
Old Irish Pub Denmark A/S

Vesterbrogade 2D, DK-1620 Copenhagen

Annual Report for 2023

CVR No. 35 02 86 92

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 22/4 2024

Peter Andreas Nielsen
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 | 4 |
| Financial Highlights | 5 |
| Management's Review | 6 |
| Financial Statements | |
| Income Statement 1 January - 31 December | 7 |
| Balance sheet 31 December | 8 |
| Statement of changes in equity | 10 |
| Notes to the Financial Statements | 11 |

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Old Irish Pub Denmark A/S for the financial year 1 January - 31 December 2023.

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 31 December 2023 of the Company and of the results of the Company operations for 2023.

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.

Copenhagen, 22 April 2024

Executive Board

Peder Johan Blak
CEO

Board of Directors

Maarten Michael Arno Tromp
Chairman

Christian Ewald Ingemann
Vice chairman

Peter Andreas Nielsen

Martin Mollerup Mainz

Guido Grobbink

Independent Auditor's report

To the shareholder of Old Irish Pub Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Old Irish Pub Denmark A/S for the financial year 1 January - 31 December 2023, 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 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.

Independent Auditor's report

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 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.

Hellerup, 22 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant

mne30221

Mads Blichfeldt Fjord

State Authorised Public Accountant

mne46065

Company information

| | |
|---------------------------|--|
| The Company | Old Irish Pub Denmark A/S Vesterbrogade 2D DK-1620 Copenhagen CVR No: 35 02 86 92 Financial period: 1 January - 31 December Incorporated: 16 January 2013 Financial year: 11th financial year Municipality of reg. office: Copenhagen |
| Board of Directors | Maarten Michael Arno Tromp, chairman Christian Ewald Ingemann, vice chairman Peter Andreas Nielsen Martin Mollerup Mainz Guido Grobbink |
| Executive Board | Peder Johan Blak |
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup |

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------------------|---------|---------|---------|---------|---------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Gross profit | 103,512 | 110,091 | 71,869 | 61,996 | 88,880 |
| Profit/loss of primary operations | 36,096 | 33,408 | 1,187 | 5,983 | 23,020 |
| Net profit/loss for the year | 28,374 | 25,464 | 51 | 4,220 | 17,933 |
| Balance sheet | | | | | |
| Balance sheet total | 156,531 | 168,365 | 132,985 | 124,808 | 116,759 |
| Equity | 60,334 | 83,460 | 57,995 | 57,196 | 52,975 |
| Number of employees | 167 | 191 | 81 | 112 | 129 |
| Ratios | | | | | |
| Return on assets | 23.1% | 19.8% | 0.9% | 4.8% | 19.7% |
| Solvency ratio | 38.5% | 49.6% | 43.6% | 45.8% | 45.4% |
| Return on equity | 39.5% | 36.0% | 0.1% | 7.7% | 67.7% |

The key figures have been prepared in accordance with the Danish Financial Analysts Association's recommendations and guidance. Reference is made to definitions in the section on accounting policies.

Management's review

Key activities

The Company's purpose is to run pubs and related activities,

Development in the year

The income statement of the Company for 2023 shows an EBITDA of DKK 43,424,727 a profit of DKK 28,374,234 and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 60,334,019.

The result is in line with the expectations of the Management, considering that 2023 was a year in which rising interest rates and inflation have had an impact on the consumption pattern among users of nightlife services, which is expected to have had an impact on the Company's revenue and EBITDA.

Special risks - operating risks and financial risks

The Company's external financing consists of loans in Danish kroner with a variable interest rate.

Targets and expectations for the year ahead

The growth plans for 2024 are unchanged. The Company continues targeted coverage of the best locations in the major cities, especially abroad. Specifically, intensive work is being done to open several new pubs in the Netherlands, Belgium and Spain in 2024. It is the goal that 2024 will be a year in which OIP can demonstrate continued high growth in both revenue and EBITDA driven by new openings and continued streamlining of operations in the Danish pubs. Therefore, Management expects net revenue for 2024 in the range DKK 200,000k – 230,000k and an EBITDA margin of 15-20%.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

| | Note | 2023 | 2022 |
|---|------|--------------------|--------------------|
| | | DKK | DKK |
| Gross profit | | 103,512,158 | 110,090,531 |
| Staff expenses | 1 | -48,378,864 | -54,105,766 |
| Depreciation and impairment losses of property, plant and equipment | | -7,328,928 | -7,618,247 |
| Other operating expenses | 2 | -11,708,567 | -14,958,325 |
| Profit/loss before financial income and expenses | | 36,095,799 | 33,408,193 |
| Financial income | 3 | 3,878,740 | 1,861,320 |
| Financial expenses | 4 | -2,973,693 | -2,168,197 |
| Profit/loss before tax | | 37,000,846 | 33,101,316 |
| Tax on profit/loss for the year | 5 | -8,626,612 | -7,636,822 |
| Net profit/loss for the year | 6 | 28,374,234 | 25,464,494 |

