

Ruths Hotel A/S

Hans Ruths Vej 1, 9990 Skagen
CVR-nr. 11 81 09 85

Annual Report 2024

1 January - 31 December
37TH Financial year

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 4 April 2025

Anne-Marie Krog

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Company Details

Company	Ruths Hotel A/S Hans Ruths Vej 1 9990 Skagen
	CVR No.: 11 81 09 85 Established: 1 January 1988 Municipality: Frederikshavn Financial Year: 1 January - 31 December
Board of Directors	Anne-Marie Krog, chairman Mark Philip Sørensen Helle Dyhr Jensen Mark Murray Preston Peter Christian Bühlmann Jensen Christina Philip Sørensen Lötter
Executive Board	Tom Boye
Auditor	BDO Statsautoriseret revisionsaktieselskab Spliidsvej 25 A 9990 Skagen
Bank	Sparekassen Danmark Sct. Laurentii Vej 33 9990 Skagen
Law Firm	HjulmandKaptain Frederikshavnsvej 215 9800 Hjørring

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Ruths Hotel A/S for the financial year 1 January - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2024 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Skagen, 4 April 2025

Executive Board

Tom Boye

Board of Directors

Anne-Marie Krog
Chairman

Mark Philip Sørensen

Helle Dyhr Jensen

Mark Murray Preston

Peter Christian Bühlmann Jensen

Christina Philip Sørensen Lötter

Independent Auditor's Report

To the Shareholder of Ruths Hotel A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Ruths Hotel A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2024 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

In preparing the Consolidated Financial Statements and the 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 the Parent Company Financial Statements unless Management either intends to liquidate the Group or 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 the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the 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 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 Consolidated Financial Statements and the Parent Company Financial Statements.

Independent Auditor's Report

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 Consolidated Financial Statements and the 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 the 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 the 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Skagen, 4 April 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Allan Andersen
State Authorised Public Accountant
MNE no. mne31387

Financial Highlights of the Group

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Gross profit/loss	37,924	37,556	39,852	32,744	29,807
Operating profit/loss before depreciation and amortisation (EBITDA)	7,771	6,485	10,694	8,917	9,115
Operating profit/loss of main activities	3,195	2,258	7,099	5,870	6,418
Financial income and expenses, net	645	196	-34	-138	-94
Profit/loss for the year before tax	3,840	2,455	7,065	5,733	6,324
Profit/loss for the year	3,840	2,455	7,065	5,733	6,324
Results for the year without minority interests	3,840	2,455	7,065	5,733	6,324
Balance sheet					
Total assets	191,578	160,388	150,819	144,653	142,088
Equity	182,450	151,325	140,289	133,224	127,491
Cash flows					
Cash flows from operating activities	9,494	6,078	7,861	12,736	7,456
Cash flows from investing activities	-22,540	-16,126	-12,095	-13,161	-7,956
Cash flows from financing activities	27,278	8,618	-20	-1	18
Total cash flows	14,232	-1,430	-4,254	-426	-482
Investment in property, plant and equipment	-31,024	-16,347	-12,186	-8,661	-7,477
Average number of full-time employees	66	67	66	55	52
Key ratios					
Equity ratio	95.2	94.3	93.0	92.1	89.7

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio:
$$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$$

Management Commentary

Principal activities

The principal activities comprise hotel operations and food service, administration of real estate as well as other business related hereto in the opinion of the Board of Directors.

Unusual matters

The Company's Management has noted that there is a classification misstatement in the annual report for 2024 concerning a received group contribution.

Please also refer to the description under "Accounting Policies", including the description of the impact on the annual report of the correction of material errors.

The error did not impact neither the results nor equity in the years 2023 and 2024.

Development in activities and financial and economic position

The results and financial development of the group were slightly better than budget for the year 2024.

The group achieved a profit of DKK ('000) 3,840 in 2024 against DKK ('000) 2,455 in 2023.

Profit/loss for the year compared to the expected development

The financial results were affected by market conditions with high costs and a summer season with variable weather.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Group's financial position.

