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# ***Select Service Partner Denmark A/S***

Lufthavnsboulevarden 14, 1., DK-2770 Kastrup

## **Annual Report for 1 October 2019 - 30 September 2020**

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CVR No 71 75 05 15

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
25/2 2021

Dorte Westrup Gleie  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Select Service Partner Denmark A/S for the financial year 1 October 2019 - 30 September 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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, 25 February 2021

## **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

We have audited the Financial Statements of Select Service Partner Denmark A/S for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are 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 of the Company at 30 September 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020 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 Financial Statements" section of our report. We are independent of the Company 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.

## 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 misstatement, 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.

# Independent Auditor's Report

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 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.

## 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.

## **Independent Auditor's Report**

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 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.

Copenhagen, 25 February 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

*CVR No 25 57 81 98*

Henrik Kyhnaav Andersen

statsautoriseret revisor

mne40028

## **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](http://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:

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	226.953	509.355	578.880	611.158	611.154
Gross profit/loss	73.956	171.440	183.157	226.344	208.993
Profit/loss before financial income and expenses	-56.339	18.702	11.346	41.637	13.709
Net financials	-700	-767	-225	630	-1.285
Net profit/loss for the year	-45.589	14.915	7.811	27.011	9.559
<b>Balance sheet</b>					
Balance sheet total	105.783	157.209	153.322	174.880	142.736
Equity	52.842	98.432	83.517	75.706	48.695
Investment in property, plant and equipment	17.042	5.934	4.656	3.477	5.083
Number of employees	266	353	410	435	462
<b>Ratios</b>					
Gross margin	32,6%	33,7%	31,6%	37,0%	34,2%
Profit margin	-24,8%	3,7%	2,0%	6,8%	2,2%
Solvency ratio	50,0%	62,6%	54,5%	43,3%	34,1%
Return on equity	-60,3%	16,4%	9,8%	43,4%	21,8%

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 26 departments including five lounges.

## Development in the year

The income statement of the Company for 2019/20 shows a loss of TDKK 45,589, and at 30 September 2020 the balance sheet of the Company shows equity of TDKK 52,842.

Before the COVID-19 outbreak, Management expected revenues and EBITDA for FY20 in line with the previous year.

## 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 and expect to see fewer passengers in the next couple of months. Even though we see a bright future ahead of us due to the new vaccine against COVID-19 are ongoing in the whole world.

In connection with management's strategy, there is an increased focus on business areas outside Copenhagen Airport and we look forward to relaunch 3 new units in 2021 in Copenhagen Central Station. There will be a focus in the coming year on increasing activities in locations that are not directly connected to travel hubs.

## 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.

## 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. We have 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 cooperate with Fødevarebanken.

# Management's Review

## 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 off 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 referred to the consolidated financial statements published by the company's ultimate owner SSP Group plc in the Group's annual report for 2019/20 (p. 28 to 32). The Group's report can be found on the website: <https://investors.foodtravelexperts.com/investors/financial-reports/2021.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.

## **Management's Review**

### **Subsequent events**

The COVID-19 pandemic will have an ongoing effect on our results for 2020/21.

Therefore, our estimates for 2020/21 are quite conservative.

We assume that the vaccine against COVID-19 will help our business get back on track within the next 8-12 months.

## Income Statement 1 October - 30 September

	Note	2019/20 TDKK	2018/19 TDKK
<b>Revenue</b>	1	<b>226.953</b>	<b>509.355</b>
Other operating income	2	61.405	30.582
Expenses for raw materials and consumables		-81.524	-178.425
Other external expenses		-132.878	-190.072
<b>Gross profit/loss</b>		<b>73.956</b>	<b>171.440</b>
Staff expenses	3	-116.196	-140.074
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-13.799	-12.739
Other operating expenses		-300	75
<b>Profit/loss before financial income and expenses</b>		<b>-56.339</b>	<b>18.702</b>
Financial income	5	738	877
Financial expenses	6	-1.438	-1.644
<b>Profit/loss before tax</b>		<b>-57.039</b>	<b>17.935</b>
Tax on profit/loss for the year	7	11.450	-3.020
<b>Net profit/loss for the year</b>		<b>-45.589</b>	<b>14.915</b>

