

**Grant Thornton**  
Godkendt  
Revisionspartnerselskab

Stockholmsgade 45  
2100 København Ø  
CVR-nr. 34209936

T (+45) 33 110 220

[www.grantthornton.dk](http://www.grantthornton.dk)

# Rialto International ApS

Kongens Nytorv 22, 1050 København K

Company reg. no. 39 69 74 08

## Annual report

**1 January - 31 December 2023**

The annual report was submitted and approved by the general meeting on the 12 July 2024.

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Mads Sørensen  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

## **Management's statement**

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Today, the Managing Director has approved the annual report of Rialto International ApS for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

I consider the chosen accounting policy to be appropriate, and in my 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 and cash flows for the financial year 1 January – 31 December 2023.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 12 July 2024

**Managing Director**

Mads Sørensen

## Independent auditor's report

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### To the Shareholders of Rialto International ApS

#### Opinion

We have audited the financial statements of Rialto International ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

#### Basis for conclusion

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.

#### Management's Responsibilities for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

## Independent auditor's report

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

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

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

### Statement on Management's Review

Management is responsible for Management's Review.

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

## **Independent auditor's report**

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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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 12 July 2024

### **Grant Thornton**

Certified Public Accountants  
Company reg. no. 34 20 99 36

### **Michael Beuchert**

State Authorised Public Accountant  
mne32794

## Company information

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<b>The company</b>	Rialto International ApS Kongens Nytorv 22 1050 København K  Company reg. no. 39 69 74 08 Domicile: Financial year: 1 January 2023 - 31 December 2023
<b>Managing Director</b>	Mads Sørensen
<b>Auditors</b>	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
<b>Bankers</b>	Ringkjøbing Landbobank
<b>Parent company</b>	Martin Haugaard Holding ApS
<b>Subsidiary</b>	Rialto Real Estate Developments A/S, Copenhagen

## Financial highlights

EUR in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Income statement:</b>					
Gross profit	2.647	5.021	5.956	593	3.800
Profit from operating activities	2.126	4.500	5.435	73	3.279
Net financials	-77	699	-24	-5	-197
Net profit or loss for the year	1.762	4.056	4.221	53	2.403
<b>Statement of financial position:</b>					
Balance sheet total	20.638	22.077	23.963	21.487	29.743
Equity	2.802	4.540	4.284	1.263	2.410
<b>Cash flows:</b>					
Operating activities	1.908	4.847	-514	-3.870	0
Investing activities	0	0	0	-24	0
Financing activities	-3.500	-3.799	-1.200	-400	0
Total cash flows	-1.592	1.047	-1.714	-4.294	0
<b>Key figures in %:</b>					
Acid test ratio	102,4	109,2	103,9	85,9	91,8
Solvency ratio	13,6	20,6	17,9	5,9	8,1
Return on equity	48,0	91,9	152,2	2,9	199,4

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Acid test ratio} = \frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$



## Management's review

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### Description of key activities of the company

Like previous years, the activities are construction and investment in properties.

### Development in activities and financial matters

The gross profit for the year totals EUR 2.647.321 against EUR 5.021.269 last year. Income or loss from ordinary activities after tax totals EUR 1.761.974 against EUR 4.055.597 last year. Management considers the net profit or loss for the year satisfactory.

### Financial risks and the use of financial instruments

#### *Foreign currency risks*

Activities in foreign countries entails earnings, cash flows and equity are effected by movements in exchange rate and interest rates for a number of currencies. This risk is hedged by trying to optimize buying and selling in relevant currencies.

### Research and development activities

The Company has no research and development activities.

### The expected development

Management expects a gross profit and income or loss from ordinary activities after tax in range of +/- 5% of 2023.

### Events subsequent to the financial year

No events have occurred after the end of the financial year that may have a material impact on the company's financial position.

## Income statement 1 January - 31 December

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All amounts in EUR.

<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Gross profit</b>	<b>2.647.321</b>	<b>5.021.269</b>
Depreciation and writedown relating to fixed assets	-520.847	-520.847
<b>Operating profit</b>	<b>2.126.474</b>	<b>4.500.422</b>
Other financial income from group enterprises	177.534	157.022
Other financial income	102.613	710.845
2 Other financial expenses	-357.487	-168.819
<b>Pre-tax net profit or loss</b>	<b>2.049.134</b>	<b>5.199.470</b>
3 Tax on ordinary results	-287.160	-1.143.873
<b>4 Net profit or loss for the year</b>	<b>1.761.974</b>	<b>4.055.597</b>

**Balance sheet at 31 December**

All amounts in EUR.

