

Danfiber A/S

Gydevang 39 - 41, 2., 3450 Allerød

Company reg. no. 13 59 13 77

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 1 April 2020.

Kenneth Kongsgaard Kristensen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2019	
Income statement	9
Statement of financial position	10
Statement of changes in equity	12
Statement of cash flows	13
Notes	14
Accounting policies	18

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Danfiber A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting..

Allerød, 1 April 2020

Managing Director

Niels Søggaard

Board of directors

Sylvia Martha Christine Pohlmann Kenneth Kongsgaard Kristensen Bror John Håkon Najj
Chairman Vice Chairman

Charlotte Eckermann Larsen

Independent auditor's report

To the shareholders of Danfiber 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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Danfiber A/S for the financial year 1 January - 31 December 2019, 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 Financials 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.

Independent auditor's report

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.

Independent auditor's report

- 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..

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Copenhagen, 1 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Martin Lunden

State Authorised Public Accountant
mne32209

Ferass Hamade

State Authorised Public Accountant
mne35441

Company information

The company

Danfiber A/S
Gydevang 39 - 41, 2.
3450 Allerød

Phone +45 39 53 53 00
Fax +45 39 53 53 01
Web site www.danfiber.dk

Company reg. no. 13 59 13 77
Established: 1 November 1989
Domicile: Allerød
Financial year: 1 January - 31 December

Board of directors

Sylvia Martha Christine Pohlmann, Chairman
Kenneth Kongsgaard Kristensen, Vice Chairman
Bror John Håkon Najj
Charlotte Eckermann Larsen

Managing Director

Niels Sjøgaard

Auditors

PricewaterhouseCoopers

Management commentary

The principal activities of the company

DanFiber A/S was established in 1989 for the purpose of acting as the sales function to its suppliers. DanFiber A/S sells collected recyclable paper and cardboard to paper mills in Denmark and neighboring countries. As a must for our activities, we focus on a guaranteed pickup/delivery, environment, quality, ethics, moral and a sound economy.

In connection with the sale of paper and cardboard, DanFiber A/S takes care of all activities related to the pickup of material from the suppliers, turning it into a sellable product, securing transport and insurance and delivering to a paper mill. This includes optimization of administrative tasks for all parties involved. DanFiber will constantly investigate possibilities in the local and global markets in order to secure up to date solutions regarding environment, ethics, quality and economy when it comes to handling recyclable material.

Development in activities and financial matters

The financial year 2019 was satisfactory and developed slightly better than expected. 2019 was a year with no major projects. The financial year ended with a profit after tax of DKK 135.541. The performance is within the scope of standard uncertainty and is considered satisfactory in a very competitive market.

In 2019, DanFiber A/S continued to handle a large quantity of paper and cardboard from the Danish market and is still one of the largest players on this market.

The consumption of cardboard follows closely the global economy whereas the consumption of newspapers is declining steadily by 7 to 9% on a year-to-year basis. The fluctuation in prices during the year was big and we saw a heavy decline during the second half of the year.

Asia is in general a large player on the recycled paper market and the draw back from China which was seen in 2017 continued to show a major impact on pricing and availability on certain recycled qualities. A development we now see expanding into other Asian countries. DanFiber A/S is not exporting to Asia but this development has an impact on the European market.

The collection of recyclable paper in Western Europe has reached a maturity level, and growth is to come from the Eastern part – if any. The demand for recycled paper is expected to be stable or to increase during the coming years, however with regional differences within Europe and between the continents. Large investments are planned in the paper industry for the coming years. Despite the postponement of some of these investments, we still see new capacities in the market. The competition in collection of paper and cardboard is still very strong with oncoming new players as Denmark is a net exporter of this raw material.

Management commentary

DanFiber A/S has for decades worked closely with a number of paper mills and suppliers ensuring that all parties involved will achieve the right market price, precise logistics and top service. Our suppliers are quality focused and fits well into the strategy of DanFiber. Our choice of partners is focused on achieving an environmentally correct recycling while securing that the raw materials are moved from supplier to customer without delay.

Quality specifications, which are paramount for our business, are available on our website www.danfiber.dk, just as the delivery specifications are communicated freely between DanFiber A/S and our partners. This gives DanFiber A/S quick and precise information about availability and timing, allowing us to excel into our business.

DanFiber A/S' quality and environmental certifications ISO 9001 and ISO 14001 are an integral part of the entity and provide our partners with extra security of the arrangement being executed according to our high standards and with the highest awareness of environmental focus. Our CSR system was added in order to contribute further to this approach.

