

# Everland ApS

Nikolaj Plads 2 4., 1067 København K  
CVR no. 40 66 00 97

## Annual report for 2022

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 04.05.23

Flemming Mortensen  
Dirigent

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**The company**

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Everland ApS  
Nikolaj Plads 2 4.  
1067 København K  
Registered office: København  
CVR no.: 40 66 00 97  
Financial year: 01.01 - 31.12

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**Executive Board**

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Thomas Bandolowski Gamst

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**Board of Directors**

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Philip Linnemann  
Ole Nellemann Kruise  
Simon Gareth Bolton  
Thomas Bandolowski Gamst  
Christian Moe Halsted  
Emilia Aurora Botorog  
Anne Marie Brady

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Statement by the Executive Board and Board of Directors on the annual report**

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We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Everland ApS.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group's and parent's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, May 4, 2023

### **Executive Board**

Thomas Bandolowski Gamst

### **Board of Directors**

Philip Linnemann

Ole Nellemann Kruise

Simon Gareth Bolton

Thomas Bandolowski Gamst

Christian Moe Halsted

Emilia Aurora Botorog

Anne Marie Brady

**To the Shareholder of Everland ApS****Opinion**

We have audited the consolidated financial statements and parent company financial statements of Everland ApS for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing 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 parent company financial statements" section of our report. We are independent of the group and 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 regarding the management's review**

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company 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 consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

**Management's responsibility for the consolidated financial statements and parent company financial statements**

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company 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 parent company financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing 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 consolidated financial statements and parent company 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 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 consolidated financial statements and parent company 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 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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.

Køge, May 4, 2023

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Simon Boye Andersen

State Authorized Public Accountant  
MNE-no. mne45864



**Primary activities**

EVERLAND ApS is an independent consumer brand and design agency on a mission to provoke good growth. We work globally out of Copenhagen and Oslo, within the areas of brand strategy and innovation, creative concepts and design, artwork implementation and brand activation.

**Development in activities and financial affairs**

The income statement for the period 01.01.22 - 31.12.22 shows a profit/ of DKK 2,060,186 against t.DKK 3,088k for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 10,333,821. The year was somewhat impacted by budget cuts at one of the larger clients. The year also contained significant investments in expanding the Norwegian business, whereas the investments related to the Swedish subsidiary have been reduced for the time being. The management finds the profit of the year satisfactory.

**Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Note	Group		Parent		
	2022	2021	2022	2021	
	DKK	t.DKK '000	DKK	t.DKK '000	
	<b>Gross profit</b>	<b>30,006,913</b>	<b>27,149</b>	<b>25,840,520</b>	<b>27,132</b>
1	Staff costs	-25,872,544	-21,978	-22,899,797	-21,194
	<b>Profit before depreciation, amortisation, write-downs and impairment losses</b>	<b>4,134,369</b>	<b>5,171</b>	<b>2,940,723</b>	<b>5,938</b>
2	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-979,318	-861	-913,795	-860
	<b>Operating profit</b>	<b>3,155,051</b>	<b>4,310</b>	<b>2,026,928</b>	<b>5,078</b>
3	Income from equity investments in group enterprises	0	0	599,325	-773
	Financial expenses	-455,520	-144	-114,157	-139
	<b>Profit before tax</b>	<b>2,699,531</b>	<b>4,166</b>	<b>2,512,096</b>	<b>4,166</b>
4	Tax on profit for the year	-639,345	-1,078	-451,910	-1,078
	<b>Profit for the year</b>	<b>2,060,186</b>	<b>3,088</b>	<b>2,060,186</b>	<b>3,088</b>

#### Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	13,499	0
Extraordinary dividend for the financial year	0	4,500	0	4,500
Proposed dividend for the financial year	2,000,000	3,000	2,000,000	3,000
Retained earnings	60,186	-4,412	46,687	-4,412
<b>Total</b>	<b>2,060,186</b>	<b>3,088</b>	<b>2,060,186</b>	<b>3,088</b>