<b>Assets</b>			
<u>Note</u>		<u>2023</u>	<u>2022</u>
<b>Non-current assets</b>			
5	Goodwill	2.604.237	3.125.084
	Total intangible assets	2.604.237	3.125.084
6	Investments in group enterprises	24.100	24.100
	Total investments	24.100	24.100
	<b>Total non-current assets</b>	<b>2.628.337</b>	<b>3.149.184</b>
<b>Current assets</b>			
	Trade debtors	5.941.259	2.362.485
7	Contract work in progress	3.898.291	4.681.029
	Receivables from group enterprises	4.503.891	6.548.681
	Other receivables	1.778.719	1.872.306
	Total receivables	16.122.160	15.464.501
	Cash and cash equivalents	1.887.969	3.463.076
	<b>Total current assets</b>	<b>18.010.129</b>	<b>18.927.577</b>
	<b>Total assets</b>	<b>20.638.466</b>	<b>22.076.761</b>

**Balance sheet at 31 December**

All amounts in EUR.

<b>Equity and liabilities</b>		<u>2023</u>	<u>2022</u>
<u>Note</u>			
<b>Equity</b>			
	Contributed capital	6.711	6.711
	Results brought forward	795.106	1.033.132
	Proposed dividend for the financial year	2.000.000	3.500.000
	<b>Total equity</b>	<b><u>2.801.817</u></b>	<b><u>4.539.843</u></b>
<b>Provisions</b>			
8	Provisions for deferred tax	<u>245.542</u>	<u>196.434</u>
	<b>Total provisions</b>	<b><u>245.542</u></b>	<b><u>196.434</u></b>
<b>Liabilities other than provisions</b>			
	Bank loans	598	569
7	Contract work in progress	1.779.063	1.832.359
	Trade creditors	2.051.230	2.147.631
	Payables to group enterprises	12.446.161	12.241.061
	Income tax payable to group enterprises	1.193.592	1.094.764
	Other payables	<u>120.463</u>	<u>24.100</u>
	Total short term liabilities other than provisions	<u>17.591.107</u>	<u>17.340.484</u>
	<b>Total liabilities other than provisions</b>	<b><u>17.591.107</u></b>	<b><u>17.340.484</u></b>
	<b>Total equity and liabilities</b>	<b><u>20.638.466</u></b>	<b><u>22.076.761</u></b>
<b>1</b>	<b>Subsequent events</b>		
<b>9</b>	<b>Contingencies</b>		
<b>10</b>	<b>Related parties</b>		

## Statement of changes in equity

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All amounts in EUR.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Proposed dividend for the financial year</b>	<b>Total</b>
Equity 1 January 2022	6.711	477.535	3.800.000	4.284.246
Distributed dividend	0	0	-3.800.000	-3.800.000
Profit or loss for the year brought forward	0	555.597	3.500.000	4.055.597
Equity 1 January 2023	6.711	1.033.132	3.500.000	4.539.843
Distributed dividend	0	0	-3.500.000	-3.500.000
Profit or loss for the year brought forward	0	-238.026	2.000.000	1.761.974
	<b>6.711</b>	<b>795.106</b>	<b>2.000.000</b>	<b>2.801.817</b>

## Statement of cash flows 1 January - 31 December

All amounts in EUR.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	1.761.974	4.055.597
11 Adjustments	708.752	965.672
12 Change in working capital	-505.892	946.555
Interest received, etc.	280.149	189.378
Interest paid, etc.	-124.548	-168.811
Income tax paid	-212.285	-1.141.464
<b>Cash flows from operating activities</b>	<b><u>1.908.150</u></b>	<b><u>4.846.927</u></b>
Dividend paid	-3.500.000	-3.800.000
Changes in short-term gæld til pengeinstitutter	29	569
<b>Cash flows from investment activities</b>	<b><u>-3.499.971</u></b>	<b><u>-3.799.431</u></b>
<b>Change in cash and cash equivalents</b>	<b><u>-1.591.821</u></b>	<b><u>1.047.496</u></b>
Cash and cash equivalents at opening balance	3.463.076	1.737.099
Foreign currency translation adjustments (cash and cash equivalents)	16.714	678.481
<b>Cash and cash equivalents at end of period</b>	<b><u>1.887.969</u></b>	<b><u>3.463.076</u></b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	<u>1.887.969</u>	<u>3.463.076</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>1.887.969</u></b>	<b><u>3.463.076</u></b>

## Notes

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All amounts in EUR.

### 1. Subsequent events

No events have occurred after the end of the financial year that may have a material impact on the company's financial position.

