



Humac A/S

Sydvestvej 21, 3 sal.
2600 Glostrup
CVR No. 13397597

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the
annual report on 25.02.2022

Michael Bech
Chairman of the General Meeting

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Entity details

Entity

Humac A/S

Sydvestvej 21, 3 sal.

2600 Glostrup

Business Registration No.: 13397597

Date of foundation: 01.08.1989

Registered office: Glostrup

Financial year: 01.10.2020 - 30.09.2021

Board of Directors

Philippe Gens, Chairman

Michael Bech

Tikhon Smykov

Denis Sitnikov

Executive Board

Michael Bech

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Humac A/S for the financial year 01.10.2020 - 30.09.2021.

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 30.09.2021 and of the results of its operations and cash flows for the financial year 01.10.2020 - 30.09.2021.

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.

Glostrup, 25.02.2022

Executive Board



Michael Bech

Board of Directors



Philippe Gens
Chairman



Michael Bech



Denis Sitnikov

Tikhon Smykov



Independent auditor's report

To the shareholder of Humac A/S

Opinion

We have audited the financial statements of Humac A/S for the financial year 01.10.2020 - 30.09.2021, 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 30.09.2021 and of the results of its operations and cash flows for the financial year 01.10.2020 - 30.09.2021 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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 25.02.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



Flemming Larsen

State Authorised Public Accountant

Identification No (MNE) mne27790

Management commentary

Financial highlights

	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000
Key figures					
Revenue	781,686	682,923	725,968	729,443	724,913
Gross profit/loss	71,022	69,740	64,430	65,922	71,620
Operating profit/loss	3,127	2,287	(920)	1,229	7,173
Net financials	(2,973)	(3,025)	(2,694)	(2,880)	(2,880)
Profit/loss for the year	480	(738)	(3,614)	(1,515)	3,114
Total assets	141,030	116,203	125,474	128,662	127,482
Equity	8,599	8,119	8,854	12,468	13,984
Cash flows from (used in) operating activities	(34,449)	42,399	(544)	(5,169)	(5,020)
Cash flows from (used in) investing activities	(6,351)	(3,964)	(3,803)	(4,890)	(5,790)
Cash flows from (used in) financing activities	40,472	(38,505)	4,410	(676)	11,037
Average number of employees	154	151	155	152	151
Ratios					
Gross margin (%)	9.09	10.21	8.88	9.04	9.88
EBIT margin (%)	0.40	0.33	(0.13)	0.17	0.99
Net margin (%)	0.06	(0.11)	(0.50)	(0.21)	0.43
Return on equity (%)	5.74	(8.70)	(33.90)	(11.45)	24.00
Equity ratio (%)	6.10	6.99	7.06	9.69	10.97

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

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's principal activity is sales of consumer electronics, IT equipment, system integration and other IT-related services. At the end of the financial year, the Company operated 23 monobrand stores, Apple and two online shops focusing on sales directly to private and business customers, a direct sales function focusing on all segments in the B2B area, as well as local authorized service sites for Apple products.

Development in activities and finances

This is the Company's tenth year of operation under the ownership of the Inventive Retail Group.

The Inventive Retail Group (IRG) was founded in Russia in 1995 and has collaborated with Apple since 1996. In recent years, the Group has invested heavily in retail chain set-up, following the same model as Humac. The Group's Management has extensive experience with retailing across markets and runs several monobrand retail concepts (a total of over 450 monobrand stores within several brands, including Apple, Xiaomi, Samsung, Nike, LEGO, Street Beat, and UNOde50).

In 2020/21, Humac A/S continued the ongoing process of digitization and cost efficiency improvement, relocation, and expansion of the number of stores as well as optimization of sales and service channels. As of 30 September, the chain includes 23 stores and four service sites as well as B2B and two online shops.

Since acquiring the Bang & Olufsen shop at Strøget in Copenhagen in March 2017, Humac has further developed its cooperation with Bang & Olufsen. In January 2021 Bang & Olufsen decided to terminate the monobrand contract with Humac. Bang & Olufsen wanted to operate the retail stores by themselves. As a consequence of, this Humac has terminated the sales and distribution of Bang & Olufsen in all channels. The termination has been done during Covid-19 lock down period according to the terms of Business transfer undertaking act. At the same time Humac has closed the web shop "SoundStore".

Humac has continued the digitization process and runs web shops with both cash sales and credit sales under Humac.dk and Rentefri.dk. Further Humac has released the "Humac App" on IOS platform to support our customer loyalty program. The App was released in May 2021.

During Covid-19 periods and lock down periods Humac has seen a growing interest from consumers, SMB and Large Enterprises in purchasing Apple products for entertainment and work usage. Humac has expanded its market share in both the retail area and especially the SMB business segment during the period.

Revenue has grown accordingly to the sales growth in the market despite a very constrained supply of inventory and products.

Profit/loss for the year in relation to expected developments

During the financial year 2020/21, the Company realized a profit of DKK 480 thousand.

Equity at 30 September 2021 made up DKK 8,599 million.