## Balance Sheet 30 September

### Assets

	Note	2019/20 TDKK	2018/19 TDKK
Software		177	277
<b>Intangible assets</b>	8	<b>177</b>	<b>277</b>
Other fixtures and fittings, tools and equipment		2.401	2.181
Leasehold improvements		14.798	11.598
<b>Property, plant and equipment</b>	9	<b>17.199</b>	<b>13.779</b>
<b>Fixed assets</b>		<b>17.376</b>	<b>14.056</b>
<b>Inventories</b>		<b>4.122</b>	<b>7.306</b>
Trade receivables		7.469	19.108
Receivables from group enterprises		36.374	85.820
Other receivables	10	17.888	10.878
Deferred tax asset	11	13.432	3.973
Corporation tax receivable from group enterprises		210	0
Prepayments	12	8.033	7.429
<b>Receivables</b>		<b>83.406</b>	<b>127.208</b>
<b>Cash at bank and in hand</b>		<b>879</b>	<b>8.639</b>
<b>Currents assets</b>		<b>88.407</b>	<b>143.153</b>
<b>Assets</b>		<b>105.783</b>	<b>157.209</b>

# Balance Sheet 30 September

## Liabilities and equity

	Note	2019/20 TDKK	2018/19 TDKK
Share capital		1.000	1.000
Retained earnings		51.842	97.432
<b>Equity</b>		<b>52.842</b>	<b>98.432</b>
Other provisions	13	4.165	3.865
<b>Provisions</b>		<b>4.165</b>	<b>3.865</b>
Trade payables		4.653	37.992
Payables to group enterprises		4.163	0
Payables to group enterprises relating to corporation tax		0	2.253
Other payables		39.849	14.667
Deferred income	14	111	0
<b>Short-term debt</b>		<b>48.776</b>	<b>54.912</b>
<b>Debt</b>		<b>48.776</b>	<b>54.912</b>
<b>Liabilities and equity</b>		<b>105.783</b>	<b>157.209</b>
Distribution of profit	15		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 October	1.000	97.431	98.431
Net profit/loss for the year	0	-45.589	-45.589
<b>Equity at 30 September</b>	<b>1.000</b>	<b>51.842</b>	<b>52.842</b>

# Notes to the Financial Statements

	2019/20	2018/19
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	226.953	509.355
	<b>226.953</b>	<b>509.355</b>
<b>2 Other operating income</b>		
Government support/aid regarding fixed costs	31.436	0
Government support/aid regarding salary compensation	17.835	0
Other income	12.134	30.582
	<b>61.405</b>	<b>30.582</b>
<b>3 Staff expenses</b>		
Wages and salaries	101.398	121.623
Pensions	11.707	15.370
Other social security expenses	1.683	2.237
Other staff expenses	1.408	844
	<b>116.196</b>	<b>140.074</b>
<b>Average number of employees</b>	<b>266</b>	<b>353</b>

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

	2019/20	2018/19
	TDKK	TDKK
<b>4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	178	103
Depreciation of property, plant and equipment	13.181	12.636
Impairment of property, plant and equipment	440	0
	<b>13.799</b>	<b>12.739</b>
Which is specified as follows:		
Software	178	103
Other fixtures and fittings, tools and equipment	1.517	789
Leasehold improvements (depreciation)	11.664	11.847
Leasehold improvements (impairment)	440	0
	<b>13.799</b>	<b>12.739</b>
<b>5 Financial income</b>		
Interest received from group enterprises	461	343
Other financial income	107	135
Exchange adjustments	170	399
	<b>738</b>	<b>877</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	437	375
Other financial expenses	701	1.015
Exchange loss	300	254
	<b>1.438</b>	<b>1.644</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	-1.878	4.572
Deferred tax for the year	-10.670	-618
Adjustment of tax concerning previous years	-113	-934
Adjustment of deferred tax concerning previous years	1.211	0
	<b>-11.450</b>	<b>3.020</b>

