.915	7.811	27.011
Balance sheet					
Balance sheet total	120.900	105.783	157.209	153.322	174.880
Equity	31.952	52.842	98.432	83.517	75.706
Investment in property, plant and equipment	0	17.042	0	4.656	3.477
Number of employees	122	266	353	410	435
Ratios					
Gross margin	26,7%	32,6%	33,7%	31,6%	37,0%
Profit margin	-30,8%	-24,8%	3,7%	2,0%	6,8%
Solvency ratio	26,4%	50,0%	62,6%	54,5%	43,3%
Return on equity	-49,3%	-60,3%	16,4%	9,8%	43,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies

Management's Review

Key activities

The company's main activity is the operation of bars, cafes, cafeterias, restaurants and kiosks at Copenhagen Airport. In addition, there is an operation of cafes in Copenhagen Central Station. In total the company operates 28 departments including five lounges.

Development in the year

The income statement of the Company for 2020/21 shows a loss of TDKK 20,890, and at 30 September 2021 the balance sheet of the Company shows equity of TDKK 31,952.

Before the COVID-19 outbreak in the first quarter of calendar year 2020, Management expected revenues and EBITDA for FY20 in line with the previous year and expected revenues and EBITDA for FY21 to be down on FY20 due to the fact that there would be a full year impact of COVID-19.

Outlook

Currently the company is much affected by the COVID-19 situation and therefore we have seen a significantly decrease of passengers in the year which just have past, but we are currently seeing an increase of passengers in the airport and on the Copenhagen Central Station which is affecting the results positively. We see a bright future ahead of us due to the fact that people are getting vaccinated and life starts to get back to normal.

In connection with management's strategy, there is an increased focus on business areas outside Copenhagen Airport and we look forward to relaunch 1 new unit in Lyngby Storcenter in 2022.

Monarch A/S, Select Service Partner A/S and SSP Financing ApS will be merged during 2022 with SSP Financing ApS as the ongoing entity. Management assesses that there is no uncertainty about the ability to continue as going concern in the merged entity due to support from SSP Financing Limited. Moreover, reference is made to subsequent events, in which the matter is described in further details.

Research and development

The company does not carry out systematic research, but it continually adjusts the company's proprietary products and the business concepts in the individual sales outlets. Costs related to this are expensed on an ongoing basis.

Management's Review

External environment

In connection with an ever-increasing focus on the surrounding environment, the company has continuously exchanged individual refrigeration plants and, for example, joined the Copenhagen Airport A/S central refrigeration plant. Furthermore, the company focuses on continuously replacing incandescent bulbs for LEDs.

We carry out our activities with a high focus on our environment and stakeholders and with constant focus on minimizing the environmental impacts of our business. At present, we follow group policies since local Danish policies have not been introduced regarding our impact on the climate, human rights and the environment in general, for example have we been donating a lot of our foods to Fødevarebanken instead of wasting all the goods this year due to the COVID-19 situation and will continue to co-operate with Fødevarebanken. Furthermore, we have been donating to SOS Børnebyerne in the current year and are going to do that going forward as well.

Intellectual capital resources

It is essential for Select Service Partner Denmark A/S's continued operations to attract and retain well educated staff who understand how to do the best service for our guests. In this connection, the company also offers training programs for individuals.

Statement of corporate social responsibility

In connection with recruitment, gender, age and cultural backgrounds are ignored, as emphasis is placed on real skills, and if they are present, there is equal opportunity for all. We do not compile reports around the employees' background, which is why we are unable to report on this.

Our business model is focused on meeting the food and beverage needs of our clients and customers in the complex and challenging travel environment. We can achieve this through a combination of international scale and local expertise.

Food safety and quality are crucial for Select Service Partner Denmark A/S. There is increasing emphasis on quality, food safety and product hygiene from various sources, including guests, the press and authorities. Thus, in the financial year, significant amounts were incurred, as in previous years.

It is important that all products are produced under the same food safety conditions and under the same quality system, regardless of which restaurant or cafe which is involved. The company's self-control program, which guarantees high food safety, is implemented in all our units. This has resulted in more units having achieved the company's goal of EliteSmiley. In addition, the company has a food specialist specializing in this area.

