

**BCD Travel Denmark A/S**  
Ramsingsvej 30, 2  
2500 Valby  
Central Business Registration No  
73624118

## **Annual report 2019**

The Annual General Meeting adopted the annual report on 03.08.2020

### **Chairman of the General Meeting**

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Name: Thomas Åden

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## Entity details

### Entity

BCD Travel Denmark A/S  
Ramsingsvej 30, 2  
2500 Valby

Central Business Registration No: 73624118

Registered in: København

Financial year: 01.01.2019 - 31.12.2019

### Board of Directors

Heinz Jennewein, chairman  
Alejandro Escartin Guarde  
Christian Dahl

### Executive Board

Thomas Åden, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BCD Travel Denmark A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

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

Copenhagen, 03.08.2020

### Executive Board

Thomas Åden  
CEO

### Board of Directors

Heinz Jennewein  
chairman

Alejandro Escartin Guarde

Christian Dahl

# Independent auditor's report

## To the shareholder of BCD Travel Denmark A/S

### Opinion

We have audited the financial statements of BCD Travel Denmark A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the 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 Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Material uncertainty related to going concern

We draw attention to the going concern paragraph in Note 1 of financial statements which describes the impact of the coronavirus (COVID-19) outbreak on the financial position and performance of BCD Travel Denmark A/S including measures taken and plans to deal with these events or circumstances. Management also indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the financial performance and position of BCD Travel Denmark A/S for future periods. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the BCD Travel Denmark A/S's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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

## Independent auditor's report

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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Copenhagen, 03.08.2020

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Identification number (MNE) mne32127

Ane Sachs Aasand

State Authorised Public Accountant

Identification number (MNE) mne42783

## Management commentary

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	44.099	47.048	51.875	56.428	64.036
Operating profit/loss	1.731	2.644	2.836	3.029	8.125
Net financials	-275	-225	-352	22.010	-4.321
Profit/loss for the year	1.120	1.880	1.902	24.396	1.898
Total assets	38.824	38.069	39.225	77.462	52.872
Investments in property, plant and equipment	270	2.274	306	242	932
Equity	22.720	21.600	19.720	55.330	30.988
<b>Ratios</b>					
Return on equity (%)	5,1	9,1	5,1	56,5	6,1
Equity ratio (%)	58,5	56,7	50,3	71,4	58,6
Return On Investment	4,4	6,9	7,2	4,7	3,9

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

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



## Management commentary

### Primary activities

BCD Travel Denmark A/S business consists of advisory service and sales of meeting- and travel related services to both national and international companies and organizations. The business is operated through two separate business areas, Travel and Meetings & Events. BCD Travel Denmark A/S is part of BCD Travel Group, represented in 109 countries worldwide with almost 14.900 employees.

BCD Travel are conducting sales through internet-based self booking tools and through travel consultants

### Development in activities and finances

Despite the continued growth globally and in Denmark, the effects of globalization and digitalization have contributed to a highly competitive situation which is driving the companies' efforts to reduce their overall costs. Business travel within companies is challenged by the overall need to reduce the direct costs for travel and meetings. The highly competitive situation remains in the industry and are also affected by this development, which contributes to continued high pressure on our revenues.

BCD Travel has in 2019 continued to make significant efforts and investments in new technology to offer new and existing clients digital solutions that improves and develops travel management value for both companies and the business traveler. Internally within the business, investments have primarily focused on developing own booking systems for our travel consultants and developing self-booking systems for our business travelers.

### Events after the balance sheet date

The emergence and spread of coronavirus (COVID-19) pandemic is causing unexpected and uttermost challenges for organizations of all sizes and sectors across the world. Although the first cases of the virus in China were reported to the World Health Organization (WHO) in December 2019, there was little confirmed evidence of human-to-human transmission at that time and the WHO did not declare the outbreak to be a public health emergency of international concern until 31 January 2020. The global outbreak developed rapidly only in 2020. Therefore, BCD Travel BV and its subsidiaries (the "Group") have determined that COVID-19 is a non-adjusting subsequent event and as such the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

The government measures taken to contain the spread of the virus including travel bans, quarantines, social distancing, and closures of non-essential services resulted in a worldwide economic slowdown. The airline industry as well as hospitality, travel and meeting industries have been impacted severely. As a direct result of COVID-19, net air transaction of the Company declined by 25% during the first quarter of 2020 compared to the same period of prior year and further declined by more than 95% in April and May 2020. However, as the economies are reopening there are visible signs that travel is starting to recover.

