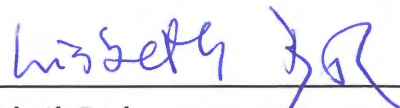


H+H Nordics A/S

Skanderborgvej 234 A, st.
8260 Viby J
CVR No. 13427089

Annual report 2022

The Annual General Meeting adopted the
annual report on 12.06.2023



Lisbeth Bork

Chairman of the General Meeting

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Entity details

Entity

H+H Nordics A/S

Skanderborgvej 234 A, st.

8260 Viby J

Business Registration No.: 13427089

Registered office: Aarhus

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Jörg Brinkmann

Peter Klovgaard-Jørgensen

Andreas Böttger

Executive Board

Dorthe Storm

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of H+H Nordics A/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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.

Copenhagen, 12.06.2023

Executive Board


Dorthe Storm

Board of Directors


Jörg Brinkmann


Andreas Böttger


Peter Klovgaard-Jørgensen

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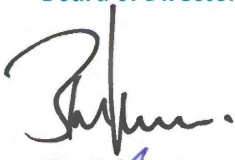
We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 12.06.2023

Executive Board

Dorthe Storm

Board of Directors



Jörg Brinkmann



Peter Klovgaard-Jørgensen



Andreas Böttger

Independent auditor's report

To the Shareholder of H+H Nordics 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of H+H Nordics A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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' 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.

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 misstatement, whether due to fraud or error.

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

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 judgment and maintain professional skepticism 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 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, 12.06.2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31



Poul P. Petersen

State Authorised Public Accountant

Identification No (MNE) mne34503



Elise Folkman

State Authorised Public Accountant

Identification No (MNE) mne49082

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	53,616	51,639	45,378	38,106	31,986
Operating profit/loss	32,144	31,934	25,300	18,550	14,650
Net financials	(379)	(228)	(232)	(324)	(231)
Profit/loss for the year	24,762	24,719	19,542	14,183	11,212
Total assets	66,260	62,386	52,355	46,137	52,778
Equity	30,881	30,119	24,400	19,839	23,568
Ratios					
Return on equity (%)	81.19	90.68	88.35	65.35	48.73
Equity ratio (%)	46.61	48.28	46.60	43.00	44.65

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

Return on equity (%):

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

Equity ratio (%):

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

Primary activities

The company's activity comprises sale of autoclaved aerated concrete (AAC) and calcium silicate (CSU) buildings materials, all purchased from H+H Group companies.

Development in activities and finances

2022 started with high construction activity, but in the second half of 2022 the consequences of the war in Ukraine were visible. Rising raw material prices and long delivery times for selected materials. At the same time, the Nordic market was impacted by supply constraints as a factory upgrade in the German sister company led us to prioritise deliveries to our contract customers. All promises were kept as deliveries were made on time as agreed.

Towards the end of the year, high interest rates and inflation led to a significant slowdown in the sale of single-family houses. Nevertheless, we managed a great result by continuing to work focused and solution-oriented with our customers.

Profit/loss for the year in relation to expected developments

The 2021 Annual Report expressed a positive outlook indicating that 2022 profitability would be similar to the 2021 profitability level, which also were the case. The result is satisfactory, especially given the current market environment.

Uncertainty relating to recognition and measurement

No uncertainties relate to recognition and measurement.

Unusual circumstances affecting recognition and measurement

No unusual events have affected recognition and measurement.

Outlook

2023 is expected to be a challenging year characterised by a sensitive market with lower activity levels than 2022 of approximately 10%. H+H Nordic expects to continue our good cooperation with current customers and business partners, and at the same time enter into new agreements to further strengthen our market position.

The competitive situation is expected to be tough in the current market conditions and our key focus is to continue providing a high service to our customer as a partner in wall building.

Use of financial instruments

Products sold comprises AAC and CSU building blocks used for wall building and pre-cast wall-panel solutions, primarily in the residential new-building segment. The product range also includes more advanced products, such as high-insulating blocks, larger elements and a range of traded goods used for wallbuilding.

Products are primarily sold in connection to private low-risk housing via volume house builders, and to a lesser extent in connection to commercial and industry, public sector housing, renovation and self-build. Consequently, the company is to a large extent exposed towards developments within the new build market.

As a result of its activities, the company is exposed to various financial risks i.e. foreign exchange risks, bad debt exposure and capital structure and cash flow risks.

It is H+H's policy not to speculate in financial risks. H+H's financial risk management policy and procedures is thus aimed exclusively at managing the financial risks that are a direct consequence of H+H's Groups activities.