Select Service Partner Denmark A/S has not developed formal policies to CSR, including climate, environment, risks and social- and staff matters, cf. 99 a of the Danish Financial Statements Act. Therefore, we refer to the consolidated financial statements published by the company's ultimate owner SSP Group plc in the Group's annual report for 2020/21 (p. 28 to 32). The Group's report can be found

Management's Review

on the website: <https://investors.foodtravelexperts.com/investors/financial-reports/2022.aspx>

Statement on gender composition

In Select Service Partner Denmark A/S, members are elected to the Board of Directors and the other management roles based on competencies. The Board recognizes the value of diversity in relation to experience, culture, education, and gender.

At the current stage we have 3 members of the Board, of whom 1 member is a female. Therefore, according to the 99b requirements we don't need to set additional targets for the underrepresented gender in the Board.

At the current stage we have 9 members of the management team, of whom 6 members are female. Therefore, according to the 99b requirements we don't need to set additional targets for the underrepresented gender in the Board.

Unusual events

The financial position at September 2021 of the company and the results of the activities of the company for the financial year 2020/2021 have been affected by the COVID-19 situation. Our hope was to grow back to 2019 level, but due to the lockdown from December 2020 to May 2021, we faced a drop in our sales which has affected our profit in a negative way.

Subsequent events

During 2022 Monarch A/S and the Company will be merged into SSP Denmark Financing ApS, effective from 1 October 2021. SSP Denmark Financing ApS will be the ongoing entity and will therefore have activities as an operator of bars, cafes, cafeterias, restaurants and kiosks in travel locations (Copenhagen Airport, Copenhagen Central Station, and in motorway service stations). The Company will cease to exist, but its operations will continue in SSP Denmark Financing ApS.

Besides this no events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Income Statement 1 October - 30 September

	Note	2020/21 TDKK	2019/20 TDKK
Revenue	1	84.265	226.953
Other operating income	2	16.976	61.405
Expenses for raw materials and consumables		-29.626	-81.524
Other external expenses		-49.081	-132.878
Gross profit/loss		22.534	73.956
Staff expenses	3	-39.846	-116.196
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-8.251	-13.799
Other operating expenses	5	-427	-300
Profit/loss before financial income and expenses		-25.990	-56.339
Financial income	6	1.048	738
Financial expenses	7	-1.838	-1.438
Profit/loss before tax		-26.780	-57.039
Tax on profit/loss for the year	8	5.890	11.450
Net profit/loss for the year		-20.890	-45.589

Balance Sheet 30 September

Assets

	Note	2020/21 TDKK	2019/20 TDKK
Software		103	177
Intangible assets	9	103	177
Other fixtures and fittings, tools and equipment		1.901	2.401
Leasehold improvements		33.325	14.798
Property, plant and equipment in progress		230	0
Property, plant and equipment	10	35.456	17.199
Fixed assets		35.559	17.376
Inventories		4.506	4.122
Trade receivables		4.791	7.469
Receivables from group enterprises		35.325	36.374
Other receivables	11	12.747	17.888
Deferred tax asset	12	19.322	13.432
Corporation tax receivable from group enterprises		1.878	210
Prepayments	13	3.792	8.033
Receivables		77.855	83.406
Cash at bank and in hand		2.980	879
Currents assets		85.341	88.407
Assets		120.900	105.783

Balance Sheet 30 September

Liabilities and equity

	Note	2020/21 TDKK	2019/20 TDKK
Share capital		1.000	1.000
Retained earnings		30.952	51.842
Equity		31.952	52.842
Other provisions	14	4.165	4.165
Provisions		4.165	4.165
Trade payables		19.229	4.653
Payables to group enterprises		26.844	4.163
Other payables		38.710	39.849
Deferred income	15	0	111
Short-term debt		84.783	48.776
Debt		84.783	48.776
Liabilities and equity		120.900	105.783
Distribution of profit	16		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 October	1.000	51.842	52.842
Net profit/loss for the year	0	-20.890	-20.890
Equity at 30 September	1.000	30.952	31.952

Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK
1 Revenue		
Geographical segments		
Revenue, Denmark	84.265	226.953
	84.265	226.953
2 Other operating income		
Government support/aid regarding fixed costs	9.475	37.952
Government support/aid regarding salary compensation	2.626	11.319
Other income	4.875	12.134
	16.976	61.405
3 Staff expenses		
Wages and salaries	36.184	101.398
Pensions	5.862	11.707
Other social security expenses	498	1.683
Other staff expenses/refunds	-2.698	1.408
	39.846	116.196
Average number of employees	122	266

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

There is no remuneration paid to the Board of Directors.

