

# Jesperhus Resort ApS

Legindvej 13, 7900 Nykøbing M, Denmark  
CVR no. 10 26 88 93

## Annual report for 2023

The annual report was approved at the  
annual general meeting, 03.04.24

Karl Johan Söör  
Conductor

*This annual report is an unofficial translated English version of the original Danish annual report, submitted to The Danish Business Authorities in Danish. In case of discrepancy, the original Danish annual report shall prevail.*

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Company information etc.	3
Management statement	4
The independent auditor's audit report	5 - 7
Management report	8 - 11
Income statement	12
Balance	13 - 14
Statement of changes in equity	15
Cash flow statement	16
Notes	17 - 29

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**The company**

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Jesperhus Resort ApS  
Legindvej 13  
7900 Nykøbing M  
Location: Nykøbing M  
CVR no.: 10 26 88 93  
Financial year: 01.01 - 31.12

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**Management**

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Thomas Buch Tøstesen

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**Board of Directors**

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Karl Johan Söör  
Hans Göran Meijer  
Ola Johan Michael Bååth

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**Revision**

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Beierholm  
State Authorised Public Accountant

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**Financial institution**

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Nordea Bank

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**Lawyer**

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Dahl Advokatpartnerselskap

We have today presented the annual report for the financial year 01.01.23 - 31.12.23 for Jesperhus Resort ApS.

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 company's assets, liabilities and financial position at 31.12.23 and the results of the company's operations and cash flows for the financial year 01.01.23 - 31.12.23.

In our opinion, the management's review gives a true and fair account of the matters covered by the report.

The annual report is recommended for approval by the general meeting.

Nykøbing M, 3 April 2024

### **Directorates**

Thomas Buch Tøstesen

### **The board of directors**

Karl Johan Söör  
Chairman of the  
Board

Hans Göran Meijer

Ola Johan Michael Bååth

## The independent auditor's audit report

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### To the shareholder of Jesperhus Resort ApS

#### Conclusion

We have audited the financial statements of Jesperhus Resort ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2023 and of the results of the company's operations and cash flows for the financial year 01 January 2023 - 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 and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethical Conduct 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 conclusion.

#### Management's responsibility 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. Management is also responsible 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.

## The independent auditor's audit report

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### **Auditor's responsibility for the audit of the financial statements**

Our objective is 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 with an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. In addition:

- 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation 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.

## The independent auditor's audit report

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### Opinion on the management report

Management is responsible for the management report.

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

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to contain material misinformation.

Our responsibility is also to consider whether the management's review contains the information required by the Danish Financial Statements Act.

Based on the work we have performed, in our opinion, Management's Review is consistent with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We have not identified any material misstatement in the management's review.

Skive, 3 April 2024

### Beierholm

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Martin Olesen Furbo  
State  
Authorised  
Public  
Accountant  
MNE no. mne32204

Allan Aakmann Christensen  
State Authorised Public Accountant  
MNE no. mne35463

## KEY FIGURES AND KEY RATIOS

## Key figures

Amount in DKK thousand	01.10.21		2020/21	2019/20	2018/19
	2023	31.12.22			
<i>Results</i>					
Gross profit	79.892	81.034	64.587	46.846	46.401
Index	172	175	139	101	100
Operating profit/loss	25.255	16.832	23.084	12.684	12.041
Index	210	140	192	105	100
Total financial items	-1.617	-1.934	-918	-1.149	-1.348
Index	120	143	68	85	100
Profit for the year	18.366	11.720	17.290	8.997	8.306
Index	221	141	208	108	100
<i>Balance</i>					
Total assets	142.283	131.456	114.714	101.300	95.637
Index	149	137	120	106	100
Investments in property, plant and equipment	19.040	27.289	11.695	15.532	8.596
Index	221	317	136	181	100
Shareholders' equity	88.716	70.350	53.319	36.469	29.472
Index	301	239	181	124	100

**Key figures**

	2023	01.10.21 31.12.22	2020/21	2019/20	2018/19
<i>Profitability</i>					
Return on equity	23%	20%	39%	28%	33%
<i>Solidity</i>					
Equity ratio	62%	54%	46%	36%	31%
<i>Others</i>					
Number of employees (average)	99	125	102	90	90

*Definitions of key figures*

Return on equity:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$
Equity ratio:	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$

**Main activities**

The company's activities consist of operating Jesperhus Flower Park and Holiday Centre. Earnings are derived from sales from entrance fees, income from overnight stays and accommodation, bowling, swimming pool, restaurants, online and physical stores.

