

adapa flexibles Denmark Bjert A/S

Gl. Skartved 11
6091 Bjert
CVR No. 10082773

Annual report 2023

The Annual General Meeting adopted the annual report on 29.05.2024

Oliver Herlt

Chairman of the General Meeting

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Entity details

Entity

adapa flexibles Denmark Bjert A/S

Gl. Skartved 11

6091 Bjert

Business Registration No.: 10082773

Registered office: Bjert

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Pawlak Marek

Oliver Herlt

Karsten Morgen Jensen

Michael Frandsen Bryhl

Slawomir Adam Janiszewski

Executive Board

Rasmus Thinggaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of adapa flexibles Denmark Bjert A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Bjert, 29.05.2024

Executive Board

Rasmus Thinggaard

Board of Directors

Pawlak Marek

Oliver Herlt

Karsten Morgen Jensen

Michael Frandsen Bryhl

Slawomir Adam Janiszewski

Independent auditor's report

To the shareholders of adapa flexibles Denmark Bjert A/S

Opinion

We have audited the financial statements of adapa flexibles Denmark Bjert A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Kolding, 29.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Thomas Aamand Lund

State Authorised Public Accountant

Identification No (MNE) mne47764

Sussi Toft Johansen

State Authorised Public Accountant

Identification No (MNE) mne35830

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	8,123	15,154	22,690	20,403	17,165
Operating profit/loss	(4,045)	3,062	5,776	4,509	1,577
Net financials	(1,896)	(1,099)	(279)	(395)	(374)
Profit/loss for the year	(4,634)	1,314	4,488	3,194	949
Total assets	98,544	103,876	105,849	83,883	77,765
Investments in property, plant and equipment	10,198	23,964	1,893	1,599	4,339
Equity	57,328	61,962	60,648	31,162	27,968
Cash flows from (used in) operating activities	12,828	16,983	6,175	14,785	(4,149)
Cash flows from (used in) investing activities	(10,198)	(23,964)	(3,709)	(1,599)	(4,339)
Cash flows from (used in) financing activities	(2,630)	6,610	(2,542)	(12,754)	(968)
Ratios					
Return on equity (%)	(7.77)	2.14	9.78	10.80	3.45
Equity ratio (%)	58.18	59.65	57.30	37.15	35.96

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The Entity's principal activity is extrusion of polyethylene, using a blasting method, for packaging firms.

Development in activities and finances

The income statement of the company for 2023 shows a loss of tDKK 4,634, and per 31.12.2023 the equity balance shows an equity of tDKK 57,328.

In 2023, tDKK 10,198 has been invested in, among other things, a new extruder.

Profit/loss for the year in relation to expected developments

The year's result for 2023 is far from satisfactory and deviates significantly from the expectations we had at the start of 2023. We lost part of a good business, and our sales and volume fell drastically already from the start of 2023.

Outlook

Our expectations for 2024 are very positive, as we have partly established a new collaboration with a very large external customer in the end of 2023, which already in the first months of the year has shown very positive progress in sales and volume, and partly we have trimmed and adapted to the organization before entering 2024. Our expectations for 2024 are a sales increase of approx. 21%, and a thereby derived positive result before tax at a level of DKK 4-8 million.

Liquidity risk

The Company is participating in the Group cash pool and has a credit line with an external bank. This secures sufficient liquidity for the Company for the coming 12 months.

Environmental performance

Adapa Flexibles Denmark Bjert A/S strives to be an environmental conscious company maintaining and developing the measures required to at all times ensure optimal environment relation to products, production processes, people and surroundings so as to continually reduce environmental impacts from using flexible packaging.

Research and development activities

The Entity does not develop, but continuously improves its products.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		8,123	15,154
Distribution costs		(4,983)	(5,715)
Administrative expenses		(7,185)	(6,377)
Operating profit/loss		(4,045)	3,062
Other financial income	3	0	42
Other financial expenses	4	(1,896)	(1,141)
Profit/loss before tax		(5,941)	1,963
Tax on profit/loss for the year	5	1,307	(649)
Profit/loss for the year	6	(4,634)	1,314

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired intangible assets		0	0
Intangible assets	7	0	0
Land and buildings		27,380	28,482
Plant and machinery		35,983	31,295
Other fixtures and fittings, tools and equipment		749	939
Property, plant and equipment	8	64,112	60,716
Deferred tax	9	302	0
Financial assets		302	0
Fixed assets		64,414	60,716
Raw materials and consumables		11,504	20,002
Manufactured goods and goods for resale		6,694	10,639
Inventories		18,198	30,641
Trade receivables		4,179	3,422
Receivables from group enterprises		9,610	6,871
Other receivables		2,137	2,221
Receivables		15,926	12,514
Cash		6	6
Current assets		34,130	43,161
Assets		98,544	103,877

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	10	1,001	1,001
Retained earnings		56,327	60,961
Equity		57,328	61,962
Deferred tax	9	0	1,004
Other provisions	11	125	346
Provisions		125	1,350
Mortgage debt		9,443	10,021
Other payables	12	2,157	2,083
Non-current liabilities other than provisions	13	11,600	12,104
Current portion of non-current liabilities other than provisions	13	600	622
Bank loans		3,447	7,188
Trade payables		3,749	5,911
Payables to group enterprises	14	19,001	11,167
Other payables		2,694	3,573
Current liabilities other than provisions		29,491	28,461
Liabilities other than provisions		41,091	40,565
Equity and liabilities		98,544	103,877
Events after the balance sheet date	1		
Staff costs	2		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,001	60,961	61,962
Profit/loss for the year	0	(4,634)	(4,634)
Equity end of year	1,001	56,327	57,328

Cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		(4,045)	3,062
Amortisation, depreciation and impairment losses		6,802	3,634
Other provisions		(221)	0
Working capital changes	15	12,187	12,396
Cash flow from ordinary operating activities		14,723	19,092
Financial income received		0	42
Financial expenses paid		(1,895)	(1,141)
Taxes refunded/(paid)		0	(1,010)
Cash flows from operating activities		12,828	16,983
Acquisition etc of property, plant and equipment		(10,198)	(23,964)
Cash flows from investing activities		(10,198)	(23,964)
Free cash flows generated from operations and investments before financing		2,630	(6,981)
Repayments of loans etc		(4,341)	(1,073)
Cash pool		1,711	7,683
Cash flows from financing activities		(2,630)	6,610
Increase/decrease in cash and cash equivalents		0	(371)
Cash and cash equivalents beginning of year		6	377
Cash and cash equivalents end of year		6	6
Cash and cash equivalents at year-end are composed of:			
Cash		6	6
Cash and cash equivalents end of year		6	6

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	25,828	25,487
Pension costs	2,505	2,273
Other social security costs	669	585
Other staff costs	572	441
	29,574	28,786
Average number of full-time employees	46	46

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Total amount for management categories	1,439	1,088
	1,439	1,088

3 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	0	42
	0	42

4 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	648	204
Other interest expenses	997	535
Exchange rate adjustments	251	402
	1,896	1,141

5 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Change in deferred tax	(1,307)	447
Adjustment concerning previous years	0	202
	(1,307)	649

6 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	(4,634)	1,314
	(4,634)	1,314

7 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	1,072
Cost end of year	1,072
Amortisation and impairment losses beginning of year	(1,072)
Amortisation and impairment losses end of year	(1,072)
Carrying amount end of year	0

8 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	38,970	120,571	7,374
Additions	0	10,198	0
Cost end of year	38,970	130,769	7,374
Depreciation and impairment losses beginning of year	(10,488)	(89,276)	(6,435)
Depreciation for the year	(1,102)	(5,510)	(190)
Depreciation and impairment losses end of year	(11,590)	(94,786)	(6,625)
Carrying amount end of year	27,380	35,983	749

9 Deferred tax

	2023	2022
	DKK'000	DKK'000
Property, plant and equipment	381	(897)
Inventories	(111)	(187)
Liabilities other than provisions	31	80
Tax losses carried forward	1	0
Deferred tax	302	(1,004)

	2023	2022
	DKK'000	DKK'000
Changes during the year		
Beginning of year	(1,004)	(358)
Recognised in the income statement	1,306	(447)
Adjustment concerning previous years	0	(199)
End of year	302	(1,004)

Deferred tax assets

Deferred tax assets are expected to be utilized by the company within the next 3-5 years.

10 Share capital

	Number	Par value
		DKK'000
Share capital	1,001	1001
	1,001	

11 Other provisions

The Entity are according to contracts to deliver products with specific qualities and is therefore obliged to replace goods that are not satisfactory. Other provisions are kDKK 125 (2022: kDKK 346) and relates to warranty claims.

12 Other payables

	2023	2022
	DKK'000	DKK'000
Holiday pay obligation	2,157	2,083
	2,157	2,083

13 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	600	622	9,443	6,786
Other payables	0	0	2,157	2,157
	600	622	11,600	8,943

14 Payables to group enterprises

The Company is participating in the Group cash pool and has a credit line with an external bank. This secures sufficient liquidity for the Company for the coming 12 months.

15 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in inventories	12,443	(3,895)
Increase/decrease in receivables	2,710	17,392
Increase/decrease in trade payables etc	(2,966)	(1,101)
	12,187	12,396

16 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Liabilities under rental or lease agreements until maturity in total	1,647	950

17 Contingent liabilities

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

18 Assets charged and collateral

Assets charged and collateral - Mortgage debt and bank debt are secured by way of mortgage deed of kDKK 25.179 on Land and Buildings. The mortgage also comprises the plant and machinery deemed part of the property totalling carrying amount of kDKK 27.380 in 2023.

Bank debt has furthermore been secured by way of business mortgage deed registered to the totalling kDKK 2,500, providing security on simple receivables arising from the sale of goods and services, operating equipment and consumables as well as stocks of raw materials, semi-finished and finished goods at a total carrying amount of kDKK 70.856 in 2023.

Adapa Flexibles Denmark Bjert A/S is a part of a financing agreement that applies for the entire adapa Group.

Adapa Flexibles Denmark A/S has acceded to the entire financing agreement as a guarantor. A mortgage deed on Land and Buildings of DKK 40,9 million has been registered as a security for this.

As security for the debt of the parent companies Adapa Holding GesmbH and Adapa GmbH the company has guaranteed payment to the lenders. Adapa Flexibles Denmark Bjert A/S guarantee obligations are limited to an amount equal to the company's equity where payments under the guarantee should be requested. The equity amounts to tDKK 57.328 per 31.12.2023.

19 Related parties with controlling interest

The following parties have controlling interest:

adapa Holding GesmbH, Austria, Immediate Parent

adapa GmbH, Germany, Group Parent

Atlas Flexibles GmbH, Germany, Group Parent

Capriel Investment S.A, Luxembourg, Ultimate Parent

20 Transactions with related parties

Transactions with related parties have been affected at arm's length. Referring to section 98 C(7) of the Danish Financial Statements Act, information on transactions with related parties is not disclosed.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

adapa GmbH

Romerstrasse 12, D-87437 Kempten

Germany

Austria

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	10-50 years
Plant and machinery	6-12 years
Other fixtures and fittings, tools and equipment	2-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Deferred tax

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

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

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

Other financial liabilities

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

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt and payment of dividend.

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