The company's management team is subject to a constant bonus scheme under which the criteria for payment is the development in revenue and profit before depreciation (EBITDA) in relation to the budget.

Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	94	178
Depreciation of property, plant and equipment	8.157	13.181
Impairment of property, plant and equipment	0	440
	8.251	13.799
Which is specified as follows:		
Software	94	178
Other fixtures and fittings, tools and equipment	965	1.517
Leasehold improvements (depreciation)	7.192	11.664
Leasehold improvements (impairment)	0	440
	8.251	13.799
5 Other operating expenses		
Other expenses	427	300
	427	300
6 Financial income		
Interest received from group enterprises	925	461
Other financial income	40	107
Exchange adjustments	83	170
	1.048	738
7 Financial expenses		
Interest paid to group enterprises	0	437
Other financial expenses	1.532	701
Exchange loss	306	300
	1.838	1.438

Notes to the Financial Statements

	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK
8 Tax on profit/loss for the year		
Current tax for the year	0	-1.878
Deferred tax for the year	-5.890	-10.670
Adjustment of tax concerning previous years	0	-113
Adjustment of deferred tax concerning previous years	0	1.211
	<u>-5.890</u>	<u>-11.450</u>
9 Intangible assets		<u>Software</u>
		TDKK
Cost at 1 October		2.061
Additions for the year		<u>20</u>
Cost at 30 September		<u>2.081</u>
Impairment losses and amortisation at 1 October		1.884
Amortisation for the year		<u>94</u>
Impairment losses and amortisation at 30 September		<u>1.978</u>
Carrying amount at 30 September		<u>103</u>

Notes to the Financial Statements

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 October	9.998	94.201	0	104.199
Additions for the year	466	25.852	230	26.548
Disposals for the year	-1.427	-28.400	0	-29.827
Cost at 30 September	<u>9.037</u>	<u>91.653</u>	<u>230</u>	<u>100.920</u>
Impairment losses and depreciation at 1 October	7.597	79.403	0	87.000
Depreciation for the year	966	7.191	0	8.157
Reversal of amortisation of disposals of the year	-1.427	-28.266	0	-29.693
Impairment losses and depreciation at 30 September	<u>7.136</u>	<u>58.328</u>	<u>0</u>	<u>65.464</u>
Carrying amount at 30 September	<u>1.901</u>	<u>33.325</u>	<u>230</u>	<u>35.456</u>

Notes to the Financial Statements

	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK
11 Other receivables		
The following receivables fall due for payment more than 1 year after year end	<u>12.747</u>	<u>7.304</u>
12 Deferred tax asset		
Deferred tax asset at 1 October	13.432	3.973
Amounts recognised in the income statement for the year	5.890	10.670
Adjustment deferred tax concerning previous years	<u>0</u>	<u>-1.211</u>
Deferred tax asset at 30 September	<u>19.322</u>	<u>13.432</u>
The recognised tax assets comprise tax loss carry-forwards of t.DKK 6.923.		
13 Prepayments		
Prepayments consist of prepaid expenses concerning rent and other prepaid expenses.		
14 Other provisions		
Other provisions consists of reestablishment expenses		
Other provisions	<u>4.165</u>	<u>4.165</u>
	<u>4.165</u>	<u>4.165</u>
15 Deferred income		
Deferred income consists of payments received in respect of income in subsequent years.		
16 Distribution of profit		
Retained earnings	<u>-20.890</u>	<u>-45.589</u>
	<u>-20.890</u>	<u>-45.589</u>

Notes to the Financial Statements

	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK
17 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	9.579	14.147
Between 1 and 5 years	<u>28.357</u>	<u>43.436</u>
	<u>37.936</u>	<u>57.583</u>