**Development in activities and financial conditions**

The income statement for the period 01.01.23 - 31.12.23 shows a profit of DKK 18,366,024 compared to DKK 11,719,930 for the period 01.10.21 - 31.12.22. The balance sheet shows equity of DKK 88,715,785.

As the company moved from a staggered financial year to follow the calendar year going forward in the 2022 financial year, the comparative period in these financial statements covers a 15-month period.

With its unique concept and focus on entertaining children before, during and after their visit to Jesperhus, the company has reached an important milestone during 2023. More than 200 million streams on Jesperhus' YouTube channel have been reached, making it the country's most viewed children's channel measured by the total time the children watch the films on the YouTube platform. The ongoing development of the digital universe - most recently with Radio Jesperhus on the podcast medium - is, in close cohesion with the physical product, helping to manifest Jesperhus as one of Denmark's best children's holiday destinations.

In 2023, the tourism market was characterised by Danes being able to travel abroad again after several years of the Corona pandemic. This, combined with a wet summer, has led to a slight dip in the number of visitors during the high season. On the other hand, there is a steadily increasing demand outside the main high season, which supports the strategy of remaining a year-round resort.

On the employee side, ongoing pulse measurements have been introduced across the organisation in 2023. These measurements include both permanent and seasonal employees and aim to ensure ongoing insight into employee well-being and everyday life. Jesperhus wants to ensure a good framework and conditions for all employees - the employees are unconditionally the most important factor for the continued success and development of the resort.

In terms of the environment, new initiatives were invested in 2023 to reduce the company's impact on the outside world. Among other things, investments have been made in solar panels that will help produce up to 12% of the company's total electricity consumption. In addition, all other electricity consumption from the second quarter of 2023 onwards has been switched to wind energy.

In the 2023 financial year, targeted investments were made to strengthen the guest experience, revenue and earnings. The level of investment totalled DKK 23.3 million - going forward, we also expect significant investments to help ensure

the resort's continued development as a year-round resort.

Based on the above, we are pleased to announce that we have achieved a satisfactory profit in the company during the financial year. As a result of this development, the equity ratio has increased with a return on equity of 23%.

#### Drift

The company's earnings are to a significant extent dependent on the number of visitors and price trends. The number of visitors is affected by economic trends, weather conditions and competition. In addition, price increases for energy and personnel represent a particular risk, as such price increases can only be recognised in the finished product to a relatively limited extent.

#### **Expected development**

We are following our strategy plan and expect to maintain our position as one of Denmark's best holiday destinations for families with children. We expect another busy year in the coming financial year, where our target group, families with children, will prefer to holiday in Denmark and are therefore investing for the coming season in new rental units at the Holiday Centre, expanding capacity at points of sale, and thematising and upgrading the activities in the Flower Park. We therefore expect continued revenue growth, but also increased pressure on operating costs, recruitment and salaries. Our expectations for profit before tax for the year are therefore in a range between DKK 18 - 22 million.

#### **Financial risks**

##### *Liquidity risks*

Through the new ownership and group structure in First Camp, both capital and liquidity preparedness for the ongoing operation and future development of Jesperhus is secured.

#### **External environment**

The company is in the process of minimising its impact on the environment. In 2023, investments have been made in initiatives that will ensure that the company's energy consumption from Q2 2023 onwards comes from green energy sources. In addition, investments have been made in measures that can help reduce the company's overall energy consumption.

#### **Subsequent events**

No events have occurred after the balance sheet date that have a significant impact on the judgement of the annual report.

