

Real Danmark A/S

Kongens Nytorv 28, 1.
1050 København K
Central Business Registration
No 36538228

Annual report 2019

The Annual General Meeting adopted the annual report on 24.04.2020

Chairman of the General Meeting

Name: Henrik Wessmann Jensen

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Entity details

Entity

Real Danmark A/S
Kongens Nytorv 28, 1.
1050 København K

Central Business Registration No (CVR): 36538228
Registered in: København
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Henrik Frisch
Nils Thygesen
Henrik Wessmann Jensen

Executive Board

Henrik Wessmann Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus 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 Real Danmark 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 and cash flows 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, 24.04.2020

Executive Board

Henrik Wessmann Jensen

Board of Directors

Henrik Frisch

Nils Thygesen

Henrik Wessmann Jensen

Independent auditor's report

To the shareholders of Real Danmark A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Real Danmark 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows 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 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Aarhus, 24.04.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Klaus Tvede-Jensen
State Authorised Public Accountant
Identification No (MNE) mne23304

Torben Rohde Pedersen
State Authorised Public Accountant
Identification No (MNE) mne33801

Management commentary

Primary activities

The main activities are operations within real-estate and other investment activities.

Development in activities and finances

Real Danmark A/S is a part of the Oskar Group and has benefited from the immense and updated experiences of Oskar Group throughout 2019.

2019 was a busy and fruitful year for Real Danmark A/S and amongst others a sub-group of three enterprises has emerged from the efforts.

Based on equity, bonds issuance and bank loans the group has through the three subsidiaries invested 251.980 t.kr. in the acquisition and development of investment properties. Two existing properties have been acquired and one plot is being negotiated.

For one of the properties a conditional sales and purchase agreement has been signed with a Danish Top Tier pension fund by the end of the year. There are a number of dependencies to be fulfilled before the conditions have been settled which is expected to take place during 2021. However, the rate of return is fixed and not subject to any conditions.

Another property is currently fully let and delivers a sustaining cash flow.

The group has specific development plans for all three properties and a number of important activities were deployed before the end of 2019 and will be ongoing during 2020.

The group has entered into several long-term lease contracts with anchor tenants based on the future developed properties.

Further one construction contract has been signed for one of the properties and another is in the pipeline for one of the other properties.

The properties are measured at fair value using the return-based model which leads to a revaluation of 47.875 t.kr. which to some extent also reflects the ongoing development of the properties.

The group's income statement for the financial year 1 January 2019 – 31 December 2019 shows a profit of 12.789 t.kr. The result of the year is considered satisfactory.

The financial year 1 January 2019 – 31 December 2019 is the first financial year of the group, and therefore there are no comparatives.

Uncertainty relating to recognition and measurement

The Group's Investment properties are recognised in the financial statements at fair value, which has been calculated using return-based valuation models.

Fair value is calculated for each property based on a number of assumptions, including pro-forma net earnings

Management commentary

and required rate of return determined for each property; see description thereof in the Summary of significant accounting policies. The required rates of return have been laid down so as to reflect current required market rates and return for similar properties. Determining the required rates of return and future net earnings is subject to uncertainty.

Events after the balance sheet date

The Company's investment property portfolio consists of residential and commercial properties. The properties are measured at fair value at the balance sheet date in accordance with the accounting policies applied.

Because of the general uncertainty currently involved in determining the future effect of the COVID-19 disease, the properties in particular are subject to considerable uncertainty in determining their fair value, including the defined required rate of return, future net earnings and cash flow. The Company's properties are in the process of development, and this process will not be completed until the COVID-19 crisis is expected to be over. Further one property delivers a sustaining cash flow and another property is conditionally sold based on a fixed rate of return. This is why the Management believes that, at this point in time, there is no need to increase the required rate of return or to change expected net earnings for the properties. Refer to the property, plant and equipment note to the financial statements which includes a more detailed description of the valuation methods used, the assumptions used and the sensitivity of the calculated fair values to these factors.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>
Gross loss		(471.584)
Fair value adjustments of investment property		47.875.037
Operating profit/loss		47.403.453
Income from investments in group enterprises	2	(21.696.005)
Other financial income		252.848
Other financial expenses		(9.056.602)
Profit/loss before tax		16.903.694
Tax on profit/loss for the year		(4.114.612)
Profit/loss for the year		12.789.082
Proposed distribution of profit/loss		
Retained earnings		12.789.082
		12.789.082

