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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

HILLARY DENMARK APS

HAVNEHOLMEN 29, 1561 KØBENHAVN V

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 24 July 2023

Johan Frankl

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 25 00 02 50

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COMPANY DETAILS

Company	Hillary Denmark ApS c/o BDO ScanRevision, Havneholmen 29 1561 Copenhagen V	
	CVR No.:	25 00 02 50
	Established:	1 November 1999
	Municipality:	Copenhagen
	Financial Year:	1 January - 31 December
Executive Board	Johan Frankl	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Hillary Denmark ApS for the financial year 1 January - 31 December 2022.

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

In my opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2022 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

I recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 20 July 2023

Executive Board

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Johan Frankl

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Hillary Denmark ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Hillary Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

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 Consolidated Financial Statements and the Annual Financial Statements of the Company” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

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 Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Copenhagen, 20 July 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS OF THE GROUP

	2022 EUR '000	2021 EUR '000	2020 EUR '000	2019 EUR '000
Income statement				
Net revenue	60.858	45.145	45.807	43.940
Gross profit/loss	11.069	6.629	16.150	13.757
Operating profit/loss of main activities	1.995	6.764	5.189	2.912
Financial income and expenses, net	-407	-458	-1.214	-676
Profit/loss for the year before tax	1.588	6.305	3.975	2.236
Profit/loss for the year	1.576	6.231	3.237	1.648
Results for the year without minority interests	499	2.457	2.446	-1.768
Balance sheet				
Total assets	39.394	40.166	37.088	36.059
Equity	19.024	21.364	13.503	10.266
Cash flows				
Cash flows from operating activities	3.241	9.462	3.940	-5.744
Cash flows from investing activities	-4.750	-13.101	775	-18.510
Cash flows from financing activities	-3.910	9.875	-251	12.718
Total cash flows	-5.419	6.236	4.464	-11.536
Investment in property, plant and equipment	-6.660	-2.312	-3.186	0
Key ratios				
Return on invested capital	15.3	24.8	0.0	0.0
Equity ratio	26.3	33.3	25.1	19.0
Return on equity	7.8	35.7	27.2	14.0

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	NWC + intangible and tangible assets (ex goodwill) - provisions - other operating liabilities, non-current
Return on invested capital:	Operating Profit/loss adjusted for goodwill amortisation x 100 / Average invested capital
Equity ratio:	Equity (ex. minorities), at year-end x 100 / Total assets, at year-end
Return on equity:	Profit/loss after tax x 100 / Average equity

MANAGEMENT COMMENTARY

Principal activities
The principal activities comprise as in previous years in that of a holding company. The holdings are today focused on companies in the field of recycling plastic and the manufacturing of plastic products.

The group companies main activities are in the recycling of post-consumer plastic waste, manufacturing of plastic (LDPE & LLDPE) bags, sacks and films and the sale of these products.
In addition to these main activities the group contains a company focused on renting property as well as another company that performs engineering activities and relating technical consultations.

The products are sold mainly in Northern Europe (Scandinavia, Baltics, Germany and Benelux).

Unusual matters
Remaining post Covid-19 pandemic effects such as continued supply chain issues coupled with the war on Ukraine by Russia created a new set of global challenges and sense of uncertainty. Many countries and regions have during 2022 experienced very high inflation with prices of goods of services soaring. The European market on which Hillary Denmark acts has not been an exception. In addition to inflation the war in Europe and consequent sanctions on Russia has caused the pricing and availability of energy to increase sharply.

The group companies have during 2022 had significantly increased cost of goods sold and to varying degree managed to increase pricing out to clients to cover the increasing cost of goods sold.

The impact of supply chain issues on group companies greatly decreased during 2022 and was in the second part of 2022 a non-issue. None of the group companies have any presence in either the Ukraine or Russia and where not directly affected by the war. Inflation has driven up the interest costs and salaries are expected to follow upwards in 2023. Increased energy costs has had a significant impact on the cost of production.
Recognition and measurement uncertainty
There are no uncertainties relating to recognition and measurement.

Development in activities and financial and economic position
On a Hillary level the focus has been on the development of Plasta Holdings. A new group CEO was recruited in the beginning of 2022 with the goal of achieving both organic growth within the Plasta group as well growth through acquisitions and joint ventures.

The group is constantly developing its activities with further investments and innovations in recycling technology and new product offers. The main project of 2022 has been the implementation of automatic sorting in the subsidiary AB Plasta. This project will enable the group companies to get access to a different stream of collected waste plastics for recycling. The project should result in more cost effective raw materials for the plastic products, marketing advantages as well as further positive contributions to the environment.

Profit/loss for the year compared to the expected development
The results of EUR -425.404 for Hillary Denmark were in line with the expected results.