Future expectations

It is expected that the results for 2025 will be at the same level as 2024.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2024 DKK	2023 DKK	2024 DKK	2023 DKK
Gross profit		37,923,626	37,556,090	37,986,762	37,613,365
Staff costs	1	-30,152,723	-31,070,843	-30,152,723	-31,070,843
Depreciation, amortisation and impairment losses for tangible and intangible assets		-4,576,002	-4,226,778	-4,576,002	-4,226,778
Operating profit		3,194,901	2,258,469	3,258,037	2,315,744
Income from investments in subsidiaries		0	0	268,487	-66,175
Other financial income	2	647,112	205,300	258,426	214,200
Other financial expenses	3	-2,077	-8,882	-2,077	-8,882
Profit before tax		3,839,936	2,454,887	3,782,873	2,454,887
Tax on profit/loss for the year	4	0	0	57,063	0
Profit for the year	5	3,839,936	2,454,887	3,839,936	2,454,887

Balance Sheet at 31 December

	Note	Group		Parent Company	
		2024 DKK	2023 DKK	2024 DKK	2023 DKK
Assets					
Land and buildings		117,994,429	118,819,031	117,994,429	118,819,031
Other plant, fixtures and equipment		15,609,326	16,178,416	15,609,326	16,178,416
Tangible fixed assets in progress and prepayments for tangible fixed assets		27,842,125	8,484,285	0	0
Property, plant and equipment	6	161,445,880	143,481,732	133,603,755	134,997,447
Investments in subsidiaries		0	0	36,108,438	8,554,510
Financial non-current assets	7	0	0	36,108,438	8,554,510
Non-current assets		161,445,880	143,481,732	169,712,193	143,551,957
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Expenses for raw materials and consumables		2,991,974	4,252,274	2,991,974	4,252,274
Finished goods and goods for resale		69,346	170,679	69,346	170,679
Inventories		3,061,320	4,422,953	3,061,320	4,422,953
Trade receivables		1,188,600	1,036,513	1,188,600	1,036,513
Receivables from group enterprises		0	0	2,542,708	5,520,161
Other receivables		794,700	568,987	317,667	568,987
Joint tax contribution receivable		0	0	57,063	0
Prepayments	8	121,549	143,722	121,549	143,722
Receivables		2,104,849	1,749,222	4,227,587	7,269,383
Other securities and equity investments		100,000	100,000	100,000	100,000
Current investments		100,000	100,000	100,000	100,000
Cash and cash equivalents		24,866,076	10,634,527	14,378,275	5,769,778
Current assets		30,132,245	16,906,702	21,767,182	17,562,114
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Assets		191,578,125	160,388,434	191,479,375	161,114,071

Balance Sheet at 31 December

	Note	Group		Parent Company	
		2024 DKK	2023 DKK	2024 DKK	2023 DKK
Equity and liabilities					
Share capital	9	16,600,000	16,600,000	16,600,000	16,600,000
Reserve for net revaluation under the equity method		0	0	202,312	0
Retained earnings		165,850,097	134,724,719	165,647,785	134,724,719
Equity		182,450,097	151,324,719	182,450,097	151,324,719
Bank debt		33,425	40,751	33,425	40,751
Prepayments from customers		197,993	149,992	197,993	149,992
Trade payables		218,639	170,386	119,889	170,386
Debt to Group companies		500,000	500,000	500,000	500,000
Other liabilities		3,337,368	3,262,169	3,337,368	3,987,806
Deferred income	10	4,840,603	4,940,417	4,840,603	4,940,417
Current liabilities		9,128,028	9,063,715	9,029,278	9,789,352
Liabilities		9,128,028	9,063,715	9,029,278	9,789,352
Equity and liabilities		191,578,125	160,388,434	191,479,375	161,114,071
Contingencies etc.	11				
Charges and securities	12				
Related parties	13				

Equity

DKK	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2024	16,600,000	134,724,719	151,324,719
Proposed profit allocation, see note 5		3,839,936	3,839,936
Contribution from Group		27,285,442	27,285,442
Equity at 31 December 2024	16,600,000	165,850,097	182,450,097