Balance sheet 31 December

Assets

| | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| | | DKK | DKK |
| Acquired other similar rights | | 0 | 28,667 |
| Intangible assets | 7 | 0 | 28,667 |
| Land and buildings | | 7,445,403 | 7,627,368 |
| Other fixtures and fittings, tools and equipment | | 13,080,778 | 14,401,021 |
| Leasehold improvements | | 5,418,476 | 6,563,402 |
| Property, plant and equipment | 8 | 25,944,657 | 28,591,791 |
| Deposits | 9 | 9,648,519 | 8,990,353 |
| Fixed asset investments | | 9,648,519 | 8,990,353 |
| Fixed assets | | 35,593,176 | 37,610,811 |
| Finished goods and goods for resale | | 3,761,940 | 3,397,410 |
| Inventories | | 3,761,940 | 3,397,410 |
| Trade receivables | | 7,731,201 | 5,093,169 |
| Receivables from group enterprises | | 106,015,495 | 117,681,139 |
| Other receivables | | 2,107,527 | 2,716,319 |
| Prepayments | 10 | 649,337 | 1,001,048 |
| Receivables | | 116,503,560 | 126,491,675 |
| Cash at bank and in hand | | 671,967 | 864,798 |
| Current assets | | 120,937,467 | 130,753,883 |
| Assets | | 156,530,643 | 168,364,694 |

Balance sheet 31 December

Liabilities and equity

| | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| | | DKK | DKK |
| Share capital | | 500,000 | 500,000 |
| Revaluation reserve | | 2,880,887 | 2,947,984 |
| Retained earnings | | 56,953,132 | 80,011,801 |
| Equity | | 60,334,019 | 83,459,785 |
| | | | |
| Provision for deferred tax | 11 | 1,714,869 | 1,714,869 |
| Other provisions | 12 | 2,600,000 | 2,750,000 |
| Provisions | | 4,314,869 | 4,464,869 |
| | | | |
| Mortgage loans | | 2,577,115 | 2,794,107 |
| Credit institutions | | 18,050,103 | 25,583,330 |
| Lease obligations | | 0 | 1,324,770 |
| Long-term debt | 13 | 20,627,218 | 29,702,207 |
| | | | |
| Mortgage loans | 13 | 226,745 | 228,913 |
| Credit institutions | 13 | 17,930,477 | 7,711,077 |
| Lease obligations | 13 | 1,302,406 | 1,977,935 |
| Trade payables | | 15,212,643 | 15,880,600 |
| Payables to group enterprises | | 15,867,033 | 3,849,117 |
| Corporation tax | | 6,511,471 | 0 |
| Payables to group enterprises relating to corporation tax | | 2,115,141 | 7,432,385 |
| Other payables | | 12,088,621 | 13,657,806 |
| Short-term debt | | 71,254,537 | 50,737,833 |
| | | | |
| Debt | | 91,881,755 | 80,440,040 |
| | | | |
| Liabilities and equity | | 156,530,643 | 168,364,694 |
| | | | |
| Contingent assets, liabilities and other financial obligations | 14 | | |
| Accounting Policies | 15 | | |

Statement of changes in equity

| | Share capital | Revaluation reserve | Retained earnings | Total |
|--|----------------|---------------------|-------------------|-------------------|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 500,000 | 2,947,984 | 80,011,801 | 83,459,785 |
| Extraordinary dividend paid | 0 | 0 | -51,500,000 | -51,500,000 |
| Depreciation, amortisation and impairment for the year | 0 | -67,097 | 67,097 | 0 |
| Net profit/loss for the year | 0 | 0 | 28,374,234 | 28,374,234 |
| Equity at 31 December | 500,000 | 2,880,887 | 56,953,132 | 60,334,019 |