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>
Investment property		292.500.000
Property, plant and equipment in progress		7.355.301
Property, plant and equipment	3	299.855.301
Investments in group enterprises		250.123
Fixed asset investments	4	250.123
Fixed assets		300.105.424
Receivables from group enterprises		7.991.236
Other receivables		5.042.899
Prepayments		159.227
Receivables		13.193.362
Cash		36.203.746
Current assets		49.397.108
Assets		349.502.532

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>
Contributed capital		12.600.000
Retained earnings		17.373.729
Equity		29.973.729
Deferred tax		26.122.637
Provisions		26.122.637
Bank loans		140.959.160
Loans raised by the issuance of bonds		119.008.926
Deposits		952.765
Other payables		10.152.000
Non-current liabilities other than provisions	5	271.072.851
Bank loans		2.417.332
Trade payables		3.663.693
Payables to group enterprises		12.204.380
Payables to shareholders and management		122
Income tax payable		3.099.488
Other payables		948.300
Current liabilities other than provisions		22.333.315
Liabilities other than provisions		293.406.166
Equity and liabilities		349.502.532
Events after the balance sheet date	1	
Assets charged and collateral	7	
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Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	50.000	(365.353)	(315.353)
Increase of capital	12.550.000	4.950.000	17.500.000
Profit/loss for the year	0	12.789.082	12.789.082
Equity end of year	12.600.000	17.373.729	29.973.729

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>
Operating profit/loss		(471.584)
Working capital changes	6	2.628.211
Cash flow from ordinary operating activities		2.156.627
Financial income received		253.139
Financial expenses paid		(9.202.079)
Income taxes refunded/(paid)		(115.000)
Cash flows from operating activities		(6.907.313)
Acquisition etc of property, plant and equipment		(158.480.264)
Acquisition of fixed asset investments		(79.685.787)
Cash flows from investing activities		(238.166.051)
Loans raised		217.679.233
Cash increase of capital		59.580.000
Cash flows from financing activities		277.259.233
Increase/decrease in cash and cash equivalents		32.185.869
Cash and cash equivalents beginning of year		4.017.877
Cash and cash equivalents end of year		36.203.746

Notes to consolidated financial statements

1. Events after the balance sheet date

The Company's investment property portfolio consists of residential and commercial properties. The properties are measured at fair value at the balance sheet date in accordance with the accounting policies applied.

Because of the general uncertainty currently involved in determining the future effect of the COVID-19 disease, the properties in particular are subject to considerable uncertainty in determining their fair value, including the defined required rate of return, future net earnings and cash flow. The Company's properties are in the process of development, and this process will not be completed until the COVID-19 crisis is expected to be over. Further one property delivers a sustaining cash flow and another property is conditionally sold based on a fixed rate of return. This is why Management believes that, at this point in time, there is no need to increase the required rate of return or to change expected net earnings for the properties. Refer to the property, plant and equipment note to the financial statements which includes a more detailed description of the valuation methods used, the assumptions used and the sensitivity of the calculated fair values to these factors.

2. Income from investments in group enterprises

One of the properties was acquired indirectly through the acquisition of a property company in the beginning of September 2019. The difference between the purchase price and the equity of the company at the time of purchase in September, has been neutralized in the consolidated income statement by the reversal of 21.696 t.kr.

	Investment property DKK	Property, plant and equipment in progress DKK
3. Property, plant and equipment		
Additions	244.624.963	7.355.301
Cost end of year	244.624.963	7.355.301
Fair value adjustments for the year	47.875.037	0
Fair value adjustments end of year	47.875.037	0
Carrying amount end of year	292.500.000	7.355.301

Revaluations and impairment losses of investment properties are based on accounting judgements using market value calculations of the net rent.

As described in the Summary of significant accounting policies, investment properties are measured at fair value using the return-based model. The required rate of return for the Group's properties averages approximately 3.66% at 31 December 2019 compared to last year's required rate of return of between 3.25% and 3.75%. An increase of the required rate of return of 0.5 percentage points would reduce the total fair value by approximately DKK 53.1m. A reduction of the required rate of return of 0.5 percent's points would increase

Notes to consolidated financial statements

the value by approximately DKK 84.0m.

The property portfolio is composed of mixed commercial and residential rental properties, with the main emphasis being on commercial rental properties. For commercial rentals, the budgeted per square metre rent ranges between DKK 1,000 and DKK 10,500, depending on the application of the lease. The budgeted per square metre rent for residential rentals is DKK 2,000. The properties are placed in Copenhagen.

4. Fixed asset investments

The Group's equity investment in one company is held for sale. Pursuant to Section 43a of the Danish Financial Statements Act, this equity investment is recognized at fair value, which is equivalent to the agreed market price. The equity investment has been excluded from consolidation with reference to Section 114(2)(no 3) of the Danish Financial Statements Act.