Foreign exchange risks

The company do not engage in non-commercial speculative foreign exchange trades, as this is prohibited as per the H+H financial risk management policy and procedures.

Bad debt exposure

Historically, the company has only experienced limited losses on customer receivables. Sales activities are conducted through builders' merchants reducing the associated risk.

Capital structure and cash flow risk

The H+H Group's capital structure contains a Global Cash Pool arrangement supported by individual loans. The company participates in the Global Cash Pool arrangement and the parent company sets limits for all overdraft facilities included herein.

The capital structure is regularly evaluated on the basis of expected cash flows with a view to ensuring an appropriate balance between adequate future financial flexibility and a reasonable return to shareholders.

Knowledge resources

An important part of the company's sales strategy is to provide value-added sales. For us to be able to do so, a highly skilled workforce with extensive engineering- and long-term experience with our product offering are employed.

Value-added sales

We support our customers from the early planning stage and throughout the wall-building process. We aim to be the ideal partner and a one-stop shop for every wall-building project.

Customer value

By understanding our customers, their needs and the industry trends, we help overcome challenges, eliminate waste and manage complexities throughout the wall-building process.

Modern and carbon-friendly products

Our products offer improved indoor climate and energy savings as well as fire resistance and better acoustic insulation between rooms. In addition, the products are long-lasting and can be integrated into a circular economy.

Safe and attractive work environment

Employment and working conditions must be safe, fair and non-discriminatory to attract top talents and support the development and career ambitions of our employees.

Environmental performance

The company is a sales company which activity sole consists of sale of products provided by H+H Group companies. Reference made to the 2022 sustainability report prepared by H+H International A/S comprising the H+H Group. It can be found at <https://www.hplush.com/sustainability-reports>

Research and development activities

The company's Research and Development function is managed by the parent company's Innovation Department, and the continued product development and offering is secured via a close collaboration between the company, the parent company as well as other group companies. Further to this, national and European standardization work secures method and product properties, which ensures that the product offering of company fulfil market and regulatory requirements for buildings materials.

Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material effect on the financial position.

Income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss		53,616	51,639
Staff costs	1	(20,431)	(18,490)
Depreciation, amortisation and impairment losses	2	(1,041)	(1,215)
Operating profit/loss		32,144	31,934
Other financial income	3	140	118
Other financial expenses	4	(519)	(346)
Profit/loss before tax		31,765	31,706
Tax on profit/loss for the year	5	(7,003)	(6,987)
Profit/loss for the year	6	24,762	24,719

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		700	0
Intangible assets	7	700	0
Land and buildings		962	943
Other fixtures and fittings, tools and equipment		1,276	600
Property, plant and equipment	8	2,238	1,543
Fixed assets		2,938	1,543
Manufactured goods and goods for resale		20,834	9,928
Inventories		20,834	9,928
Trade receivables		22,397	28,115
Receivables from group enterprises	9	18,837	21,140
Deferred tax	10	689	802
Other receivables		151	174
Prepayments	11	408	678
Receivables		42,482	50,909
Cash		6	6
Current assets		63,322	60,843
Assets		66,260	62,386

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		400	400
Retained earnings		6,481	5,719
Proposed dividend		24,000	24,000
Equity		30,881	30,119
Lease liabilities		824	564
Non-current liabilities other than provisions	12	824	564
Lease liabilities		1,063	942
Trade payables		9,279	5,944
Payables to group enterprises		20,436	20,342
Other payables		3,777	4,475
Current liabilities other than provisions		34,555	31,703
Liabilities other than provisions		35,379	32,267
Equity and liabilities		66,260	62,386
Contingent liabilities	13		
Non-arm's length related party transactions	14		
Group relations	15		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	400	5,719	24,000	30,119
Ordinary dividend paid	0	0	(24,000)	(24,000)
Profit/loss for the year	0	762	24,000	24,762
Equity end of year	400	6,481	24,000	30,881

Notes

1 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	18,315	16,617
Pension costs	1,862	1,649
Other social security costs	254	224
	20,431	18,490
Average number of full-time employees	32	28

With reference to the Danish Financial Statements Act paragraph 98 litra b, no. 3, 2), the Company has chosen not to disclose salary information for Executive Board.