## Income statement

Note		2023	01.10.21
		DKK	DKK
	<b>Gross profit</b>	<b>79.892.346</b>	<b>81.033.565</b>
1	Labour costs	-46.593.413	-56.001.530
	<b>Profit before depreciation, amortisation and impairment</b>	<b>33.298.933</b>	<b>25.032.035</b>
	Depreciation and impairment of intangible assets and property, plant and equipment	-8.043.920	-8.199.580
	<b>Operating profit/loss</b>	<b>25.255.013</b>	<b>16.832.455</b>
	Financial income	0	19.872
2	Financial expenses	-1.617.455	-1.953.589
	<b>Profit before tax</b>	<b>23.637.558</b>	<b>14.898.738</b>
3	Tax on profit for the year	-5.271.534	-3.178.808
	<b>Profit for the year</b>	<b>18.366.024</b>	<b>11.719.930</b>
4	Proposal for profit allocation		

<b>ASSETS</b>		31.12.23	31.12.22
		DKK	DKK
Note			
	Acquired rights	5.788.640	6.512.220
5	<b>Total intangible assets</b>	<b>5.788.640</b>	<b>6.512.220</b>
	Land and buildings	99.326.849	94.039.826
	Other fixtures and fittings, tools and equipment	23.143.496	12.421.355
	Property, plant and equipment under construction	1.823.067	6.112.775
6	<b>Total property, plant and equipment</b>	<b>124.293.412</b>	<b>112.573.956</b>
	<b>Total non-current assets</b>	<b>130.082.052</b>	<b>119.086.176</b>
	Manufactured goods and merchandise	6.000.650	4.783.332
	<b>Total inventories</b>	<b>6.000.650</b>	<b>4.783.332</b>
	Trade receivables and accounts receivable	107.843	288.672
	Other receivables	836.377	681.063
7	Prepayments and accrued income	634.145	871.725
	<b>Total receivables</b>	<b>1.578.365</b>	<b>1.841.460</b>
	<b>Cash and cash equivalents</b>	<b>4.621.859</b>	<b>5.744.627</b>
	<b>Total current assets</b>	<b>12.200.874</b>	<b>12.369.419</b>
	<b>Total assets</b>	<b>142.282.926</b>	<b>131.455.595</b>

<b>LIABILITIES</b>		31.12.23	31.12.22
Note		DKK	DKK
8	Share capital	311.139	311.139
	Retained earnings	88.404.646	70.038.622
	<b>Total equity</b>	<b>88.715.785</b>	<b>70.349.761</b>
9	Provisions for deferred tax	6.315.000	4.878.000
	<b>Total provisions in total</b>	<b>6.315.000</b>	<b>4.878.000</b>
10	Lease commitments	56.882	102.460
10	Amounts owed to group companies	14.951.436	14.951.436
	<b>Total non-current liabilities</b>	<b>15.008.318</b>	<b>15.053.896</b>
10	Current portion of non-current liabilities	41.694	47.386
	Prepayments received from customers	11.530.674	12.999.714
	Suppliers of goods and services	2.948.444	4.740.019
	Amounts owed to group companies	9.923.290	16.904.204
	Corporate income tax	2.801.428	1.908.064
	Other debt	4.998.293	4.574.551
	<b>Total current liabilities</b>	<b>32.243.823</b>	<b>41.173.938</b>
	<b>Total liabilities and commitments</b>	<b>47.252.141</b>	<b>56.227.834</b>
	<b>Total liabilities and equity</b>	<b>142.282.926</b>	<b>131.455.595</b>

- 11 Contingent liabilities
- 12 Pledges and collateral
- 13 Related parties

## Statement of changes in equity

Amount in DKK	Share capital	Retained earnings	Shareholders' equity in total
Statement of changes in equity for 01.01.23 - 31.12.23			
Balance as of 01.01.23	311.139	70.038.622	70.349.761
Proposal for profit allocation	0	18.366.024	18.366.024
Balance as of 31.12.23	311.139	88.404.646	88.715.785