## Notes to the Financial Statements

### 8 Intangible assets

	Software TDKK
Cost at 1 October	1.983
Additions for the year	78
Cost at 30 September	<u>2.061</u>
Impairment losses and amortisation at 1 October	1.706
Amortisation for the year	178
Impairment losses and amortisation at 30 September	<u>1.884</u>
<b>Carrying amount at 30 September</b>	<b><u>177</u></b>

### 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK	Total TDKK
Cost at 1 October	8.261	78.897	87.158
Additions for the year	1.714	15.327	17.041
Transfers for the year	23	-23	0
Cost at 30 September	<u>9.998</u>	<u>94.201</u>	<u>104.199</u>
Impairment losses and depreciation at 1 October	6.080	67.299	73.379
Impairment losses for the year	0	440	440
Depreciation for the year	1.517	11.664	13.181
Impairment losses and depreciation at 30 September	<u>7.597</u>	<u>79.403</u>	<u>87.000</u>
<b>Carrying amount at 30 September</b>	<b><u>2.401</u></b>	<b><u>14.798</u></b>	<b><u>17.199</u></b>

## Notes to the Financial Statements

	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
<b>10 Other receivables</b>		
The following receivables fall due for payment more than 1 year after year end	<u>7.304</u>	<u>7.573</u>
<b>11 Deferred tax asset</b>		
Deferred tax asset at 1 October	3.973	5.619
Amounts recognised in the income statement for the year	10.670	618
Adjustment deferred tax concerning previous years	<u>-1.211</u>	<u>-2.264</u>
<b>Deferred tax asset at 30 September</b>	<u><b>13.432</b></u>	<u><b>3.973</b></u>
<b>12 Prepayments</b>		
Prepayments consist of prepaid expenses concerning rent and other prepaid expenses.		
<b>13 Other provisions</b>		
Other provisions consists of reestablishment expenses and rent obligation in relation to closed stores.		
Other provisions	<u>4.165</u>	<u>3.865</u>
	<u><b>4.165</b></u>	<u><b>3.865</b></u>
<b>14 Deferred income</b>		
Deferred income consists of payments received in respect of income in subsequent years.		
<b>15 Distribution of profit</b>		
Retained earnings	<u>-45.589</u>	<u>14.915</u>
	<u><b>-45.589</b></u>	<u><b>14.915</b></u>

## Notes to the Financial Statements

	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
<b>16 Contingent assets, liabilities and other financial obligations</b>		
<b>Contingent assets</b>		
<p>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, why liabilities towards these, are not recognised in the balance sheet at 30 September 2020.</p>		
<b>Rental and lease obligations</b>		
<p>Lease obligations under operating leases. Total future lease payments:</p>		
Within 1 year	14.147	79.832
Between 1 and 5 years	43.436	75.949
	<u>57.583</u>	<u>155.781</u>
<b>Guarantee obligations</b>		
The company has provided ordinary bank guarantees towards its landlords	69.749	46.686
<b>Other contingent liabilities</b>		
<p>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.</p>		

# Notes to the Financial Statements

## 17 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
SSP Denmark Financing ApS, Kastrup, Denmark	Parent company
SSP Group Plc., London, England	Ultimate parent company

### Other related parties

Other enterprises within the SSP Group Plc.

### Transactions

No disclosures of transactions with related parties as Management believes that all transactions with related parties has been carried out on arm's length basis.

### 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, NW1 7HW, London, England

## 18 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

## 19 Accounting Policies

The Annual Report of Select Service Partner Denmark A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 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

## 19 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

## 19 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 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

### 19 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	Rent period

Depreciation period and residual value are reassessed annually.

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

### 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.

### Prepayments

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

### Provisions

Provisions comprise obligations to reestablish leased premises.

# Notes to the Financial Statements

## 19 Accounting Policies (continued)

### 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

### 19 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$