DKK	Parent Company			
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2024	16,600,000	8,514,510	126,210,210	151,324,720
Change of equity due to correction of errors		-8,514,510	8,514,510	0
Adjusted equity at 1 January 2024	16,600,000	0	134,724,720	151,324,720
Proposed profit allocation, jf. note 5		268,487	3,571,449	3,839,936
Contribution from Group			27,285,441	27,285,441
Transfers				
Settlem. negative balance		-66,175	66,175	0
Equity at 31 December 2024	16,600,000	202,312	165,647,785	182,450,097

Cash Flow Statement 1 January - 31 December

	Group		Parent Company	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK
Profit/loss for the year	3,839,936	2,454,887	3,839,936	2,454,887
Depreciation and amortisation, reversed	4,576,002	4,226,778	4,576,002	4,226,778
Reversed realization gains	0	-5,380	0	-5,380
Profit/loss from subsidiaries	0	0	-268,487	66,175
Tax on profit/loss, reversed	0	0	-57,063	0
Change in inventories	1,361,633	-315,259	1,361,633	-315,259
Change in receivables (ex tax)	-355,627	1,220,667	3,098,859	-4,299,494
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	71,640	-1,503,505	-752,747	-777,868
Cash flows from operating activity	9,493,584	6,078,188	11,798,133	1,349,839
Purchase of property, plant and equipment	-22,540,150	-24,831,569	-3,182,310	-16,347,285
Sale of property, plant and equipment	0	3,805,381	0	3,805,381
Purchase of financial assets	0	0	-27,285,441	-8,620,685
Instalments on non-current lending and current investments	0	4,900,000	0	4,900,000
Cash flows from investing activity	-22,540,150	-16,126,188	-30,467,751	-16,262,589
Change in bank debt	-7,326	37,541	-7,326	37,541
Other cash flows from financing activities	27,285,441	8,580,684	27,285,441	8,580,685
Cash flows from financing activity	27,278,115	8,618,225	27,278,115	8,618,226
	14,231,549	-1,429,775	8,608,497	-6,294,524
Cash and cash equivalents at 1. januar	10,634,527	12,064,302	5,769,778	12,064,302
Cash and cash equivalents at 31 December	24,866,076	10,634,527	14,378,275	5,769,778
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents	24,866,076	10,634,527	14,378,275	5,769,778
Cash and cash equivalents	24,866,076	10,634,527	14,378,275	5,769,778

Notes

	Group		Parent Company	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK
1 Staff costs				
Average number of full time employees	66	67	66	67
Wages and salaries	26,283,279	26,685,367	26,283,279	26,685,367
Pensions	2,787,397	3,006,240	2,787,397	3,006,240
Social security costs	526,653	652,645	526,653	652,645
Other staff costs	555,394	726,591	555,394	726,591
	30,152,723	31,070,843	30,152,723	31,070,843
Remuneration of Management and Board of Directors	1,333,004	1,375,729	1,333,004	1,375,729
	1,333,004	1,375,729	1,333,004	1,375,729
2 Other financial income				
Interest income from group enterprises	0	0	22,546	9,361
Other interest income	647,112	205,300	235,880	204,839
	647,112	205,300	258,426	214,200
3 Other financial expenses				
Other interest expenses	2,077	8,882	2,077	8,882
	2,077	8,882	2,077	8,882
4 Tax on profit/loss for the year				
Calculated tax on taxable income of the year	0	0	-57,063	0
	0	0	-57,063	0
5 Proposed distribution of profit				
Allocation to reserve for net revaluation under the equity method	0	0	268,487	0
Retained earnings	3,839,936	2,454,887	3,571,449	2,454,887
	3,839,936	2,454,887	3,839,936	2,454,887