The consolidated result of EUR 1.576.185 for group companies outperformed budget.

The financial year of group companies was characterised by substantial and constant cost increases and several price increases to clients. Market demand for both finished goods (plastic bags) and recycled PE granules was high with supply falling short in Europe. The Lithuanian leg of the group was successful in increasing the price to clients in line with cost increases. The Swedish manufacturing company did not succeed to the same degree with its price increases causing the business to underperform against budget.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial risks
Hillary Denmark retains a good financial position in terms of liquidity and expects to collect on outstanding loans during 2023, further improving its liquidity. The assessment of the holding investments is positive and that the companies are well positioned to increase profitability in the coming years.

Exchange rate exposure is nonexistent as the company exclusively trades in Euro. There are no outstanding payables or debts so the risk exposure to increasing and increased interest rates is also nonexistent. A smaller loan was made by Hillary with a strong security, the loan will be repaid in 2023 and the company does not foresee any financial risk related to the loan.

The group companies have considerable sales and purchase activities, gives credit to customers, sees the likely probability of increasing interest on loans and is in a high investment phase. This means that there is a substantial need for working capital. Increased debt has been taken up but the results are covering the cash flow needed. Hillary management is keeping an eye on group company cash flows and currently feel that the all is under control. One of the group companies has significant purchases in foreign currency without any current hedging mechanism. The group management is working on a foreign currency risk management strategy.

Special risks
The group main risks are in the competitive environment between producers of similar profile, costs of input materials and energy.

The global economic and geopolitical situation created an increased price volatility in raw material, energy costs and other necessary input materials. The rapid speed of the increases on COGS in the first half of 2022 was difficult for group companies to keep up with and adjust the sales pricing to its clients accordingly. In the latter part of 2022 the group companies had managed to take control of the costs and pricing.

Lack of necessary raw materials is special risk of note. New regulations in certain EU-countries have increased the demand for recycled PE meaning that the market for post-consumer waste plastic and granulated post-consumer plastic tightened and the availability of certain grades of material disapeared. This is both a risk and opportunity for the group. The opportunity lies in the fact that the group has a significant understanding and capability in recycling of post-consumer waste plastic and manufacturing of granules. Therefore it is well placed to take advantage of the increased demand for such products. The risk lies in the sourcing of material for recycling. With an extensive network of suppliers this risk was handled well in 2022. Actions are being taken to use alternative streams of post-consumer waste plastics to further mitigate the risks involved in sourcing of raw material.

Another notable risk is the availability of electricity. Due to geopolitical issues and dependency on Russia for electricity, oil and gas the question of available supply of energy has become a topic. All manufacturing made by the group companies is power by electricity. At times during 2022 there were concerns raised if Europe had enough energy to avoid so called “brown outs”. The risk is judged as minor as even if brown outs where to occur it would have a small impact on the performance of the group companies.

Environmental situation
In Hillary Denmark ApS itself there are no significant environmental or climate risks. The investment strategy is with a focus on environmental positive investments.

The group focus is on the recycling of post-consumer waste plastics and is in its core devoted to making a positive contribution to the environment by decreasing the CO2 through the avoidance of burning of plastic, depletion of natural resources and pollution. There is currently no master plan for environmental impact but this is, as it has always been, a key part of the ethos of the group companies.

In 2022 is significant progress was made in coming ESG reporting and targets of the group companies. This will contain KPI’s for the environmental impact of the group companies and its products as well as clearly focus areas to improve in. The full plan is expected to be ready in 2023.

Environmental situation (continued)

In the group there is a very clear and outspoken objective to use as much post usage (collected) recycled plastic as possible with a minimal CO2 footprint compared to alternatives. When considering any type of investment, the possibility for usage or production of recycled collected plastic is a very important factor in the decision making process. A clear example of this is the latest group acquisition, Rullpack AB, that has decreased its usage of virgin petroleum based plastic and increased its usage of post-consumer plastic from 30% to 60%.

All major subsidiaries are ISO 9001 certified, and one has ISO 140001 certification.

Knowledge resources
Knowledge and skills are the foundation to any successful business. In Hillary Denmark there is a significant confidence placed in its trusted consultants to offer expertise in potential investment areas. The management is highly experienced in the field of recycled plastics and plastic bags.

With regards to the group companies it is key to continuously improve the ability, skill and qualifications of employees. This is achieved through on-site training sessions, during which practical skills are developed, and through opportunities for participating in off-site new skill development.

Focus will in the coming year be on recruiting senior staff with extensive industrial knowledge that can further enhance the skill dissipation within the group companies.