ASSETS		Group		Parent	
		31.12.22 DKK	31.12.21 t.DKK '000	31.12.22 DKK	31.12.21 t.DKK '000
Note					
	Goodwill	0	524	0	524
	<b>Total intangible assets</b>	<b>0</b>	<b>524</b>	<b>0</b>	<b>524</b>
	Leasehold improvements	31,369	0	21,348	0
	Other fixtures and fittings, tools and equipment	1,021,555	577	810,938	562
	<b>Total property, plant and equipment</b>	<b>1,052,924</b>	<b>577</b>	<b>832,286</b>	<b>562</b>
5	Equity investments in group enterprises	0	0	422,049	0
	Deposits	591,852	556	591,852	552
	<b>Total investments</b>	<b>591,852</b>	<b>556</b>	<b>1,013,901</b>	<b>552</b>
	<b>Total non-current assets</b>	<b>1,644,776</b>	<b>1,657</b>	<b>1,846,187</b>	<b>1,638</b>
6	Work in progress for third parties	1,561,623	2,354	1,559,699	2,343
	Trade receivables	17,852,965	15,410	12,660,027	15,262
	Receivables from group enterprises	0	0	5,007,139	1,416
	Deferred tax asset	74,948	0	0	0
	Other receivables	82,559	27	82,559	2,486
	Prepayments	525,025	458	435,521	441
	<b>Total receivables</b>	<b>20,097,120</b>	<b>18,249</b>	<b>19,744,945</b>	<b>21,948</b>
	<b>Cash</b>	<b>3,829,786</b>	<b>5,984</b>	<b>1,038,503</b>	<b>5,695</b>
	<b>Total current assets</b>	<b>23,926,906</b>	<b>24,233</b>	<b>20,783,448</b>	<b>27,643</b>
	<b>Total assets</b>	<b>25,571,682</b>	<b>25,890</b>	<b>22,629,635</b>	<b>29,281</b>

		Group		Parent	
		31.12.22 DKK	31.12.21 t.DKK '000	31.12.22 DKK	31.12.21 t.DKK '000
<b>EQUITY AND LIABILITIES</b>					
Note					
	Share capital	726,800	727	726,800	727
	Reserve for net revaluation according to the equity method	0	0	109,735	0
	Foreign currency translation reserve	96,049	0	0	0
	Retained earnings	7,510,972	7,451	7,497,287	7,451
	Proposed dividend for the financial year	2,000,000	3,000	2,000,000	3,000
	<b>Total equity</b>	<b>10,333,821</b>	<b>11,178</b>	<b>10,333,822</b>	<b>11,178</b>
	Provisions for deferred tax	1,219,774	2,338	1,219,774	2,338
7	Other provisions	0	0	459,586	733
	<b>Total provisions</b>	<b>1,219,774</b>	<b>2,338</b>	<b>1,679,360</b>	<b>3,071</b>
6	Prepayments received from work in progress for third parties	7,274,147	6,632	5,793,000	6,616
	Trade payables	844,912	977	799,030	928
	Payables to group enterprises	0	0	1,339	459
	Income taxes	1,091,953	29	904,518	29
	Other payables	4,807,075	4,736	3,118,566	7,000
	<b>Total short-term payables</b>	<b>14,018,087</b>	<b>12,374</b>	<b>10,616,453</b>	<b>15,032</b>
	<b>Total payables</b>	<b>14,018,087</b>	<b>12,374</b>	<b>10,616,453</b>	<b>15,032</b>
	<b>Total equity and liabilities</b>	<b>25,571,682</b>	<b>25,890</b>	<b>22,629,635</b>	<b>29,281</b>
8	Contingent liabilities				
9	Charges and security				

## Statement of changes in equity

Figures in t.DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year
Group:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	726,800	0	-187	7,450,786	3,000,000
Foreign currency translation adjustment of foreign enterprises	0	0	96,236	0	0
Dividend paid	0	0	0	0	-3,000,000
Net profit/loss for the year	0	0	0	60,186	2,000,000
Balance as at 31.12.22	726,800	0	96,049	7,510,972	2,000,000

Parent:

Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	726,800	0	0	7,450,600	3,000,000
Foreign currency translation adjustment of foreign enterprises	0	96,236	0	0	0
Dividend paid	0	0	0	0	-3,000,000
Net profit/loss for the year	0	13,499	0	46,687	2,000,000
Balance as at 31.12.22	726,800	109,735	0	7,497,287	2,000,000