## Cash flow statement

	2023	01.10.21
Note	DKK	DKK
<b>Profit for the year</b>	<b>18.366.024</b>	<b>11.719.930</b>
14 Adjustments	14.932.909	13.312.105
Change in working capital		
Inventories	-1.217.318	-2.156.206
Receivables	263.095	1.801.415
Suppliers of goods and services	-1.791.575	1.367.220
Other operating liabilities	-8.026.213	1.898.411
<b>Cash flow from operations before financial items</b>	<b>22.526.922</b>	<b>27.942.875</b>
Interest income and similar income received	0	19.872
Interest paid and similar expenses	-1.617.455	-1.953.589
Corporation tax paid	-2.941.169	-4.726.724
<b>Cash flow from operations</b>	<b>17.968.298</b>	<b>21.282.434</b>
Purchase of intangible assets	0	-7.235.800
Purchase of property, plant and equipment	-19.039.796	-27.288.821
Sale of property, plant and equipment	0	131.801
<b>Cash flow from investments</b>	<b>-19.039.796</b>	<b>-34.392.820</b>
Capital injection	0	5.310.800
Repayments on mortgage debt	0	-33.416.073
Reduction of debt to credit institutions	0	-414.189
Instalments on lease liabilities	-51.270	-116.278
Recognition of debt to group companies	0	31.855.640
<b>Cash flow from financing activities</b>	<b>-51.270</b>	<b>3.219.900</b>
<b>Total cash flow for the year</b>	<b>-1.122.768</b>	<b>-9.890.486</b>
Cash and cash equivalents at the beginning of the year	5.744.627	15.635.113
<b>Cash and cash equivalents at the end of the year</b>	<b>4.621.859</b>	<b>5.744.627</b>
Cash and cash equivalents at year-end are specified as follows:		
Cash and cash equivalents	4.621.859	5.744.627
<b>In total</b>	<b>4.621.859</b>	<b>5.744.627</b>

01.10.21  
2023 31.12.22  
DKK DKK

**1. Labour costs**

Wages and salaries	39.817.870	47.809.716
Pensions	3.910.664	4.420.198
Other social security costs	2.275.686	2.396.744
Other staff costs	589.193	1.374.872
<b>In total</b>	<b>46.593.413</b>	<b>56.001.530</b>

Average number of employees in the year	99	125
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Remuneration to management:

Remuneration to the Executive Board and Board of Directors	1.534.808	3.713.625
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**2. Financial expenses**

Interest expenses from group companies	1.603.309	1.194.996
Other interest expenses	13.321	521.276
Other financial expenses	825	237.317
Other financial expenses	14.146	758.593
<b>In total</b>	<b>1.617.455</b>	<b>1.953.589</b>

	01.10.21
2023	31.12.22
DKK	DKK

### 3. Tax on profit for the year

Current tax for the year	4.267.428	2.887.324
Adjustment of deferred tax for the year	1.437.000	291.484
Adjustment of tax from previous years	-432.894	0
In total	5.271.534	3.178.808

### 4. Proposal for profit allocation

Retained earnings	18.366.024	11.719.930
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### 5. Intangible assets

Amount in DKK	Acquired rights
Cost price as of 01.01.23	7.235.800
Cost price as of 31.12.23	7.235.800
Depreciation, amortisation and impairment as of 01.01.23	-723.580
Depreciation in the year	-723.580
Depreciation, amortisation and impairment at 31.12.23	-1.447.160
Carrying amount per 31.12.23	5.788.640

## 6. Property, plant and equipment

Amount in DKK	Land and Buildings	Other installations, operating equipment and inventory	Property, plant and equipment In progress
Cost price as of 01.01.23	217.424.595	53.009.901	6.112.775
Additions in the year	10.195.478	7.021.251	1.823.067
Transfers during the year to/from other items	0	6.112.775	-6.112.775
Cost price as of 31.12.23	227.620.073	66.143.927	1.823.067
Depreciation, amortisation and impairment as of 01.01.23	-123.383.705	-40.584.069	0
Depreciation in the year	-4.909.519	-2.416.362	0
Depreciation, amortisation and impairment at 31.12.23	-128.293.224	-43.000.431	0
Carrying amount per 31.12.23	99.326.849	23.143.496	1.823.067
Carrying amount of assets held under finance leases at 31.12.23	0	133.324	0
		31.12.23 DKK	31.12.22 DKK

## 7. Deferred income

Prepaid rent, insurance and subscriptions	634.145	871.725
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**8. Share capital**

The share capital consists of:

	Number of	Total nominal value
		DKK
Capital shares	311.139	311.139
	31.12.23	31.12.22
	DKK	DKK

**9. Deferred tax**

Deferred tax as of 01.01.23	4.878.000	4.581.984
Deferred tax recognised in the income statement	1.437.000	296.016
Deferred tax per 31.12.23	6.315.000	4.878.000

**10. Non-current liabilities**

Amount in DKK	First year instalments	Total debt 31.12.23	Total debt 31.12.22
Lease commitments	41.694	98.576	149.846
Amounts owed to group companies	0	14.951.436	14.951.436
In total	41.694	15.050.012	15.101.282

## 11. Contingent liabilities

### *Other contingent liabilities*

The company is jointly taxed with other companies in the Group and is proportionally liable for corporation tax and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability is an amount corresponding to the share of the capital in the company owned directly or indirectly by the ultimate parent company. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes to the joint taxation income, etc.