Special risks

DanFiber A/S is not exposed to particular risks apart from those of common occurrence within the business. Those factors of highest uncertainty are based on demand from especially Asia where sudden changes in the pricing can move quantities to competitors if DanFiber A/S fails to respond quickly. DanFiber A/S has systems and procedures in place to follow the market and thereby minimize potential risks.

Environmental issues

DanFiber A/S is certified according to ISO 9001 and ISO 14001 and has no polluting activities apart from the initiated transportations. All partner agreements are based on a focus on the environment and ethics and with the possibility of performing audits. DanFiber A/S measures the carbon dioxide emissions in connection with transportations and final recycling of our deliveries and thus ensures great focus on the areas, which affect the environment directly.

Expectations to year 2020

Management expects the Company's growth in volume to stabilize or slightly fall in 2020 following the general market situation. DanFiber A/S will continue to focus on offering its partners the best environmental, ethical and economic conditions while maintaining the guarantee of removing or supplying the material according to contracts.

The economic performance for 2020 is expected to be at the same level as in 2019.

Management commentary

Events subsequent to the financial year

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date, which is therefore a non-adjusting event to the Company.

At this time, it is the managements assessment that COVID-19 will not have any negative impact.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	4.861.415	4.541.271
1 Staff costs	-4.592.614	-4.395.156
Depreciation and writedown relating to tangible fixed assets	<u>-10.360</u>	<u>-10.526</u>
Operating profit	258.441	135.589
2 Other financial income	0	2.446
3 Other financial expenses	<u>-70.068</u>	<u>-42.354</u>
Results before tax	188.373	95.681
4 Tax on profit/loss for the year	<u>-52.832</u>	<u>-58.977</u>
Results for the year	<u>135.541</u>	<u>36.704</u>
 Proposed distribution of the results:		
Dividend for the financial year	1.000.000	0
Allocated to results brought forward	0	36.704
Allocated from results brought forward	<u>-864.459</u>	<u>0</u>
Distribution in total	<u>135.541</u>	<u>36.704</u>

Statement of financial position 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
5 Other fixtures and fittings, tools and equipment	808	11.167
Property, plant and equipment	<u>808</u>	<u>11.167</u>
6 Deposits	43.050	43.050
Fixed asset investments	<u>43.050</u>	<u>43.050</u>
Fixed assets	<u>43.858</u>	<u>54.217</u>
Trade receivables	2.151.049	3.940.618
Receivables from group enterprises	3.361.114	9.223.539
7 Deferred tax	24.686	49.120
Receivable corporate tax	49.738	0
Other receivables	596.507	1.106.034
Trade receivables from owners	4.564.257	5.927.252
Prepayments	<u>71.889</u>	<u>113.142</u>
Receivables	<u>10.819.240</u>	<u>20.359.705</u>
Cash	<u>4.421.556</u>	<u>6.504.909</u>
Current assets	<u>15.240.796</u>	<u>26.864.614</u>
Assets	<u>15.284.654</u>	<u>26.918.831</u>

Statement of financial position 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
8		
Contributed capital	1.000.000	1.000.000
Retained earnings	4.185.028	5.049.487
Proposed dividend	1.000.000	0
Equity	<u>6.185.028</u>	<u>6.049.487</u>
Other provisions	<u>50.000</u>	<u>25.000</u>
Provisions	<u>50.000</u>	<u>25.000</u>
Trade creditors	8.442.891	20.153.466
Other payables	<u>606.735</u>	<u>690.878</u>
Current liabilities other than provisions	<u>9.049.626</u>	<u>20.844.344</u>
Liabilities other than provisions	<u>9.049.626</u>	<u>20.844.344</u>
Equity and liabilities	<u>15.284.654</u>	<u>26.918.831</u>
9		
Contingent liabilities		
10		
Related parties with controlling interest		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>Proposed dividend for the financial year</u>	<u>In total</u>
Equity 1 January 2019	1.000.000	5.049.487	0	6.049.487
Profit or loss for the year brought forward	<u>0</u>	<u>-864.459</u>	<u>1.000.000</u>	<u>135.541</u>
	<u>1.000.000</u>	<u>4.185.028</u>	<u>1.000.000</u>	<u>6.185.028</u>

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Operating profit/loss	135.541	36.704
11 Adjustments	80.112	44.409
12 Change in working capital	<u>-2.228.948</u>	<u>-3.410.341</u>
Cash flow from ordinary operating activities	-2.013.295	-3.329.228
Interest paid and similar amounts	<u>-70.058</u>	<u>-42.354</u>
Cash flow from ordinary activities	-2.083.353	-3.371.582
Corporate tax paid	<u>0</u>	<u>-80.000</u>
Cash flow from operating activities	<u>-2.083.353</u>	<u>-3.451.582</u>
Dividend paid	<u>0</u>	<u>-230.488</u>
Cash flow from financing activities	<u>0</u>	<u>-230.488</u>
Changes in available funds	-2.083.353	-3.682.070
Available funds 1 January 2019	<u>6.504.909</u>	<u>10.186.979</u>
Available funds 31 December 2019	<u>4.421.556</u>	<u>6.504.909</u>
Available funds		
Cash	<u>4.421.556</u>	<u>6.504.909</u>
Available funds 31 December 2019	<u>4.421.556</u>	<u>6.504.909</u>