Notes

6 | Property, plant and equipment

DKK	Group		
	Land and buildings	Other plant, fixtures and equipment	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2024	160,157,073	34,857,440	8,484,285
Additions	933,435	2,248,875	19,357,840
Disposals	0	-1,815,311	0
Cost at 31 December 2024	161,090,508	35,291,004	27,842,125
Depreciation and impairment losses at 1 January 2024	41,338,043	18,679,023	0
Reversal of depreciation of assets disposed of	0	-1,815,311	
Depreciation for the year	1,758,036	2,817,966	
Depreciation and impairment losses at 31 December 2024	43,096,079	19,681,678	0
Carrying amount at 31 December 2024	117,994,429	15,609,326	27,842,125
	Parent Company		
DKK	Land and buildings	Other plant, fixtures and equipment	
Cost at 1 January 2024	160,157,073	34,857,440	
Additions	933,435	2,248,875	
Disposals	0	-1,815,311	
Cost at 31 December 2024	161,090,508	35,291,004	
Depreciation and impairment losses at 1 January 2024	41,338,043	18,679,023	
Reversal of depreciation of assets disposed of	0	-1,815,311	
Depreciation for the year	1,758,036	2,817,966	
Depreciation and impairment losses at 31 December 2024	43,096,079	19,681,678	
Carrying amount at 31 December 2024	117,994,429	15,609,326	

Notes

7 | Financial non-current assets

	<u>Parent Company</u>
DKK	Investments in subsidiaries
Cost at 1 January 2024	8,620,685
Additions	27,285,441
Cost at 31 December 2024	35,906,126
Revaluation at 1 January 2024	-66,175
Profit/loss for the year	268,487
Revaluation at 31 December 2024	202,312
Carrying amount at 31 December 2024	36,108,438

Investments in subsidiaries (DKK)

Name and domicile	Equity	Profit/loss for the year	Ownership
Højene Huse ApS, Skagen	36,108,438	202,312	100 %

	<u>Group</u>		<u>Parent Company</u>	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK

8 | Prepayments

Accruals include costs related to the coming financial year.

Costs	121,549	143,722	121,549	143,722
	121,549	143,722	121,549	143,722

9 | Share capital

Allocation of Share capital:

Shares, 16,600 unit in the denomination of 1,000 DKK	16,600,000	16,600,000
	16,600,000	16,600,000

10 | Deferred income

Deferred income include income related to the coming financial year.

Notes

11 | Contingencies etc.

Contingent assets

The Group has at 31 December 2024 an unrecognised deferred tax asset of DKK ('000) 18,482.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the Balance Sheet date.

12 | Charges and securities

The Group has issued mortgage deeds off a total amount of DKK ('000) 6,500. The amount has been provided as security for bank balances.

13 | Related parties

The Company's related parties include:

Controlling interest

LEGACY 4 LIMITED, Farncombe House, Broadway, Worcestershire, Great Britan, is the principal shareholder.

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Accounting Policies

The Annual Report of Ruths Hotel A/S for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Change resulting from material misstatement

We have found a material error in the annual report for 2023 consequent on the classification of a received group contribution.

The error has been incorporated retrospectively in the annual report so that the comparative figures have been adjusted.

The error has been incorporated in the annual report and the result is that the item "Reserve for net revaluation according to equity value" in Equity has been reduced by DKK 8,514,510 while the item "Retained earnings" has increased by DKK 8,514,510.

The effect of the material error has been recognised directly in Equity at the beginning of the year on "Change of equity due to correction of errors" where DKK 8,514,510 has been transferred from "Reserve for net revaluation according to equity value" to "Retained earnings".

The error did not impact neither the results nor equity in the years 2023 and 2024.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Ruths Hotel A/S and the subsidiaries in which Ruths Hotel A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Income Statement

Net revenue

Net revenue from the sale is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Accounting Policies

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Income from investments in subsidiaries

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Balance Sheet

Tangible fixed assets

Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Accounting Policies

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	20-50 years	40 %
Other plant, fixtures and equipment	5-10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Impairment of fixed assets

The carrying amount of tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Accounting Policies

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Securities and investments

Securities and investments, recognised as current assets, comprise public quoted bonds, shares and other securities. Public quoted securities are measured at the market price. Non-quoted equity interests are measured at cost price. Other securities are measured at cost price in so far as an approximate sales value cannot be stated reliably.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Accounting Policies

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.