
Royal Canin Danmark A/S

Ørestads Boulevard 67, 3., DK-2300 København S

Annual Report for 1 January - 31 December 2020

CVR No 13 11 84 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/06 2021

Tessi Romell
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Royal Canin Danmark A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations and cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 June 2021

Executive Board

Tessi Romell

Board of Directors

Michael Kunze
Chairman

Andrew Samuel Kaminsky

Francois Henri de Guenyveau

Independent Auditor's Report

To the Shareholder of Royal Canin Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Royal Canin Danmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the

Independent Auditor's Report

disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Boje Andreassen
statsautoriseret revisor
mne2338

Gösta Gauffin
statsautoriseret revisor
mne45821

Company Information

The Company

Royal Canin Danmark A/S
Ørestads Boulevard 67, 3.
DK-2300 København S

CVR No: 13 11 84 77

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Michael Kunze , Chairman
Andrew Samuel Kaminsky
Francois Henri de Guenyveau

Executive Board

Tessi Romell

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	79.976	70.978	61.688	50.739	53.518
Profit/loss before financial income and expenses	7.570	5.801	2.441	-1.811	5.194
Net financials	590	640	845	869	626
Net profit/loss for the year	6.346	4.928	2.503	-806	4.527
Balance sheet					
Balance sheet total	63.651	66.233	69.071	61.450	55.142
Equity	14.200	20.854	18.926	16.423	21.729
Cash flows					
Cash flows from:					
- operating activities	14.203	294	-376	2.924	4.902
- investing activities	0	0	28	-127	-16.277
including investment in property, plant and equipment	0	0	0	-253	-291
- financing activities	-16.104	0	0	-4.500	-15.000
Change in cash and cash equivalents for the year	-1.901	294	-348	-1.703	-26.375
Number of employees	87	85	78	59	45
Ratios					
Return on assets	11,9%	8,8%	3,5%	-2,9%	9,4%
Solvency ratio	22,3%	31,5%	27,4%	26,7%	39,4%
Return on equity	36,2%	24,8%	14,2%	-4,2%	16,8%

Management's Review

Key activities

The Company imports, sells and distributes pet food in Denmark.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 6,345,879, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 14,199,806.

The past year and follow-up on development expectations from last year

The earnings are in line with the expectations and very satisfactory.

Targets and expectations for the year ahead

The Danish market continues to be very competitive and we expect our sales to remain at similar- or higher level and earnings to be at the same level in 2021 as 2020. The effects of COVID-19 have been limited and we do not expect any major impacts.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities and cash flows of the Company for the financial year for 2020 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		79.975.809	70.978.287
Staff expenses	1	-72.350.744	-65.044.890
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-54.752	-132.628
Profit/loss before financial income and expenses		7.570.313	5.800.769
Financial income	3	817.613	991.682
Financial expenses	4	-227.617	-352.036
Profit/loss before tax		8.160.309	6.440.415
Tax on profit/loss for the year	5	-1.814.430	-1.512.129
Net profit/loss for the year		6.345.879	4.928.286

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		0	9.979
Leasehold improvements		60.195	104.967
Property, plant and equipment	6	60.195	114.946
Receivables from group enterprises		15.000.000	15.000.000
Fixed asset investments	7	15.000.000	15.000.000
Fixed assets		15.060.195	15.114.946
Inventories		4.555.916	6.172.610
Trade receivables		2.963.486	2.166.599
Receivables from group enterprises		37.412.186	37.626.461
Deferred tax asset	8	941.593	473.633
Prepayments	9	953.535	1.013.797
Receivables		42.270.800	41.280.490
Cash at bank and in hand		1.764.153	3.665.417
Currents assets		48.590.869	51.118.517
Assets		63.651.064	66.233.463

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	10	500.000	500.000
Retained earnings		13.699.806	7.353.927
Proposed dividend for the year		0	13.000.000
Equity		14.199.806	20.853.927
Other payables		5.991.624	2.034.545
Long-term debt	12	5.991.624	2.034.545
Trade payables		8.827.704	5.441.694
Payables to group enterprises		7.256.555	10.360.828
Corporation tax		282.383	989.164
Other payables	12	27.092.992	26.553.305
Short-term debt		43.459.634	43.344.991
Debt		49.451.258	45.379.536
Liabilities and equity		63.651.064	66.233.463
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	15		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	7.353.927	13.000.000	20.853.927
Ordinary dividend paid	0	0	-13.000.000	-13.000.000
Net profit/loss for the year	0	6.345.879	0	6.345.879
Equity at 31 December	500.000	13.699.806	0	14.199.806