## 12. Pledges and collateral

As part of Frist Camp Group's bond financing, a number of Frist Camp Group companies, including Jesperhus Resort ApS, have provided a guarantee regarding the issuing company First Camp Group AB's obligations under the terms of the bond, which includes interest payments and repayment of the loan on the due date. Further information regarding the bond financing can be found in First Camp Group AB's annual report

## 13. Related parties

Determining influence	Basis for influence
First Camp Danmark A/S	Ownership and voting rights
First Camp Group AB, Sweden	Ownership and voting rights
	31.12.23
Intercompany balances	DKK
Payables to group companies	-24,874,726

The company is included in the consolidated financial statements of the parent company First Camp Group AB, Sweden.

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	2023	01.10.21
	DKK	31.12.22
		DKK

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**14. Adjustments to the cash flow statement**

Depreciation and impairment of intangible assets and property, plant and equipment	8.043.920	8.199.580
Financial income	0	-19.872
Financial expenses	1.617.455	1.953.589
Tax on profit for the year	5.271.534	3.178.808
<hr/>		
In total	14.932.909	13.312.105

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## 15. Accounting policies GENERAL

The annual report has been prepared in accordance with the Danish Financial Statements Act for medium-sized companies in accounting class C with the addition of provisions from a higher accounting class.

The accounting policies are unchanged compared to the previous year.

### General recognition and measurement

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, 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 the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company and the value of the liability can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Recognition and measurement take into account foreseeable losses and risks that arise before the annual report is presented and that confirm or refute conditions that existed on the balance sheet date.

### LEASING CONTRACTS

Leases of assets where the company has substantially all the risks and rewards incidental to ownership of the asset (finance leases) are recognised in the balance sheet. Assets held under finance leases and related lease liabilities are initially measured at the fair value of the leased asset or the present value of the future lease payments, if lower. Assets held under finance leases are subsequently treated as other similar assets.

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities. After initial recognition, lease liabilities are measured at amortised cost, whereupon the interest portion of the lease payment is recognised in the income statement over the lease term.

## 15. Accounting policies - continued

### INCOME STATEMENT

#### Gross profit

Gross profit includes net sales, other operating income and costs for raw materials and consumables and other external costs.

#### Net revenue

Revenue from the sale of goods is recognised in the income statement if delivery and transfer of risk to the buyer have taken place before the end of the financial year and when the sales amount can be reliably measured and payment is expected. Revenue is measured at fair value and is calculated excluding VAT and taxes collected on behalf of third parties and less discounts.

#### Other operating income

Other operating income comprises income of a secondary nature to the company's activities, including rental income, negative goodwill and gains on the sale of intangible and tangible fixed assets.

#### Cost of raw materials and consumables

The cost of raw materials and consumables comprises the year's consumption of raw materials and consumables plus any changes in inventory, including any shrinkage.

Write-downs on inventories of raw materials and consumables are also recognised under costs of raw materials and consumables to the extent that they do not exceed normal write-downs.

#### Other external costs

Other external costs include costs for distribution, sales and advertising, administration, premises and bad debts to the extent that they do not exceed normal write-downs.

#### Labour costs

Staff costs include salaries, wages and other staff-related costs.

## 15. Accounting policies - continued

### Depreciation, amortisation and impairment

Amortisation of intangible assets and depreciation of property, plant and equipment aim to provide systematic amortisation over the expected useful lives of the assets. Straight-line amortisation is applied based on the following useful lives and residual values:

	Usage time, year	Residual value DKK
Acquired rights	10	0
Buildings	10-50	0
Other fixtures and fittings, tools and equipment	3-25	0

Land is not depreciated.

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

Impairment of intangible assets and property, plant and equipment is recognised according to the accounting policies described in the section "Impairment of non-current assets".

### Other financial items

Other financial items include interest income and interest expenses, the interest portion of finance lease payments, etc.

### Tax on profit for the year

Current and deferred taxes for the year are recognised in the income statement as tax on profit or loss for the year with the portion attributable to profit or loss for the year and directly in equity with the portion attributable to items recognised directly in equity.