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Wages and salaries	3.994.583	3.820.829
Pension costs	563.782	538.522
Other costs for social security	<u>34.249</u>	<u>35.805</u>
	<u>4.592.614</u>	<u>4.395.156</u>
Average number of employees	<u>6</u>	<u>6</u>
2. Other financial income		
Exchange rate adjustments	<u>0</u>	<u>2.446</u>
	<u>0</u>	<u>2.446</u>
3. Other financial expenses		
Other financial expenses	<u>70.068</u>	<u>42.354</u>
	<u>70.068</u>	<u>42.354</u>
4. Tax on profit/loss for the year		
Current tax	57.134	0
Change in deferred tax	24.434	58.977
Adjustment of tax for previous years	<u>-28.736</u>	<u>0</u>
	<u>52.832</u>	<u>58.977</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Other fixtures and fittings, tools and equipment		
Cost 1 January 2019	183.492	183.492
Disposals during the year	-152.069	0
Cost 31 December 2019	<u>31.423</u>	<u>183.492</u>
Depreciation and writedown 1 January 2019	-172.324	-161.799
Depreciation for the year	-10.360	-10.526
Reversal of depreciation, amortisation and writedown, assets disposed of	152.069	0
Depreciation and writedown 31 December 2019	<u>-30.615</u>	<u>-172.325</u>
Book value 31 December 2019	<u>808</u>	<u>11.167</u>
6. Deposits		
Cost 1 January 2019	43.050	43.050
Cost 31 December 2019	<u>43.050</u>	<u>43.050</u>
Book value 31 December 2019	<u>43.050</u>	<u>43.050</u>
7. Deferred tax		
Deferred tax 1 January 2019	49.120	108.097
Deferred tax of the results for the year	-24.434	-58.977
	<u>24.686</u>	<u>49.120</u>
The following items are subject to deferred tax:		
Property, plant and equipment	9.249	10.112
Receivables	4.437	4.437
Other provisions	11.000	7.700
Tax losses carried forward	0	26.871
	<u>24.686</u>	<u>49.120</u>

Notes

All amounts in DKK.

31/12 2019 31/12 2018

8. Contributed capital

The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000,00. No shares hold particular rights.

9. Contingent liabilities

Rental and lease obligations:

	DKK in thousands
Rent obligations	<u>89</u>
	<u>89</u>

Other contingent liabilities:

The company has provided a bank guarantee to third parties of DKK 232,260 as of December 31, 2019

The Entity participates in a Danish tax taxation arrangement in which Stora Enso Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, income taxes, royalties and dividend for the jointly taxed companies. The liability cannot account for more than an amount equal to the share capital of the capital in the Company which is directly or indirectly owned by the ultimate Parent.

10. Related parties with controlling interest

Controlling interest

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Stora Enso Oyj, Finland – owns 51 % of the share capital.

Brødrene Hartmann A/S, Ørnegårdsvej 18, 2820 Gentofte, Denmark – owns 49 % of the share capital.

Consolidated annual accounts

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

Stora Enso Oyj, Finland.

Notes

All amounts in DKK.

11. Adjustments

Depreciation and amortisation	10.360	10.526
Other financial expenses	41.920	42.354
Tax on profit/loss for the year	52.832	0
Other provisions	-25.000	-8.471
	<u>80.112</u>	<u>44.409</u>

12. Change in working capital

Change in debtors	9.565.769	-2.025.759
Change in trade creditors and other liabilities	-11.794.717	-1.441.866
Other changes in working capital	0	57.284
	<u>-2.228.948</u>	<u>-3.410.341</u>

Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, and the annual accounts are presented in Danish kroner (DKK)

Recognition and measurement in general

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.

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 one 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or 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, expenses for raw materials and consumables and other external expenses.

Accounting policies

Revenue

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost

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 as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and writedown

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

Other financial income

Other financial income comprises 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 as well as 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 as well as 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.

Accounting policies

Balance sheet

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.

If the depreciation period or the residual value is changed, the effect on depreciation will in the future be recognised as a change in the accounting estimates.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 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.

Financial fixed assets

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Accounting policies

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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Other financial liabilities

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

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as 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 income taxes paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs. Furthermore, these comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

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