

---

# *Triumph International Textil A/S*

Staktoften 22D, 1. th Trørød, DK-2950 Vedbæk

## Annual Report for 2023

---

CVR No. 20 31 39 19

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 28/6 2024

Ulf Göran Emanuel  
Edemyr  
Chairman of the  
general meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	4
Financial Highlights	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Cash Flow Statement 1 January - 31 December	11
Notes to the Financial Statements	12

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Triumph International Textil A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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

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

Vedbæk, 28 June 2024

## Executive Board

Ulf Göran Emanuel Edemyr  
CEO

## Board of Directors

Christian Wolke  
Chairman

Michael Nyvang Nielsen

Ulf Göran Emanuel Edemyr

# Independent Auditor's report

To the shareholders of Triumph International Textil 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Triumph International Textil A/S for the financial year 1 January - 31 December 2023, 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' 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.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff

State Authorised Public Accountant

mne30221

Gösta Gauffin

State Authorised Public Accountant

mne45821

## Company information

<b>The Company</b>	Triumph International Textil A/S Staktoften 22D, 1. th Trørød 2950 Vedbæk  Telephone: 49 12 14 11 Website: <a href="http://www.triumph.com">www.triumph.com</a>  CVR No: 20 31 39 19 Financial period: 1 January - 31 December Municipality of reg. office: Rudersdal
<b>Board of Directors</b>	Christian Wolke, chairman Michael Nyvang Nielsen Ulf Göran Emanuel Edemyr
<b>Executive Board</b>	Ulf Göran Emanuel Edemyr
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit	39,739	42,526	41,407	44,156	55,956
Profit/loss of primary operations	2,922	4,237	1,459	44	8,159
Profit/loss of financial income and expenses	-1,441	-716	-355	-864	-953
Net profit/loss for the year	971	3,621	1,125	-905	9,030
<b>Balance sheet</b>					
Balance sheet total	53,401	66,081	68,428	89,110	72,906
Investment in property, plant and equipment	703	2,426	-416	-783	-1,402
Equity	27,693	30,722	28,102	26,976	32,881
<b>Cash flows</b>					
Cash flows from:					
- operating activities	7,815	5,682	12,464	47,897	5,715
- investing activities	-767	-1,568	1,616	-797	-975
- financing activities	-12,290	-6,308	-21,115	-31,000	-4,000
Change in cash and cash equivalents for the year	-5,242	-2,194	-7,035	16,100	740
Number of employees	69	75	81	88	99
<b>Ratios</b>					
Return on assets	5.5%	6.4%	2.1%	0.0%	11.2%
Solvency ratio	51.9%	46.5%	41.1%	30.3%	45.1%
Return on equity	3.3%	12.3%	4.1%	-3.0%	31.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

# Management's review

## Key activities

The company's main activities are the sale and distribution of textile goods in Denmark, mainly lingerie and swimwear.

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 970,667, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 27,693,074.

In 2023, the Company had a decline in revenue compared to 2022. The Company is struggling to attain its markets shares, the competition is more fragmented, and consumers is not as loyal to the brand as before.

During 2023, the Company continually have had focus on gaining and increasing sales through marketing and releasing new products and more initiatives have been taken to align the company to the current market situation internally.

Furthermore during 2023, the Company entered the Triumph Group's non-recourse factoring program with Credit Mutual Factoring – CIC Factoring Solutions (CMCIC). Factoring is a financing arrangement between Triumph (the Client) and CMCIC (the Factor), by which Triumph sells its receivables to CMCIC (financial institution). This is a true sale of receivables without-recourse to the Client.

The achieved profit for 2023 is in line with the management expectations and outlook for 2023.

## Objectives and expectations for the coming year

During 2024 the Company have focus on marketing so the Triumph Brand will be repositioned in the Market. We continue to innovate comfort products that enable a positive physical and mental sense of wellbeing.

Our long-focused work on simplifying processes internally has continued, and the goal is to obtain a faster and flexible business model, that quickly can adapt to the changes in the market.

The Company continuously have focus on sustainability and is working on different environmental initiatives.

We do not see any significant changes in our customer base in 2024. The company expects a positive result in 2024 on a par with 2023.