	<u>2023</u>	<u>2022</u>
<b>2. Other financial expenses</b>		
Financial costs, group enterprises	123.217	135.394
Other financial costs	<u>234.270</u>	<u>33.425</u>
	<b><u>357.487</u></b>	<b><u>168.819</u></b>
<b>3. Tax on ordinary results</b>		
Tax of the results for the year, parent company	401.698	1.094.764
Adjustment for the year of deferred tax	49.108	49.109
Adjustment of tax for previous years	<u>-163.646</u>	<u>0</u>
	<b><u>287.160</u></b>	<b><u>1.143.873</u></b>
<b>4. Proposed distribution of net profit</b>		
Dividend for the financial year	2.000.000	3.500.000
Transferred to retained earnings	0	555.597
Allocated from retained earnings	<u>-238.026</u>	<u>0</u>
<b>Total allocations and transfers</b>	<b><u>1.761.974</u></b>	<b><u>4.055.597</u></b>
<b>5. Goodwill</b>		
Cost opening balance	<u>5.208.473</u>	<u>5.208.473</u>
<b>Cost end of period</b>	<b><u>5.208.473</u></b>	<b><u>5.208.473</u></b>
Amortisation and write-down opening balance	-2.083.389	-1.562.542
Amortisation for the year	<u>-520.847</u>	<u>-520.847</u>
<b>Amortisation and write-down end of period</b>	<b><u>-2.604.236</u></b>	<b><u>-2.083.389</u></b>
<b>Carrying amount, end of period</b>	<b><u>2.604.237</u></b>	<b><u>3.125.084</u></b>

## Notes

All amounts in EUR.

	<u>31/12 2023</u>	<u>31/12 2022</u>
<b>6. Investments in group enterprises</b>		
Cost opening balance	24.100	24.100
<b>Carrying amount, end of period</b>	<b><u>24.100</u></b>	<b><u>24.100</u></b>

### Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity EUR	Results for the year EUR	Carrying amount, Rialto International ApS EUR
Rialto Real Estate Developments A/S, Copenhagen	100 %	-1.912.934	-80.162	0
		<b><u>-1.912.934</u></b>	<b><u>-80.162</u></b>	<b><u>0</u></b>

### 7. Contract work in progress

Sales value of the production of the period	2.119.228	2.848.670
<b>Contract work in progress, net</b>	<b><u>2.119.228</u></b>	<b><u>2.848.670</u></b>

The following is recognised:

Work in progress for the account of others (Current assets)	3.898.291	4.681.029
Work in progress for the account of others (Short-term liabilities)	-1.779.063	-1.832.359
	<b><u>2.119.228</u></b>	<b><u>2.848.670</u></b>

### 8. Provisions for deferred tax

Provisions for deferred tax opening balance	196.433	147.325
Deferred tax of the results for the year	49.109	49.109
	<b><u>245.542</u></b>	<b><u>196.434</u></b>

The following items are subject to deferred tax:

Intangible assets	245.542	196.434
	<b><u>245.542</u></b>	<b><u>196.434</u></b>



## Notes

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All amounts in EUR.

### 9. Contingencies

#### Contingent liabilities

#### Joint taxation

With Martin Haugaard Holding ApS, company reg. no 38 75 17 51 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

### 10. Related parties

#### Controlling interest

Martin Haugaard Holding ApS

Majority shareholder

#### Transactions

The company has the following related party transactions:

	2023	2022
Interests income	97.012	157.022
Interests expenses	123.217	135.394
Receivables from group enterprises	3.711.997	6.548.681
Payables to group enterprises	12.073.291	12.241.060

#### Consolidated financial statements

The company is included in the consolidated financial statements of Martin Haugaard Holding ApS, CVR nr. 38 75 17 51.

## Notes

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All amounts in EUR.

	<u>2023</u>	<u>2022</u>
<b>11. Adjustments</b>		
Depreciation, amortisation, and impairment	520.847	520.847
Other financial income	-280.147	-867.867
Other financial expenses	357.487	168.819
Tax on ordinary results	287.160	1.143.873
Other adjustments	-176.595	0
	<u><b>708.752</b></u>	<u><b>965.672</b></u>
<b>12. Change in working capital</b>		
Change in receivables	-657.658	3.091.784
Change in trade payables and other payables	151.766	-2.145.229
	<u><b>-505.892</b></u>	<u><b>946.555</b></u>

## Accounting policies

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The annual report for Rialto International ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Rialto International ApS and its group enterprises are included in the consolidated financial statements for Martin Hugaard Holding ApS, Copenhagen, CVR nr. 38 75 17 51.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

## Accounting policies

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Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

### Income statement

#### Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Direct costs comprises costs which directly can be related to obtaining net turnover.

Other external expenses comprise expenses incurred for administration, etc.

## Accounting policies

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### Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible assets.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from realised and unrealised capital gains and losses relating to debt and transactions in foreign currency and reimbursements under the advance tax scheme, etc.

### Results from investments in group enterprises

Dividend from investments in group enterprises is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## The balance sheet

### Intangible assets

#### Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

## Accounting policies

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If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### Financial fixed assets

#### Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

#### Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

## Accounting policies

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When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

### Equity

#### Dividend

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

### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Rialto International ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

## Accounting policies

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Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

### Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

### Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

### Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

### Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.



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## Mads Sørensen

Direktør og dirigent

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