The company is jointly taxed with Danish group companies.

The current Danish corporation tax is distributed by settling joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In addition, companies with tax losses receive joint taxation contributions from companies that have been able to use these losses to reduce their own tax surplus.

## 15. Accounting policies - continued

### BALANCE

#### **Intangible fixed assets**

##### *Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised on a straight-line basis based on useful lives as described in the section "Amortisation and impairment".

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

#### **Property, plant and equipment**

Property, plant and equipment includes land and buildings as well as other plant, equipment and furniture.

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

Cost comprises the purchase price and costs directly attributable to the acquisition until the asset is ready for use. Interest on loans to finance the production is not recognised in cost.

The cost of a single asset is divided into separate components that are depreciated separately if the useful lives of the individual components differ.

Property, plant and equipment are depreciated on a straight-line basis based on useful lives and residual values as described in the section "Depreciation, amortisation and impairment".

##### *Property, plant and equipment under construction*

Property, plant and equipment under construction is measured at cost. Costs incurred for property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

## 15. Accounting policies - continued

### *Gains or losses on disposal of property, plant and equipment*

Gains or losses on disposal of property, plant and equipment are recognised as the difference between any selling price less costs to sell and the carrying amount at the date of sale less any costs of disposal.

### **Impairment of non-current assets**

The carrying amount of non-current assets not measured at fair value is assessed annually for indications of impairment beyond that expressed by depreciation.

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

If there are indications of impairment, impairment tests are performed on each individual asset or group of assets.

Impairment is recognised at the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of net realisable value and value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from the sale of the asset or group of assets at the end of its useful life.

Impairment losses are reversed when the reason for the impairment no longer exists.

### **Inventories**

Inventories are measured at cost based on the FIFO method. Inventories are written down to net realisable value if this is lower.

The cost of raw materials, consumables and goods for resale is calculated as purchase prices with the addition of costs directly attributable to the acquisition.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale and is determined taking into account marketability, obsolescence and changes in expected selling price.

## 15. Accounting policies - continued

### Receivables

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

Provisions for bad debts are calculated on the basis of an individual assessment of each receivable when there is objective evidence at an individual level that a receivable is impaired.

### Prepayments and accrued income

Deferred income recognised under assets comprises costs incurred in respect of subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents include deposits in bank accounts and cash in hand.

### Shareholders' equity

Proposed dividend for the financial year is recognised as a separate item under equity.

### Current and deferred taxes

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

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax under receivables or liabilities.

Deferred tax liabilities and deferred tax assets are calculated on 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 not eligible for amortisation for tax purposes and other items where temporary differences, other than acquisitions, have arisen at the time of acquisition without affecting profit or taxable income. In cases where the tax value can be calculated according to different tax rules, deferred tax is measured on the basis of management's planned utilisation of the asset or settlement of the liability.

Deferred tax assets are recognised at the estimated value at which they are expected to be realised by offsetting against deferred tax liabilities or by offsetting against tax on future taxable income.

**15. Accounting policies - continued**

Deferred tax is measured on the basis of the tax rules and tax rates that will apply at the balance sheet date when the deferred tax is expected to crystallise as current tax.

**Debt obligations**

Non-current liabilities are measured at cost at the time the liability is incurred (borrowing). The liabilities are subsequently measured at amortised cost, with capital losses and borrowing costs recognised in the income statement as a financial expense over the term based on the effective interest rate calculated at the time the liability was incurred.

Current financial liabilities are measured at amortised cost, which normally corresponds to the nominal value of the debt. Other current liabilities are measured at net realisable value.

**Prepayments received from customers**

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

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method and shows cash flows from operating, investing and financing activities and cash and cash equivalents at the beginning and end of the year.

Cash flow from operations is calculated as profit for the year, adjusted for non-cash operating items, corporate taxes paid and changes in working capital.

Cash flows from investing activities include payments related to the purchase and sale of businesses and financial assets as well as the purchase, development, improvement and sale of intangible and tangible fixed assets.

Cash flows from financing activities include changes in the company's share capital and related costs and financing from dividends paid to owners, as well as the raising and repayment of long-term debt. Furthermore, cash flows from financing activities include payments on finance leases.

Cash and cash equivalents at the beginning and end of the year consist of cash and cash equivalents.