Cash Flow Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Net profit/loss for the year		6.345.879	4.928.286
Adjustments	13	1.279.186	1.005.111
Change in working capital	14	8.977.118	-5.021.231
Cash flows from operating activities before financial income and expenses		16.602.183	912.166
Financial income		817.613	991.682
Financial expenses		-227.616	-352.036
Cash flows from ordinary activities		17.192.180	1.551.812
Corporation tax paid / repayment		-2.989.171	-1.257.806
Cash flows from operating activities		14.203.009	294.006
Repayment of payables to group enterprises		-3.104.273	0
Raising of loans from group enterprises		0	3.000.000
Dividend paid		-13.000.000	-3.000.000
Cash flows from financing activities		-16.104.273	0
Change in cash and cash equivalents		-1.901.264	294.006
Cash and cash equivalents at 1 January		3.665.417	3.371.411
Cash and cash equivalents at 31 December		1.764.153	3.665.417
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.764.153	3.665.417
Cash and cash equivalents at 31 December		1.764.153	3.665.417

Notes to the Financial Statements

	2020	2019
	DKK	DKK
1 Staff expenses		
Wages and salaries	66.204.656	58.899.187
Pensions	4.961.482	4.775.497
Other social security expenses	1.121.858	948.447
Other staff expenses	62.748	421.759
	72.350.744	65.044.890
Average number of employees	87	85
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	54.752	132.628
	54.752	132.628
3 Financial income		
Interest received from group enterprises	817.613	991.682
	817.613	991.682
4 Financial expenses		
Interest paid to group enterprises	138.880	42.403
Other financial expenses	45.567	70.250
Exchange loss	43.170	239.383
	227.617	352.036

Notes to the Financial Statements

	2020 <u>DKK</u>	2019 <u>DKK</u>
5 Tax on profit/loss for the year		
Current tax for the year	2.282.390	989.164
Deferred tax for the year	<u>-467.960</u>	<u>522.965</u>
	<u>1.814.430</u>	<u>1.512.129</u>
 6 Property, plant and equipment		
	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January	<u>1.247.284</u>	<u>827.739</u>
Cost at 31 December	<u>1.247.284</u>	<u>827.739</u>
Impairment losses and depreciation at 1 January	1.237.305	722.772
Depreciation for the year	<u>9.979</u>	<u>44.772</u>
Impairment losses and depreciation at 31 December	<u>1.247.284</u>	<u>767.544</u>
 Carrying amount at 31 December	<u>0</u>	<u>60.195</u>
Depreciated over	<u>3-8 years</u>	<u>6 years</u>
 7 Fixed asset investments		
		Receivables from group enterprises <u>DKK</u>
Cost at 1 January		<u>15.000.000</u>
Cost at 31 December		<u>15.000.000</u>
 Carrying amount at 31 December		<u>15.000.000</u>

Notes to the Financial Statements

	2020	2019
	DKK	DKK
8 Deferred tax asset		
Deferred tax asset at 1 January	473.633	996.598
Amounts recognised in the income statement for the year	467.960	-522.965
Deferred tax asset at 31 December	941.593	473.633
Property, plant and equipment	-110.957	-75.319
Trade receivables	-74.452	-144.577
Other payables	-756.184	-253.737
Transferred to deferred tax asset	941.593	473.633
	0	0
Deferred tax asset		
Calculated tax asset	941.593	473.633
Carrying amount	941.593	473.633

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

10 Equity

The share capital consists of 50 shares of a nominal value of DKK 10,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

11 Distribution of profit

Proposed dividend for the year	0	13.000.000
Retained earnings	6.345.879	-8.071.714
	6.345.879	4.928.286

Notes to the Financial Statements

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020 DKK	2019 DKK
Other payables		
Between 1 and 5 years	5.991.624	2.034.545
Long-term part	5.991.624	2.034.545
Other short-term payables	27.092.992	26.553.305
	33.084.616	28.587.850

13 Cash flow statement - adjustments

Financial income	-817.613	-991.682
Financial expenses	227.617	352.036
Depreciation, amortisation and impairment losses, including losses and gains on sales	54.752	132.628
Tax on profit/loss for the year	1.814.430	1.512.129
	1.279.186	1.005.111

14 Cash flow statement - change in working capital

Change in inventories	1.616.694	1.854.094
Change in receivables	-522.351	621.473
Change in trade payables, etc	7.882.775	-7.496.798
	8.977.118	-5.021.231

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	505.236	1.014.318
Between 1 and 5 years	950.640	715.101
	1.455.876	1.729.419

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

16 Related parties

Basis

Controlling interest

Mars Incorporated, Elm Street, Maclean, Virginia 22101, USA Ultimate parent company, USA

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Royal Canin SAS, BP 4-650, Avenue de la Camargue, F-30470 Aimargues, France

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Mars Incorporated	McLean, Virginia, USA

The Company's nearest and ultimate Parent Company is Mars Incorporated, 6885 Elm Street, McLean, Virginia 22101, USA. The consolidated financial statements are not published, as Mars Inc. is privately owned.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of Royal Canin Danmark A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

17 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprise costs of goods for resale to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of sales and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

17 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish sister Companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

IT equipment	3 years
Trucks and cars	5-8 years
Leasehold improvements	6 years

The fixed assets' residual values are determined at nil.

Notes to the Financial Statements

17 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of loans to group enterprises and deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

17 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

17 Accounting Policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$