2 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	0	114
Depreciation of property, plant and equipment	1,041	1,101
	1,041	1,215

3 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	139	106
Exchange rate adjustments	1	12
	140	118

4 Other financial expenses

	2022 DKK'000	2021 DKK'000
Other interest expenses	33	37
Exchange rate adjustments	486	309
	519	346

5 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Current tax	6,890	6,694
Change in deferred tax	113	293
	7,003	6,987

6 Proposed distribution of profit and loss

	2022	2021
	DKK'000	DKK'000
Ordinary dividend for the financial year	24,000	24,000
Retained earnings	762	719
	24,762	24,719

7 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	1,858
Additions	700
Cost end of year	2,558
Amortisation and impairment losses beginning of year	(1,858)
Amortisation and impairment losses end of year	(1,858)
Carrying amount end of year	700

8 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	1,415	3,412
Additions	373	1,363
Disposals	0	(1,092)
Cost end of year	1,788	3,683
Depreciation and impairment losses beginning of year	(472)	(2,812)
Depreciation for the year	(354)	(687)
Reversal regarding disposals	0	1,092
Depreciation and impairment losses end of year	(826)	(2,407)
Carrying amount end of year	962	1,276

Lease assets as of 31 December 2022 are recognised as "Land and buildings" for TDKK 962 (2021: TDKK 943) and "Other fixtures and fittings, tools and equipment" for TDKK 1.276 (2021: TDKK 543).

9 Receivables from group enterprises

Receivables from affiliated companies TDKK 18.837 (2021: TDKK 21.140) comprise group debt of TDKK 6.397 (2021: TDKK 8.948), offset by a bank deposit of TDKK 25.234 (2021: TDKK 30.088) for an account that is included in a global cash pool arrangement with H+H International A/S.

10 Deferred tax

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	802	1,095
Recognised in the income statement	(113)	(293)
End of year	689	802

Deferred tax assets

Payable and receivable joint taxations is recognised in the balance sheet as Tax payable and Tax receivable.

11 Prepayments

Prepayments recognised under current assets include expenses occurred for the following financial year.

12 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK'000
Lease liabilities	824
	824

13 Contingent liabilities

The company is part of the H+H International A/S Group's global cash pool arrangement and is jointly and severally liable, via the self-debt guarantee, for the entire draft. The current feature was DKK 315 million at 31 December 2022 (2021: DKK 108 million).

The company is jointly liable with the parent company for joint registration of VAT.

Liability for joint taxation:

The company is part of a Danish joint taxation system with H+H International A/S as the parent company. Accordingly, the Company is liable under the Company Tax Act, as from 1 July 2012, for any obligations to contain withholding tax on interest, royalties and dividends for the jointly taxed companies.

14 Non-arm's length related party transactions

In the annual report, only transactions with related parties that have not been carried out on market terms are disclosed.

No such transactions were carried out during the financial year.

15 Group relations

H+H International A/S, Lautrupsgade 7, 5. 2100 København Ø, holds the entire share capital of the company.

H+H Nordics A/S is included in the consolidated financial statements of H+H International a/S. The consolidated financial statements can be obtained at www.hplush.com.

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 recognition and measurement principles from IFRS 15 and IFRS 16 are interpreted. The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

The financial statement is presented in DKK and rounded to the nearest DKK 1.000 (similar to previous years).

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 as it is earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. In addition, costs incurred in order to achieve the profit for the year, including Depreciation, impairment losses and provisions and reversals as a result of changed accounting estimates of amounts previously recognised in the income statement are recognised.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue less cost of sales and external expenses.

With reference to § 32 of the Danish Financial Statements Act, the revenue is not disclosed in the annual report.

Revenue

Revenue is recognised in accordance with IFRS 15. Revenue from contracts for goods are recognised in the income statement when the customer obtains control. Revenue relating to transport services is recognised upon delivery of the goods to an agreed location. Revenue is recognised if the income can be measured reliably and is expected to be received. Revenue is measured net of VAT and duties collected on behalf of third parties. All types of discount and rebate granted are recognised in revenue.

The revenue streams contain of contracts for sale of goods and related transport services. Change of control for contracts for goods are satisfied upon shipment whereby the performance obligation is met instantly. Revenue relating to transport services is recognised upon delivery of the goods to an agreed location whereby the performance obligation is met.

The transaction price is the amount to which the Company expects to be entitled in exchange for the transfer of goods and transport services. The transaction price for delivery of goods and transport services are an integrated part of the contracts and the standalone selling prices are directly observable. Accounting estimates are made for variable considerations which consist of customer rebates and bonuses. These are allocated to the transaction price based on "The most likely amount"-method.