	Group		Parent	
	2022 DKK	2021 t.DKK '000	2022 DKK	2021 t.DKK '000
<b>1. Staff costs</b>				
Wages and salaries	22,522,139	19,295	20,008,473	18,634
Pensions	1,627,350	1,480	1,568,599	1,471
Other social security costs	126,640	122	126,639	122
Other staff costs	1,596,415	1,081	1,196,086	967
<b>Total</b>	<b>25,872,544</b>	<b>21,978</b>	<b>22,899,797</b>	<b>21,194</b>
Average number of employees during the year				
	39	36	36	35

**2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment**

Amortisation of intangible assets	524,029	524	524,029	524
Depreciation of property, plant and equipment	455,289	337	389,766	336
<b>Total</b>	<b>979,318</b>	<b>861</b>	<b>913,795</b>	<b>860</b>

**3. Income from equity investments in group enterprises**

Share of profit or loss of group enterprises	0	0	599,325	-773
<b>Total</b>	<b>0</b>	<b>0</b>	<b>599,325</b>	<b>-773</b>

**4. Tax on profit for the year**

Current tax for the year	1,651,953	1,151	1,464,518	1,151
Adjustment of deferred tax for the year	-1,012,608	-73	-1,012,608	-73
<b>Total</b>	<b>639,345</b>	<b>1,078</b>	<b>451,910</b>	<b>1,078</b>

## 5. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0
Name and registered office:	Ownership interest
Subsidiaries:	
EVRLND AB, Sverige	100%
EVERLAND AS, Norge	100%

	Group		Parent	
	31.12.22 DKK	31.12.21 t.DKK '000	31.12.22 DKK	31.12.21 t.DKK '000
<b>6. Work in progress for third parties</b>				
Work in progress for third parties	38,402,638	17,586	34,668,650	17,472
On-account invoicing	-44,115,162	-21,864	-38,901,951	-21,745
Total work in progress for third parties	-5,712,524	-4,278	-4,233,301	-4,273
Work in progress for third parties	1,561,623	2,354	1,559,699	2,343
Prepayments received from work in progress for third parties, short-term payables	-7,274,147	-6,632	-5,793,000	-6,616
Total	-5,712,524	-4,278	-4,233,301	-4,273

## 7. Other provisions

The entire provisions consist of a negative carrying amount regarding equity investments in group enterprises.

## 8. Contingent liabilities

Group:

### *Lease commitments*

The group has concluded lease agreements with terms to maturity of 3-6 months and total lease payments of t.DKK 639.

Parent:

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of maximum 6 months for a total of t.DKK 552.

### *Guarantee commitments*

The company has participated in a demerger as the receiving company with accounting effect from 01.01.18. The company is jointly and severally liable with the other companies in the demerger for the liabilities existing at the time of announcement of the demerger decision; however, such liability cannot exceed the value of the net assets contributed at this time. The company do not expect any liability to be realized.

## 9. Charges and security

Group:

As security for debt to credit institutions of t.DKK 2.000, a company charge has been provided comprising goodwill, motor vehicles, inventories and trade receivables. The total carrying amount of the comprised assets is t.DKK 13.711.



**9. Charges and security** - continued -

Parent:

As security for debt to credit institutions of t.DKK 2.000, a company charge has been provided comprising goodwill, motor vehicles, inventories and trade receivables. The total carrying amount of the comprised assets is t.DKK 13.711.

## 10. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

**10. Accounting policies** - continued -

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

**LEASES**

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

**10. Accounting policies** - continued -**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

**Revenue**

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

**Cost of sales**

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**10. Accounting policies** - continued -**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value t.DKK '000
Goodwill	5	0
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

Goodwill is amortised over 5 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Income from equity investments in group enterprises**

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

**10. Accounting policies** - continued -**BALANCE SHEET****Intangible assets***Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity

**10. Accounting policies** - continued -

investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity

**10. Accounting policies** - continued -

investments.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Work in progress for third parties**

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.



**10. Accounting policies** - continued -**Cash**

Cash includes deposits in bank account.

**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.