Guarantee obligations

The company has provided ordinary bank guarantees towards its landlords	67.424	69.749
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Other contingent liabilities

As part of the operation of the company's business, Select Service Partner A/S is involved in disputes with a few suppliers. In Management's opinion, the outcome of these disputes will most likely not affect the Company's financial position, which is why liabilities in respect of these issues are not recognised in the balance sheet at 30 September 2021.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of SSP Denmark Financing ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

18 Related parties

	<u>Basis</u>
Controlling interest	
SSP Denmark Financing ApS, Kastrup, Denmark	Parent company

Other related parties

Other enterprises within the SSP Group plc.

Transactions

Cost of services: TDKK 7.389 (2019/20: TDKK 106)

Revenue: TDKK 3.977 (2019/20: TDKK 0)

Other expenses: TDKK 1.497 (2019/20: TDKK 5.637)

Financial income: TDKK 0 (2019/20: TDKK 1.740)

Financial expenses: TDKK 925 (2019/20: TDKK 0)

Trade receivables: TDKK 35.325 (2019/20: TDKK 36.374)

Trade payables: TDKK 25.136 (2019/20 TDKK 4.149)

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
SSP Group plc.	London, England

The Group Annual Report of SSP Group plc. may be obtained at the following address:

32 Jamestown Road, London, NW1 7HW, England

Notes to the Financial Statements

19 Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act, information in relation to fee's to auditors has been excluded, Select Service Partner Denmark A/S is included in the consolidated financial statements of SSP Group plc. where the information for the whole group is included.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Select Service Partner Denmark A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

However, a reclassification of tDKK 6.516 has been made in the comparative figures for 2019/20 between "Revenue" and "Other income".

The change does not affect the company's result nor the balance sheet amount.

The Financial Statements for 2020/21 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SSP Group plc., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation and impairment losses.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Leases

Leases are considered operational leases. Services relating to operating leases and other lease agreements are recognized in the income statement over the term of the contract. The company's total liability relating to operating leases and lease agreements is disclosed under contingent liabilities.

Translation policies

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

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

Revenue

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

Income Statement

Revenue

Net sales represent invoiced and delivered sales excluding VAT.

The Annual Report excludes segment information pursuant to section 96 of the Danish Financial Statements Act, as the company is assessed to contain only one business segment and the geographical segments are considered not to deviate significantly.

Expenses for raw materials and consumables

Consumption of goods is recognized corresponding to net sales.

Other external expenses

Other external expenses comprise expenses for administration, rent and operating equipment, etc.

Notes to the Financial Statements

20 Accounting Policies (continued)

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government support/aid in relation to Covid-19, gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest, gains and losses on receivables, debts and transactions in foreign currency.

Tax on profit/loss for the year

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

The Company is jointly taxed with 100 % owned 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

Licences (software)

Licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

The amortisation period is years. Software licences are amortised over the period of the agreement, which is 3-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

20 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	2-8	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

No depreciations are made on property, plant and equipment in progress. Only when the system has been put into use, depreciation over the expected life of the system will begin.

Property, plant and equipment in progress primarily relates to costs for design and drawings of new projects.

Impairment of fixed assets

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

If there are indications of impairment, impairment tests are made for each asset or group of assets. Write-downs are made at the recoverable amount, if this is lower than the carrying amount.

As the recoverable amount, the highest value of net selling price and capitalised value is used. The capitalised value is calculated as the present value of the expected net cash flows from the use of the asset or asset group.

Inventories

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

Receivables

Receivables are measured at amortised cost. Write-downs are made to meet expected losses after an individual assessment of receivables.

Notes to the Financial Statements

20 Accounting Policies (continued)

Prepayments

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

Provisions

Provisions comprise obligations to reestablish leased premises.

Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method in respect of temporary differences between the financial reporting purpose and tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to taxable non-amortization goodwill and other items where temporary differences - other than business transfers - arose at the time of acquisition without affecting profit or taxable income. In cases where the calculation of the tax value can be made under alternative taxation rules, deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability.

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 realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Payable and receivable joint taxation contributions are recognized in the balance sheet as "Receivable corporate income tax" or "Payable corporation income tax".

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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