The ability of the Company to meet its obligations as they fall due is dependent on the ultimate parent company providing sufficient financial support to fund the amounts owed during the period of assessment. A

## Management commentary

letter of support has therefore been provided by BCD Travel BV, which states it will provide the necessary financial support to ensure that The Company is a going concern for at least twelve months from the date of signing of these financial statements.

The Group has already taken several prudent measures and continues to evaluate and closely monitor further developments. In response to the ongoing global economic uncertainty fueled by COVID-19, the Group has immediately taken measures including cost saving, reassessing capital expenditures, identifying additional financing opportunities, and delaying internal projects. Furthermore, most governments in the countries where we operate have announced government support measures to mitigate the impact of COVID-19 on businesses. Where possible the Group has applied for both governmental subsidy on wage costs as well as for government (guaranteed) loans.

With the gradual reopening of economies across the world, the Group is anticipating an increase in transaction volumes in the coming quarters. However, the duration and impact of the COVID-19 pandemic, its consequent global economic slowdown as well as the effectiveness of government and central bank responses to the pandemic and the economic slowdown remain unclear. As a consequence, it is not possible to predict the duration and severity of the pandemic, the global economic slowdown as well as its impact on the financial position and results of the Company for future periods, which inherently causes uncertainty in relation to the financial impact of the COVID-19 crisis and, in an extreme, the Group's ability to continue as a going concern and consequently the Company's ability to continue as a going concern.

Notwithstanding the inherent material uncertainty with regards to the ability to continue as a going concern, the Directors of the company based on its assessment of the Company's financial position, the enquiries made of the Directors of BCD Travel BV, and the mitigating actions available to the Group, the directors have assessed that the Company has adequate resources to continue as a going concern for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

### Expectations for 2020

Given the extremely negative impact that covid-19 pandemic has caused business travel, meetings in general and the economic situation, sales are expected to decrease heavily over the next financial year. The current sales volume is not expected to be achieved in the next few years.

We are expecting a strong consolidation within the entire travel industry with significantly less players in the market, which will lead to a reduction in travel range and result in higher price levels and new business models. Consultative services with our expertise, quality and our digital products are expected to have an increased impact on companies' efforts to frame the new future business travel.

In this work, BCD Travel intends to be the most important adviser to companies and thus strengthen the position in the market.

## Income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
<b>Gross profit</b>		<b>44.099</b>	<b>47.048</b>
Staff costs	2	-41.502	-43.651
Depreciation, amortisation and impairment losses	3	-866	-753
<b>Operating profit/loss</b>		<b>1.731</b>	<b>2.644</b>
Other financial income		39	22
Other financial expenses	4	-314	-247
<b>Profit/loss before tax</b>		<b>1.456</b>	<b>2.419</b>
Tax on profit/loss for the year	5	-336	-539
<b>Profit/loss for the year</b>	6	<b>1.120</b>	<b>1.880</b>

## Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Acquired intangible assets		0	141
<b>Intangible assets</b>	7	<b>0</b>	<b>141</b>
Other fixtures and fittings, tools and equipment		1.185	1.484
Leasehold improvements		667	823
<b>Property, plant and equipment</b>	8	<b>1.852</b>	<b>2.307</b>
Other receivables		96	189
Deferred tax	10	29	66
<b>Fixed asset investments</b>	9	<b>125</b>	<b>255</b>
<b>Fixed assets</b>		<b>1.977</b>	<b>2.703</b>
Trade receivables		3.964	3.165
Receivables from group enterprises		3.712	2.396
Other receivables		1.728	1.739
Prepayments	11	1.158	850
<b>Receivables</b>		<b>10.562</b>	<b>8.150</b>
<b>Cash</b>		<b>26.285</b>	<b>27.216</b>
<b>Current assets</b>		<b>36.847</b>	<b>35.366</b>
<b>Assets</b>		<b>38.824</b>	<b>38.069</b>

## Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital	12	2.500	2.500
Retained earnings		20.220	19.100
<b>Equity</b>		<b>22.720</b>	<b>21.600</b>
Other payables	13	1.336	0
<b>Non-current liabilities other than provisions</b>		<b>1.336</b>	<b>0</b>
Prepayments received from customers		407	425
Trade payables		2.578	3.068
Payables to group enterprises		2.840	433
Joint taxation contribution payable		351	420
Other payables		8.592	12.123
<b>Current liabilities other than provisions</b>		<b>14.768</b>	<b>16.469</b>
<b>Liabilities other than provisions</b>		<b>16.104</b>	<b>16.469</b>
<b>Equity and liabilities</b>		<b>38.824</b>	<b>38.069</b>
Going concern	1		
Contingent liabilities	14		
Mortgages and securities	15		
Related parties with controlling interest	16		
Transactions with related parties	17		
Group relations	18		

## Statement of changes in equity for 2019

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	2.500	19.100	21.600
Profit/loss for the year	0	1.120	1.120
<b>Equity end of year</b>	<b>2.500</b>	<b>20.220</b>	<b>22.720</b>

## Notes

### 1. Going concern

The emergence and spread of coronavirus (COVID-19) pandemic is causing unexpected and uttermost challenges for organizations of all sizes and sectors across the world. Although the first cases of the virus in China were reported to the World Health Organization (WHO) in December 2019, there was little confirmed evidence of human-to-human transmission at that time and the WHO did not declare the outbreak to be a public health emergency of international concern until 31 January 2020. The global outbreak developed rapidly only in 2020. Therefore, BCD Travel BV and its subsidiaries (the "Group") have determined that COVID-19 is a non-adjusting subsequent event and as such the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

The government measures taken to contain the spread of the virus including travel bans, quarantines, social distancing, and closures of non-essential services resulted in a worldwide economic slowdown. The airline industry as well as hospitality, travel and meeting industries have been impacted severely. As a direct result of COVID-19, net air transaction of the Company declined by 25% during the first quarter of 2020 compared to the same period of prior year and further declined by more than 95% in April and May 2020. However, as the economies are reopening there are visible signs that travel is starting to recover.

The ability of the Company to meet its obligations as they fall due is dependent on the ultimate parent company providing sufficient financial support to fund the amounts owed during the period of assessment. A letter of support has therefore been provided by BCD Travel BV, which states it will provide the necessary financial support to ensure that The Company is a going concern for at least twelve months from the date of signing of these financial statements.

The Group has already taken several prudent measures and continues to evaluate and closely monitor further developments. In response to the ongoing global economic uncertainty fueled by COVID-19, the Group has immediately taken measures including cost saving, reassessing capital expenditures, identifying additional financing opportunities, and delaying internal projects. Furthermore, most governments in the countries where we operate have announced government support measures to mitigate the impact of COVID-19 on businesses. Where possible the Group has applied for both governmental subsidy on wage costs as well as for government (guaranteed) loans.

With the gradual reopening of economies across the world, the Group is anticipating an increase in transaction volumes in the coming quarters. However, the duration and impact of the COVID-19 pandemic, its consequent global economic slowdown as well as the effectiveness of government and central bank responses to the pandemic and the economic slowdown remain unclear. As a consequence, it is not possible to predict the duration and severity of the pandemic, the global economic slowdown as well as its impact on the financial position and results of the Company for future periods, which inherently causes uncertainty in relation to the financial impact of the COVID-19 crisis and, in an extreme, the Group's ability to continue as a going concern and consequently the Company's ability to continue as a going concern.

Notwithstanding the inherent material uncertainty with regards to the ability to continue as a going concern, the Directors of the company based on its assessment of the Company's financial position, the enquiries

## Notes

made of the Directors of BCD Travel BV, and the mitigating actions available to the Group, the directors have assessed that the Company has adequate resources to continue as a going concern for the foreseeable future.

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	34.906	35.275
Pension costs	3.392	3.336
Other social security costs	362	376
Other staff costs	2.842	4.664
	<b>41.502</b>	<b>43.651</b>
Average number of employees	<b>103</b>	<b>115</b>

No remuneration was paid by the Company to its Board of Directors or Executive Board.