## Uncertainly relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

## Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

## Subsequent events

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



## Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
<b>Gross profit</b>		<b>39,739,023</b>	<b>42,525,940</b>
Staff expenses	1	-35,561,297	-37,161,587
Depreciation and impairment losses of property, plant and equipment	2	-1,239,045	-1,127,312
Other operating expenses		-17,132	0
<b>Profit/loss before financial income and expenses</b>		<b>2,921,549</b>	<b>4,237,041</b>
Financial income		10,465	62,593
Financial expenses	3	-1,451,347	-778,970
<b>Profit/loss before tax</b>		<b>1,480,667</b>	<b>3,520,664</b>
Tax on profit/loss for the year	4	-510,000	100,000
<b>Net profit/loss for the year</b>	5	<b>970,667</b>	<b>3,620,664</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		2,718,811	3,760,191
Leasehold improvements		493,838	5,687
<b>Property, plant and equipment</b>	<b>6</b>	<b>3,212,649</b>	<b>3,765,878</b>
Other receivables	7	694,859	596,498
<b>Fixed asset investments</b>		<b>694,859</b>	<b>596,498</b>
<b>Fixed assets</b>		<b>3,907,508</b>	<b>4,362,376</b>
Finished goods and goods for resale		28,679,626	28,261,501
<b>Inventories</b>		<b>28,679,626</b>	<b>28,261,501</b>
Trade receivables		8,523,433	13,565,503
Receivables from group enterprises		3,106,814	4,137,178
Other receivables		594,417	0
Deferred tax asset	8	1,350,000	1,860,000
Prepayments	9	207,699	1,620,922
<b>Receivables</b>		<b>13,782,363</b>	<b>21,183,603</b>
<b>Cash at bank and in hand</b>		<b>7,031,069</b>	<b>12,273,603</b>
<b>Current assets</b>		<b>49,493,058</b>	<b>61,718,707</b>
<b>Assets</b>		<b>53,400,566</b>	<b>66,081,083</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital	10	20,200,000	20,200,000
Retained earnings		4,693,074	6,522,407
Proposed dividend for the year		2,800,000	4,000,000
<b>Equity</b>		<b><u>27,693,074</u></b>	<b><u>30,722,407</u></b>
Other provisions	11	1,100,000	440,000
<b>Provisions</b>		<b><u>1,100,000</u></b>	<b><u>440,000</u></b>
Other payables		3,417,006	3,765,473
<b>Long-term debt</b>	12	<b><u>3,417,006</u></b>	<b><u>3,765,473</u></b>
Trade payables		2,031,758	2,964,060
Payables to group enterprises		8,625,544	16,567,164
Other payables	12	10,533,184	11,621,979
<b>Short-term debt</b>		<b><u>21,190,486</u></b>	<b><u>31,153,203</u></b>
<b>Debt</b>		<b><u>24,607,492</u></b>	<b><u>34,918,676</u></b>
<b>Liabilities and equity</b>		<b><u>53,400,566</u></b>	<b><u>66,081,083</u></b>
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	20,200,000	6,522,407	4,000,000	30,722,407
Ordinary dividend paid	0	0	-4,000,000	-4,000,000
Net profit/loss for the year	0	-1,829,333	2,800,000	970,667
<b>Equity at 31 December</b>	<b>20,200,000</b>	<b>4,693,074</b>	<b>2,800,000</b>	<b>27,693,074</b>

## Cash flow statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Result of the year		970,667	3,620,664
Adjustments	13	3,172,795	1,743,689
Change in working capital	14	5,112,018	1,034,142
<b>Cash flow from operations before financial items</b>		<b>9,255,480</b>	<b>6,398,495</b>
Financial income		10,465	62,593
Financial expenses		-1,451,347	-778,970
<b>Cash flows from operating activities</b>		<b>7,814,598</b>	<b>5,682,118</b>
Purchase of property, plant and equipment		-668,684	-2,426,418
Fixed asset investments made etc		-98,361	858,335
<b>Cash flows from investing activities</b>		<b>-767,045</b>	<b>-1,568,083</b>
Repayment of payables to group enterprises		-7,941,620	-5,308,298
Repayment of other long-term debt		-348,467	0
Dividend paid		-4,000,000	-1,000,000
<b>Cash flows from financing activities</b>		<b>-12,290,087</b>	<b>-6,308,298</b>
<b>Change in cash and cash equivalents</b>		<b>-5,242,534</b>	<b>-2,194,263</b>
Cash and cash equivalents at 1 January		12,273,603	14,467,866
<b>Cash and cash equivalents at 31 December</b>		<b>7,031,069</b>	<b>12,273,603</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,031,069	12,273,603
<b>Cash and cash equivalents at 31 December</b>		<b>7,031,069</b>	<b>12,273,603</b>

# Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	32,824,540	34,001,063
Pensions	2,473,279	2,910,544
Other social security expenses	263,478	249,980
	<u>35,561,297</u>	<u>37,161,587</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
Average number of employees	<u>69</u>	<u>75</u>
	2023	2022
	DKK	DKK
<b>2. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	1,239,045	1,127,312
	<u>1,239,045</u>	<u>1,127,312</u>
	2023	2022
	DKK	DKK
<b>3. Financial expenses</b>		
Interest paid to group enterprises	1,376,196	475,712
Other financial expenses	15,852	224,224
Exchange loss	59,299	79,034
	<u>1,451,347</u>	<u>778,970</u>
	2023	2022
	DKK	DKK
<b>4. Income tax expense</b>		
Deferred tax for the year	510,000	-100,000
	<u>510,000</u>	<u>-100,000</u>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>5. Profit allocation</b>		
Proposed dividend for the year	2,800,000	4,000,000
Retained earnings	-1,829,333	-379,336
	<u>970,667</u>	<u>3,620,664</u>
<b>6. Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	7,903,916	367,936
Additions for the year	123,588	579,360
Disposals for the year	-859,505	-47,936
Cost at 31 December	<u>7,167,999</u>	<u>899,360</u>
Impairment losses and depreciation at 1 January	4,143,725	362,249
Depreciation for the year	1,147,836	91,209
Reversal of impairment and depreciation of sold assets	-842,373	-47,936
Impairment losses and depreciation at 31 December	<u>4,449,188</u>	<u>405,522</u>
<b>Carrying amount at 31 December</b>	<u>2,718,811</u>	<u>493,838</u>
Amortised over	<u>3-20 years</u>	<u>3-12 years</u>
<b>7. Other fixed asset investments</b>		
		Other receivables
		DKK
Cost at 1 January		596,498
Additions for the year		98,361
Cost at 31 December		<u>694,859</u>
<b>Carrying amount at 31 December</b>		<u>694,859</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>8. Deferred tax asset</b>		
Deferred tax asset at 1 January	1,860,000	1,760,000
Amounts recognised in the income statement for the year	<u>-510,000</u>	<u>100,000</u>
<b>Deferred tax asset at 31 December</b>	<b><u>1,350,000</u></b>	<b><u>1,860,000</u></b>

## 9. Prepayments

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

## 10. Share capital

The share capital consists of 4 shares of a nominal value of DKK 250, 20 aktier à nominelt DKK 500, 29 aktier à nominelt DKK 1.000, 16 aktier à nominelt DKK 10.000, 136 aktier à nominelt DKK 50.000, 22 aktier à nominelt DKK 100.000 og 11 aktier à nominelt DKK 1.000.000. No shares carry any special rights.

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>11. Other provisions</b>		
Other provisions	1,100,000	440,000
	<b><u>1,100,000</u></b>	<b><u>440,000</u></b>
The provisions are expected to mature as follows:		
After 5 years	1,100,000	440,000
	<b><u>1,100,000</u></b>	<b><u>440,000</u></b>



## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>12. Long-term debt</b>		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
<b>Other payables</b>		
After 5 years	3,417,006	3,765,473
Long-term part	3,417,006	3,765,473
Other short-term payables	10,533,184	11,621,979
	<u>13,950,190</u>	<u>15,387,452</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>13. Cash flow statement - Adjustments</b>		
Financial income	-10,465	-62,593
Financial expenses	1,451,347	778,970
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,221,913	1,127,312
Tax on profit/loss for the year	510,000	-100,000
	<u>3,172,795</u>	<u>1,743,689</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>14. Cash flow statement - Change in working capital</b>		
Change in inventories	-418,125	-162,065
Change in receivables	6,891,240	855,244
Change in other provisions	660,000	80,000
Change in trade payables, etc	-2,021,097	260,963
	<u>5,112,018</u>	<u>1,034,142</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>15. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	8,045,556	7,800,455
Between 1 and 5 years	<u>2,676,077</u>	<u>3,316,344</u>
	<u><b>10,721,633</b></u>	<u><b>11,116,799</b></u>

### Guarantee obligations

The Company has provided a payment guarantee regarding lease which amounts to TDKK 1.128 as of 31st of December 2023

## 16. Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Triumph Universa AG, Bad Zurzach, Schweiz	Controlling shareholder

### Transactions

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

### Ownership

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

The Company's Immediate Parent Company is Triumph Universa AG, Bad Zurzach, Switzerland and the Ultimate Parent Company is Triumph Holding AG, Bad Zurzach, Switzerland. Both corporations are incorporated in Switzerland. Neither the Immediate or the Ultimate Parent Company publishes consolidated financial statements.

# Notes to the Financial Statements

## 17. Accounting policies

The Annual Report of Triumph International Textil A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

### Recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of the risk has been made before the year end.

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

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

# Notes to the Financial Statements

## Gross profit

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.

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

## Amortisation, depreciation and impairment losses

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

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

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

## Balance sheet

### Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	3-12 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

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

# Notes to the Financial Statements

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

## Other fixed asset investments

Other fixed asset investments consist of other receivables and deposits.

## Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

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

The cost of goods for resale equals landed cost.

## Receivables

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

## Prepayments

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

## Equity

### Dividend

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

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include re-establishment costs for the company's leases. The provisions are measured and recognized on the basis of experience with re-establishment costs for leases.

### Deferred tax assets and liabilities

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

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to be triggered as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

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

## Cash Flow Statement

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

### *Cash flows from operating activities*

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

### *Cash flows from investing activities*

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

### *Cash flows from financing activities*

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

### *Cash and cash equivalents*

Cash and cash equivalents comprise "Cash at bank and in hand".

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

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$