Notes to the Financial Statements

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | DKK | DKK |
| 1. Staff Expenses | | |
| Wages and salaries | 45,941,495 | 50,929,384 |
| Pensions | 371,126 | 172,800 |
| Other social security expenses | 945,791 | 1,149,532 |
| Other staff expenses | 1,120,452 | 1,854,050 |
| | <u>48,378,864</u> | <u>54,105,766</u> |
| | | |
| Including remuneration to the Executive Board and Board of Directors | <u>2,697,585</u> | <u>2,003,625</u> |
| | | |
| Average number of employees | <u>167</u> | <u>191</u> |
| | | |
| | 2023 | 2022 |
| | DKK | DKK |
| 2. Special items | | |
| Aid package, fixed costs | 0 | 4,052,661 |
| Aid package, salary costs | 0 | 2,550,619 |
| Transaction costs | -7,901,675 | -2,944,480 |
| | <u>-7,901,675</u> | <u>3,658,800</u> |
| | | |
| | 2023 | 2022 |
| | DKK | DKK |
| 3. Financial income | | |
| Interest received from group enterprises | 3,878,558 | 1,861,320 |
| Other financial income | 182 | 0 |
| | <u>3,878,740</u> | <u>1,861,320</u> |
| | | |
| | 2023 | 2022 |
| | DKK | DKK |
| 4. Financial expenses | | |
| Interest paid to group enterprises | 257,053 | 1,506 |
| Other financial expenses | 2,716,640 | 2,166,691 |
| | <u>2,973,693</u> | <u>2,168,197</u> |

Notes to the Financial Statements

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------------------------|
| | DKK | DKK |
| 5. Income tax expense | | |
| Current tax for the year | 8,626,612 | 7,432,385 |
| Deferred tax for the year | 0 | 204,437 |
| | <u>8,626,612</u> | <u>7,636,822</u> |
| | | |
| | <u>2023</u> | <u>2022</u> |
| | DKK | DKK |
| 6. Profit allocation | | |
| Extraordinary dividend paid | 51,500,000 | 0 |
| Retained earnings | -23,125,766 | 25,464,494 |
| | <u>28,374,234</u> | <u>25,464,494</u> |
| | | |
| 7. Intangible fixed assets | | |
| | | Acquired other similar rights |
| | | DKK |
| Cost at 1 January | | <u>500,000</u> |
| Cost at 31 December | | <u>500,000</u> |
| Impairment losses and depreciation at 1 January | | 471,333 |
| Depreciation for the year | | 28,667 |
| Impairment losses and depreciation at 31 December | | <u>500,000</u> |
| Carrying amount at 31 December | | <u>0</u> |

Notes to the Financial Statements

8. Property, plant and equipment

| | Land and buildings | Other fixtures and fittings, tools and equipment | Leasehold improvements |
|---|-------------------------|---|---------------------------|
| | DKK | DKK | DKK |
| Cost at 1 January | 5,522,736 | 39,937,509 | 27,552,713 |
| Additions for the year | 0 | 3,583,501 | 1,251,500 |
| Disposals for the year | 0 | -777,002 | -150,000 |
| Cost at 31 December | <u>5,522,736</u> | <u>42,744,008</u> | <u>28,654,213</u> |
| Revaluations at 1 January | 4,301,090 | 0 | 0 |
| Revaluations at 31 December | <u>4,301,090</u> | <u>0</u> | <u>0</u> |
| Impairment losses and depreciation at 1 January | 2,196,458 | 25,536,483 | 20,989,310 |
| Depreciation for the year | 181,965 | 4,742,605 | 2,375,691 |
| Impairment and depreciation of sold assets for the year | 0 | -615,858 | -129,264 |
| Impairment losses and depreciation at 31 December | <u>2,378,423</u> | <u>29,663,230</u> | <u>23,235,737</u> |
| Carrying amount at 31 December | <u>7,445,403</u> | <u>13,080,778</u> | <u>5,418,476</u> |
| Amortised over | <u>50 years</u> | <u>3-8 years</u> | <u>5 years</u> |
| Including assets under finance leases amounting to | <u>0</u> | <u>3,323,119</u> | <u>0</u> |

9. Other fixed asset investments

| | Deposits |
|---------------------------------------|-------------------------|
| | DKK |
| Cost at 1 January | 8,990,353 |
| Additions for the year | 658,166 |
| Cost at 31 December | <u>9,648,519</u> |
| Carrying amount at 31 December | <u>9,648,519</u> |

10. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest

Notes to the Financial Statements

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| | DKK | DKK |
| 11. Provision for deferred tax | | |
| Deferred tax liabilities at 1 January | 1,714,869 | 1,510,432 |
| Amounts recognised in the income statement for the year | <u>0</u> | <u>204,437</u> |
| Deferred tax liabilities at 31 December | <u>1,714,869</u> | <u>1,714,869</u> |

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| | DKK | DKK |
| 12. Other provisions | | |
| Other provisions comprises of 2.600.000 DKK and consists of estimated costs for re-establishment of rented premises | | |
| Re-establishment provision | <u>2,600,000</u> | <u>2,750,000</u> |
| | <u>2,600,000</u> | <u>2,750,000</u> |

The provisions are expected to mature as follows:

| | | |
|---------------|-------------------------|-------------------------|
| After 5 years | <u>2,600,000</u> | <u>2,750,000</u> |
| | <u>2,600,000</u> | <u>2,750,000</u> |

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------|-------------|
| | DKK | DKK |
| 13. Long-term debt | | |

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| | | |
|-----------------------|-------------------------|-------------------------|
| Mortgage loans | | |
| After 5 years | 1,443,390 | 1,818,288 |
| Between 1 and 5 years | <u>1,133,725</u> | <u>975,819</u> |
| Long-term part | 2,577,115 | 2,794,107 |
| Within 1 year | <u>226,745</u> | <u>228,913</u> |
| | <u>2,803,860</u> | <u>3,023,020</u> |

Notes to the Financial Statements

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | DKK | DKK |
| 13. Long-term debt | | |
| Credit institutions | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 18,050,103 | 25,583,330 |
| Long-term part | 18,050,103 | 25,583,330 |
| Within 1 year | 7,393,413 | 7,166,668 |
| Other short-term debt to credit institutions | 10,537,064 | 544,409 |
| | <u>35,980,580</u> | <u>33,294,407</u> |
| Lease obligations | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 0 | 1,324,770 |
| Long-term part | 0 | 1,324,770 |
| Within 1 year | 1,302,406 | 1,977,935 |
| | <u>1,302,406</u> | <u>3,302,705</u> |
| | | |
| | 2023 | 2022 |
| | DKK | DKK |
| 14. Contingent assets, liabilities and other financial obligations | | |
| Charges and security | | |
| The following assets have been placed as security with mortgage credit institutes: | | |
| A collateral consisting of land and buildings with an accounting value of 7,4mDKK as 31 December 2023 has been given in relation to the debt to mortgage credit institutions with an outstanding amount of 2.8 mDKK as of 31 December 2023. | 7,445,403 | 7,627,368 |
| The following assets have been placed as security with bankers: | | |
| Mortgage deeds registered to the mortgagor totalling 20mDKK, providing security in other fixtures and fittings, tools and equipment, leasehold improvement, inventory, intangible assets and trade receivables with a totalling accounting value of 29mDKK | 29,992,395 | 24,361,837 |
| Rental and lease obligations | | |
| Within 1 year | 21,338,921 | 23,573,903 |
| Between 1 and 5 years | 52,841,679 | 68,584,367 |
| After 5 years | 40,775,373 | 36,440,569 |

Notes to the Financial Statements

| 2023 | 2022 |
|------|------|
| DKK | DKK |

14. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

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 Standard Iota TopCo II ApS, which is the management company of the joint taxation purposes. Moreover, the danish 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

15. Accounting policies

The Annual Report of Old Irish Pub Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

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 OIP Group ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of 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 property, plant and equipment and transaction costs and compensation received under the Covid-19 compensation schemes.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with OIP Holding A/S, OIP Services ApS, OIP Group ApS and Standard Iota TopCo II ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

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

Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition land and buildings are measured at fair value.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of certain land and buildings has been determined at 31 December 2023 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the properties.

The fair value of land and buildings has been assessed by the independent assessor firm Nordicals at 31 December 2023.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

| | |
|--|-----------|
| Domicile properties | 50 years |
| Other fixtures and fittings, tools and equipment | 3-8 years |
| Leasehold improvements | 5 years |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

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

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Other fixed asset investments

Other fixed asset investments consist of deposits for rented premises

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Equity

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Financial Highlights

Explanation of financial ratios

| | |
|------------------|--|
| Return on assets | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$ |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$ |