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	141	184
Depreciation of property, plant and equipment	725	573
Profit/loss from sale of intangible assets and property, plant and equipment	0	-4
	<b>866</b>	<b>753</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Interest expenses	122	140
Exchange rate adjustments	190	103
Other financial expenses	2	4
	<b>314</b>	<b>247</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	351	420
Change in deferred tax for the year	39	120
Adjustment concerning previous years	-54	-1
	<b>336</b>	<b>539</b>



## Notes

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Retained earnings	1.120	1.880
	<b>1.120</b>	<b>1.880</b>
		<b>Acquired intangible assets DKK'000</b>
<b>7. Intangible assets</b>		
Cost beginning of year		2.628
<b>Cost end of year</b>		<b>2.628</b>
Amortisation and impairment losses beginning of year		-2.487
Amortisation for the year		-141
<b>Amortisation and impairment losses end of year</b>		<b>-2.628</b>
<b>Carrying amount end of year</b>		<b>0</b>
	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improve- ments DKK'000</b>
<b>8. Property, plant and equipment</b>		
Cost beginning of year	4.024	848
Additions	254	16
<b>Cost end of year</b>	<b>4.278</b>	<b>864</b>
Depreciation and impairment losses beginning of the year	-2.540	-25
Depreciation for the year	-553	-172
<b>Depreciation and impairment losses end of the year</b>	<b>-3.093</b>	<b>-197</b>
<b>Carrying amount end of year</b>	<b>1.185</b>	<b>667</b>

## Notes

	<b>Other receivables DKK'000</b>	<b>Deferred tax DKK'000</b>
<b>9. Fixed asset investments</b>		
Cost beginning of year	189	66
Additions	2	0
Disposals	-95	-37
<b>Cost end of year</b>	<b>96</b>	<b>29</b>
<b>Carrying amount end of year</b>	<b>96</b>	<b>29</b>
	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
<b>10. Deferred tax</b>		
Intangible assets	0	-31
Property, plant and equipment	29	97
	<b>29</b>	<b>66</b>
<b>Changes during the year</b>		
Beginning of year	186	
Recognised in the income statement	-157	
<b>End of year</b>	<b>29</b>	

### 11. Prepayments

Prepayments recognised under assets comprise expenses incurred related to the subsequent financial year.

## Notes

	<u>Number</u>	<u>Nominal value DKK'000</u>
<b>12. Contributed capital</b>		
Ordinary shares	4	2.500
	<b>4</b>	<b>2.500</b>

No changes have been made in share capital in the period 2013-2019.

	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
<b>13. Other long-term payables</b>		
Holiday pay obligation	1.336	0
	<b>1.336</b>	<b>0</b>

### 14. Contingent liabilities

The Company is jointly taxed with BCD Travel Nordics ApS as the administration company and, consequently, according to the Danish Corporation Tax Act, is liable as of the financial year 2013 for any income taxes etc for the jointly taxed companies, and as of 1 July 2012 for the obligation to withhold tax at source on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

## Notes

### **15. Mortgages and securities**

As security for payables, the Company has through its bank issued guarantees totaling DKK 2,239 thousand.

In connection with the Company entering into a Group cash pool agreement, the Company is liable to any deposits on this bank account. At 31 December 2019, this amounted to deposits of DKK 23,690 thousand.

The Company has entered into rental agreements, which at the balance sheet date amounted to a liability totalling DKK 3,335 thousand, in all essentials being the rent in the period of non-terminability. The rental agreements are non-terminable for a period of no more than one year.

The Company has entered into other operating leases with an annual lease payment of DKK 879 thousand. The remaining maturity on the leases is up to 48 months, and the remaining lease payment totals DKK 3,335 thousand.

### **16. Related parties with controlling interest**

BCD Travel Nordic ApS, Ramsingsvej 30 2, 2500 Valby wholly owns the shares of the company and thus has control over the Company.

### **17. Transactions with related parties**

The annual report only discloses transactions between related parties that have not been conducted at arm's length. Such transactions have not been conducted during this financial year.

### **18. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
BCD Travel B.V., Europalaan 400, Utrecht 3526 KS, The Netherlands

## Accounting policies

### Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year, except for minor adjustments concerning classifications without effect on result and equity.

### Recognition and measurement

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

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

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

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

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

### Foreign currency translation

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

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

#### Revenue

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

## Accounting policies

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Cost of sales

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

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

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

### Depreciation, amortisation and impairment losses

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

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

### Tax on profit/loss for the year

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

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

## Accounting policies

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements (or rental period)	5 years

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

Estimated useful lives and residual values are reassessed annually.

Other equipment are written down to the lower of recoverable amount and carrying amount.

#### Receivables

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

#### Deferred tax

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

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

#### Prepayments

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

## Accounting policies

### Cash

Cash comprises bank deposits.

### Other financial liabilities

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

### Prepayments received from customers

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

### Income tax receivable or payable

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

### Cash flow statement

Referring to 84(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.