Payment terms mainly comprise of 30 days end of month, hence no significant financing component. Defect products and return pallets can be redelivered and provisions has been recognised accordingly.

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 Company's ordinary activities, including expenses for rent, marketing and office supplies. 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 employees of the company.

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial income comprises of interest rates, exchange gains on securities and transactions in foreign currencies.

Other financial expenses

Financial expenses include interest, exchange losses relating to debt and transactions in foreign currencies under the tax scheme on account, etc. interest also includes interest recognised in relation to lease liabilities under IFRS 16.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory co-taxation of the Danish companies of the H+H Group. Subsidiaries are included in the joint taxation from the date of their inclusion in the consolidation in the consolidated financial statements until the date of their consolidation. The Parent Company H+H International A/S is managing the taxation and therefore accounts for all payments of corporation tax with the tax authorities.

The current Danish corporate tax is distributed based on contributions among the jointly taxed companies in proportion to their taxable income. In this connection, companies with a tax deficit receive joint taxation contributions from companies that have been able to use this deficit to reduce their own tax profit.

The tax for the year, which consists of the current corporate tax for the year, the joint taxation contribution for the year and the change in deferred tax – including as a result of changes in tax rates – is recognised in the income statement with the share related to the profit for the year - and in equity with that portion that relates to postings for equity.

Balance sheet**Intangible assets**

Intellectual property rights etc. comprise software which is recognised at cost price less accumulated depreciation and impairment losses.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licenses are amortised over the term of the agreement

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

The estimated lifetime of the software is 3-5 years.

Gains or losses on the disposal of intangible fixed assets are calculated as the difference between the selling price reduced by costs incurred by the sale and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under Depreciation.

Intangible fixed assets are written down to their recoverable amount if this is lower than the carrying amount.

Property, plant and equipment

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 life of the assets:

Other fixed and fittings, tools and equipment 2-5 years.

Depreciation period and residual value are revalued annually.

Lease assets

Leases are recognised in accordance with IFRS 16. At the time of conclusion of a lease agreement, a lease debt and a lease asset of equivalent value are recognized, except for lease agreements whose contract period is less than 12 months or for lease assets of low value. The implicit contractual loan interest rate or an incremental loan interest rate is used as a discount rate for the calculation of leasing debt and the corresponding leasing asset.

Lease assets are recognized as Property, plant, and equipment and are measured at cost corresponding to the calculated lease debt on the lease agreement at the time of the agreement plus direct costs. Subsequently, leasing assets are recognized at cost less and less depreciation.

Linear Depreciation is performed over the contract period or expected useful life, depending on which one of the two periods is shortest.

Lease payments relating to lease agreements whose term is less than 12 months or where the lease is of low value are recognized as a linear cost in the income statement over the contract period.

Inventories

Inventories are measured at cost according to the FIFO method. If the net realisable value is lower than the cost price, it is written down to the lower value.

Cost of goods and consumables includes purchase price plus delivery costs.

The net realisable value of inventories is calculated as a sales sum less costs incurred to effect sales and is determined taking into account marketability, obsolescence and development in the expected sales price.

Receivables

Receivables are measured at amortised cost.

Impairment loss is used to counter losses where an objective indication of a receivable impairment is considered to have occurred. If there is an objective indication that an individual receivable is impaired, Impairment loss is done at an individual level.

Impairment losses are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows. The effective interest rate for each receivable or portfolio is used as discount rate.

Deferred tax

Tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income of the year, adjusted for tax on previous years' taxable income and for paid on-account taxes.

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, deferred tax is not recognised on temporary differences relating to office properties. In cases where the tax value can be calculated according to different tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability by management.

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.

Deferred tax is measured on the basis of the tax rules and tax rates which, with the balance sheet date legislation, will apply when the deferred tax is expected to be released as current tax.

Prepayments

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

Cash

Cash comprises cash in hand.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Lease liabilities

Leases are recognised in accordance with IFRS 16. Lease liabilities are recognised at the present value of the remaining lease payments at the balance sheet date, discounted by using an incremental loan interest rate for similar assets. Subsequent measurement of the lease obligation results in a corresponding adjustment of the related asset.

Extension or termination options included in the lease agreements are taken into account and recognised if it is certain. All certain future cash flows are used for the recognition of the lease obligations at the time of the lease commencement.

Other financial liabilities

Other financial liabilities are recognised as the proceeds received less transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, equivalent to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other liabilities are measured at net realisable value.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of H+H International A/S, Business Reg. No. 49619812.