Management considers the results unsatisfactory.

The combination of Covid-19 lock down effects and constrained supply of product in a booming market are factors that have significantly influenced results for the year.

Accordingly, equity change from DKK 8,116 thousand at the beginning of the financial year to DKK 8,599 thousand

at the end of the financial year. The Board of Directors has decided that for now the Company is not to pay any dividends to its investors and at the same time has assessed that at present, the Company is not to receive any additional capital. The current credit facilities are retained to ensure continued growth potential for the Company.

Management expects improved profit development for the financial year 2021/22. The Management and the Board of Directors are aware of risk related to Covid-19 effects and the balance between investments and results to ensure the Company's strength and competitiveness in a challenged retail market.

Outlook

Humac will continue to reduce costs and optimize processes and systems, thus focusing on delivering the best customer experience, including additional use of IT systems to optimize operations and generate additional sales. Further growth in number of retail outlets and services attached to our sales channels will have priority in the coming financial year.

The Company's Management expects the Company's current cash situation to be maintained and improved in 2021/22.

However, a continued situation with Covid-19 impact and restrictions, further price competition from new / existing chains or lack of deliveries and/or delayed launch of new Apple products may adversely affect the Company's results in the coming year.

It is Management's opinion that the implemented strategic and cost-effective initiatives will ensure growth in revenue and earnings for the coming year (2021/22).

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Income statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK '000
Revenue		781,686	682,923
Other operating income	2	12,034	6,707
Cost of sales		(693,620)	(593,982)
Other external expenses		(29,078)	(25,908)
Gross profit/loss		71,022	69,740
Staff costs	3	(62,547)	(61,509)
Depreciation, amortisation and impairment losses	4	(5,348)	(5,944)
Operating profit/loss		3,127	2,287
Other financial income	5	153	124
Other financial expenses	6	(3,126)	(3,149)
Profit/loss before tax		154	(738)
Tax on profit/loss for the year	7	326	0
Profit/loss for the year	8	480	(738)

Balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Acquired intangible assets		66	152
Acquired licences		5,687	4,686
Intangible assets	9	5,753	4,838
Other fixtures and fittings, tools and equipment		3,712	3,113
Leasehold improvements		1,345	1,573
Property, plant and equipment	10	5,057	4,686
Deposits		10,275	10,558
Financial assets	11	10,275	10,558
Fixed assets		21,085	20,082
Manufactured goods and goods for resale		72,346	57,406
Inventories		72,346	57,406
Trade receivables		27,711	20,132
Receivables from group enterprises		11	11
Deferred tax	12	3,380	3,054
Other receivables		15,864	14,351
Prepayments	13	564	770
Receivables		47,530	38,318
Cash		69	397
Current assets		119,945	96,121
Assets		141,030	116,203

Equity and liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital	14	3,102	3,102
Retained earnings		5,497	5,017
Equity		8,599	8,119
Bank loans		40,623	151
Prepayments received from customers	15	2,976	2,512
Trade payables		52,717	51,980
Payables to group enterprises		7,194	5,942
Other payables		28,921	47,499
Current liabilities other than provisions		132,431	108,084
Liabilities other than provisions		132,431	108,084
Equity and liabilities		141,030	116,203
Events after the balance sheet date	1		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		

Statement of changes in equity for 2020/21

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,102	5,017	8,119
Profit/loss for the year	0	480	480
Equity end of year	3,102	5,497	8,599

Cash flow statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Operating profit/loss		3,127	2,287
Amortisation, depreciation and impairment losses		5,348	5,943
Change in inventories		(14,940)	6,459
Change in receivables		(8,886)	763
Change in payables		(17,377)	29,210
Cash flow from ordinary operating activities		(32,728)	44,662
Financial income received		153	124
Financial expenses paid		(1,874)	(2,387)
Cash flows from operating activities		(34,449)	42,399
Acquisition etc of intangible assets		(3,865)	(1,539)
Acquisition etc of property, plant and equipment		(3,460)	(2,159)
Sale of property, plant and equipment		691	0
Acquisition of fixed asset investments		(1,438)	(266)
Sale of fixed asset investments		1,721	0
Cash flows from investing activities		(6,351)	(3,964)
Free cash flows generated from operations and investments before financing		(40,800)	38,435
Loans raised		40,472	0
Repayments of loans etc		0	(38,505)
Cash flows from financing activities		40,472	(38,505)
Increase/decrease in cash and cash equivalents		(328)	(70)
Cash and cash equivalents beginning of year		397	467
Cash and cash equivalents end of year		69	397
Cash and cash equivalents at year-end are composed of:			
Cash		69	397
Cash and cash equivalents end of year		69	397

Notes

1 Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

2 Other operating income

The other operating income includes government grants awarded in connection with Covid-19.

3 Staff costs

	2020/21 DKK'000	2019/20 DKK'000
Wages and salaries	58,561	57,653
Pension costs	3,119	3,108
Other social security costs	867	748
	62,547	61,509
Average number of full-time employees	154	151

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed. No remuneration has been paid to the Board of Directors.