5. Liabilities other than provisions

Bank loans

**Outstanding
after 5 years
DKK**

39.600.000

39.600.000

6. Change in working capital

Increase/decrease in receivables

(46.168.462)

Increase/decrease in trade payables etc

48.796.673

2.628.211

7. Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor of nominally DKK 225m on properties. DKK 70m thereof concerns undrawn building credit lines at the balance sheet date.

An all-moneys mortgage for DKK 100m has been issued on properties.

The carrying amount of mortgaged properties is DKK 293m at 31 December 2019.

A total guarantee of DKK 36k has been provided towards Euroclear Sweden AB.

Equity investments in underlying companies have been provided as third party security. The carrying amount of these investments is DKK 250k at 31 December 2019.

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Hawk Investments ApS, København, CVR-nr. 25083288

Notes to consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Real Danmark A/S, København, CVR-nr. 36538228

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross loss		(536.181)	(204.870)
Income from investments in group enterprises		18.478.817	0
Other financial income	1	401.571	0
Other financial expenses	2	(7.153.125)	(5.621.436)
Profit/loss before tax		11.191.082	(5.826.306)
Tax on profit/loss for the year	3	1.598.000	0
Profit/loss for the year		12.789.082	(5.826.306)
Proposed distribution of profit/loss			
Retained earnings		12.789.082	(5.826.306)
		12.789.082	(5.826.306)

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Investments in group enterprises		98.356.314	0
Fixed asset investments	4	98.356.314	0
Fixed assets		98.356.314	0
Receivables from group enterprises		39.533.715	276.330
Deferred tax		1.598.000	0
Other receivables		3.745.886	0
Receivables		44.877.601	276.330
Cash		18.636.333	817
Current assets		63.513.934	277.147
Assets		161.870.248	277.147

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		12.600.000	50.000
Reserve for net revaluation according to the equity method		18.478.817	0
Retained earnings		(1.105.088)	(365.353)
Equity		29.973.729	(315.353)
Loans raised by the issuance of bonds		119.008.926	0
Other payables		663.089	575.000
Non-current liabilities other than provisions		119.672.015	575.000
Trade payables		20.000	17.500
Payables to group enterprises		12.204.380	0
Payables to shareholders and management		124	0
Current liabilities other than provisions		12.224.504	17.500

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	50.000	0	(365.353)	(315.353)
Increase of capital	12.550.000	0	4.950.000	17.500.000
Profit/loss for the year	0	18.478.817	(5.689.735)	12.789.082
Equity end of year	12.600.000	18.478.817	(1.105.088)	29.973.729

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Other financial income		
Financial income arising from group enterprises	220.948	0
Exchange rate adjustments	180.623	0
	401.571	0
	2019 DKK	2018 DKK
2. Other financial expenses		
Financial expenses from group enterprises	0	5.545.553
Other interest expenses	129.379	75.083
Exchange rate adjustments	988.973	0
Other financial expenses	6.034.773	800
	7.153.125	5.621.436
	2019 DKK	2018 DKK
3. Tax on profit/loss for the year		
Change in deferred tax	(1.598.000)	0
	(1.598.000)	0
		Invest- ments in group enterprises DKK
4. Fixed asset investments		
Additions		79.685.787
Cost end of year		79.685.787
Share of profit/loss for the year		40.174.822
Impairment losses for the year		(21.696.005)
Investments with negative equity value depreciated over receivables		191.710
Revaluations end of year		18.670.527
Carrying amount end of year		98.356.314

One of the properties was acquired indirectly through the acquisition of a property company in the beginning of September 2019. The difference between purchase price and the equity of the company at the time of purchase in September, has been neutralized by the reversal of 21.696 t.kr.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

5. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Hawk Investments ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6. Assets charged and collateral

The Company's equity investments have been placed as security for bond debts of DKK 119m. The carrying amount of mortgaged equity investments is DKK 98m at 31 December 2019.

A total guarantee of DKK 36k has been provided towards Euroclear Sweden AB.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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 or exchange gains on securities etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities etc.

Accounting policies

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.

Balance sheet

Property, plant and equipment

Property, plant and equipment under progress 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:

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by using the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation

Accounting policies

will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

The Group's equity investment in one company is held for sale. Pursuant to Section 43a of the Danish Financial Statements Act, this equity investment is recognised at fair value, which is equivalent to the agreed market price. The equity investment has been excluded from consolidation with reference to Section 114(2)(no 3) of the Danish Financial Statements Act.

Receivables

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

Prepayments

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

Cash

Cash comprises bank deposits.

Deferred tax

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

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Accounting policies

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans etc.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.