4 Depreciation, amortisation and impairment losses

	2020/21 DKK'000	2019/20 DKK'000
Amortisation of intangible assets	2,950	2,377
Depreciation of property, plant and equipment	2,398	3,567
	5,348	5,944

5 Other financial income

	2020/21 DKK'000	2019/20 DKK'000
Other interest income	114	48
Exchange rate adjustments	39	76
	153	124

6 Other financial expenses

	2020/21 DKK'000	2019/20 DKK'000
Financial expenses from group enterprises	1,415	759
Other interest expenses	1,663	2,371
Exchange rate adjustments	48	19
	3,126	3,149

7 Tax on profit/loss for the year

	2020/21 DKK'000	2019/20 DKK'000
Change in deferred tax	(326)	0
	(326)	0

8 Proposed distribution of profit and loss

	2020/21 DKK'000	2019/20 DKK'000
Retained earnings	480	(738)
	480	(738)

9 Intangible assets

	Acquired intangible assets DKK'000	Acquired licences DKK'000
Cost beginning of year	3,422	18,318
Additions	0	3,865
Disposals	(183)	0
Cost end of year	3,239	22,183
Amortisation and impairment losses beginning of year	(3,270)	(13,632)
Amortisation for the year	(86)	(2,864)
Reversal regarding disposals	183	0
Amortisation and impairment losses end of year	(3,173)	(16,496)
Carrying amount end of year	66	5,687

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	22,383	27,987
Additions	2,464	996
Disposals	(1,404)	(2,037)
Cost end of year	23,443	26,946
Depreciation and impairment losses beginning of year	(19,270)	(26,414)
Depreciation for the year	(1,584)	(814)
Reversal regarding disposals	1,123	1,627
Depreciation and impairment losses end of year	(19,731)	(25,601)
Carrying amount end of year	3,712	1,345

11 Financial assets

	Deposits DKK'000
Cost beginning of year	10,558
Additions	1,438
Disposals	(1,721)
Cost end of year	10,275
Carrying amount end of year	10,275

12 Deferred tax

Changes during the year	2020/21 DKK'000	2019/20 DKK'000
Beginning of year	3,054	3,054
Recognised in the income statement	326	
End of year	3,380	3,054

The company's deferred tax asset in total amounts to DKK 3,054 thousand, of which nil is attributable to the value of tax loss carryforwards.

Management has found it fair to recognise the tax asset of an amount of DKK 3,054 thousand as it is expected to be utilised within the next 3-5 years according to the Company's budgets and projections.

13 Prepayments

Prepayments comprise prepaid expenses regarding rent and insurance.

14 Share capital

	Number
Share capital	3,102
	3,102

15 Prepayments received from customers

Prepayments received from customers consists of deposit and payment related to gift card.

16 Contingent liabilities

The company has rental obligations liabilities at a total amount of DKK 52.945 thousand (2020: DKK 26.277 thousand), DKK 22.536. thousand is due within 1 year and DKK 0 thousand is due after 5 years.

The company has other operating liabilities at a total amount of DKK 568 thousand (2020: DKK 434 thousand), DKK 319 thousand (2020: DKK 380 thousand) is due within 1 year and DKK 0 thousand (2020: DKK 54 thousand) is due after 5 years.

17 Assets charged and collateral

Credit facility of DKK 10 million is secured by company pledge in intangible assets, property, plant and equipment, inventories and trade receivables for one supplier.

Credit facility of DKK 10 million is secured by company pledge in intangible assets, property, plant and equipment, and inventories for bank facility.

Through external bank there has been issued a letter of credit to one supplier with total credit facility of DKK 34 million.

18 Related parties with controlling interest

Humac A/S related parties comprise the following:

Control:

ReStore Retail Group Limited (Kennedy Avenue 12, Kennedy Business Centre, 5th Floor, Office 504, P.C. 1087, Nicosia, Cyprus) holds the majority of the contributed capital in the company.

Humac A/S is part of the consolidated financial statements of ReStore Retail Group Limited (Kennedy Avenue 12, Kennedy Business Centre, 5th Floor, Office 504, P.C. 1087, Nicosia, Cyprus), which is the smallest and largest group, in which the company is included as a subsidiary.

The consolidated financial statements of ReStore Retail Group Limited can be obtained by contacting the company at the address above.

Related party transactions:

Intercompany balance to group company are disclosed in the balance sheet, and expensed interest is disclosed in note 4.

Ownership:

The following shareholders are registered in the company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

ReStore Retail Group Limited, Kennedy Avenue 12, Kennedy Business Centre, 5th Floor, Office 504, P.C. 1087, Nicosia, Cyprus.

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

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, 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.

Balance sheet**Intangible assets**

Intangible assets comprise acquired intangible assets and acquired licenses.

Intangible assets acquired are measured at cost less accumulated amortisation. Acquired intangible assets are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-7 years

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.

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.

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.

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Prepayments received from customers

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

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, including lease liabilities, purchase of treasury shares and payment of dividend.

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