Research and development activities
The group companies are expanding the scope of their activities and modernizing the production processes. Great attention is paid to projects that will lead to more cost and production efficient ways of handling raw materials. In 2022 one of the group companies implemented a solution for accessing alternative streams of secondary raw materials previously not usable. This development will allow for reducing labor costs, reducing cost of material, securing the availability of input material and is also a step forward in the mission to recycle all polyethylene waste material put on the market.

In response to a growing market demand for granulate from recycled secondary raw material, influenced by changes in the legal framework in the EU and market desire for more environmentally friendly solutions the group is to developing and increasing granulate sales. Investments will increase the capacity in production of granules.

The group companies are constantly developing its markets both through expansion within already existing geographical markets and segments but also in new market segments through the development of new products for various applications within the scope of waste bags and films.

Future expectations
The management expects continued high but decreasing inflation in the eurozone throughout 2023. It is likely that Europe will enter into a recession during 2023 which will mean less general activity.

For Hillary Denmark the expectations for 2023 are a stable year with little new activity. The company is constantly on the lookout for good investment opportunities but is in no rush to hurry into investments.

The group companies are well positioned for 2023 but the market is expected to soften in the economic downturn. The addition of the previously mentioned developments and investments are expected to start adding to the group results in 2023. Group turnover will likely decrease compared to 2022 as a result of market pricing decreasing. It is not expected that this will lead to any significant margin of profit decreases as the COGS are expected to decrease in parity with finished goods pricing. Results from group companies are expected to improve with a more stable cost base and price but concerns with regards to sales exist. Budgeted net result for the group is between 4 and 6 million Euro.

The main risks foreseen for the group activities in 2023 are weakening demand and an oversupplied market leading to lower prices.

The Company's foreign branches
The group has branches in Lithuania, Germany, Sweden and Norway.

Corporate social responsibility (CSR) report
Business model
- The main activities of Hillary Denmark is as a holding company with a focus on recycled plastics.
- The main activities of the group companues are in recycling of post-consumer plastic waste through mechanical recycling, the manufacturing of plastic bags and films and the sale of bags and films.
- The group conducts the bulk of its activities in northern Europe (Baltics, Scandinavia, Germany and Benelux)

In 2022 the group companies have begun extensive work on developing group wide policies and KPIs for environmental, social and corporate governance. Input from experts in each field, employees, suppliers, clients and stakeholders will form the basis for the policies and strives the group companies are to make moving forward. It is expected that the policies will be implanted group wide in 2023.

Environmental and climate matters
The main concern associated with the business activities performed by Hillary Denmark is that the company invests in companies that have a negative environmental and climate impacts. The company manages these risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks. When seeking out potential investments the company actively seeks opportunities where it can contribute to improve the environmental impact of the acquisition.

No official policy is implemented as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal risks associated with the business activities are the impact of the production and products on the environment and climate. Being that plastics, derived from petroleum, is the main component of the groups products the group companies have a great responsibility and opportunity to impact the environment. Through the extensive recycling efforts and usage of post-consumer waste plastic instead of virgin plastics the group companies take on this responsibility and decreases the impact of plastic on the environment. The group activities decrease the burning of plastics and avoidance of landfill build up causing less release of carbon dioxide. The recycling activities also decreases the need for additional petroleum extraction.

In the group there is a very clear and outspoken objective to use as much post-consumer recycled plastic as possible with a minimal $CO2$ footprint compared to alternatives. Today the vast majority (approximately 90%) of the products produced are from recycled post-consumer waste plastic. When considering any type of investment, the possibility for usage or production of recycled collected plastic is a very important factor in the decision-making process.

Further to the extensive usage of recycled post-consumer waste plastics the group always aims for resource savings to reduce pollution and choosing the most environmentally considerate alternative possible for its processes such as the usage of green or fossil free energy.

Other concerns associated with the business activities are the handling of waste material from the production. The group companies work with governmental and municipal agencies to ensure the best possible handling and control of such risks. The target is a zero waste production. Constant R&D is carried out in order to achieve the zero waste target.

Group wide environmental policies are currently being developed and are expected to be in place during 2023. The foundation for the policies can be seen here: https://plastagroup.com/policies/

All group companies are required to uphold the laws and regulations of the countries in which they operate.

Corporate social responsibility (CSR) report (continued)

Social and employee matters

The main concern associated with social and employee matters in the business activities performed by Hillary Denmark is that the company invests in companies with a negative social and employment impacts. The company manages these risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks.

No official policy is implemented as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal concerns associated to social and employee matters within the business activities are that a group company would breach the rights and responsibilities it / they have towards employees and their working conditions. As all group companies conduct their activities and adheres to regulation within EU-countries with stringent regulation and follow up of treatment of employees the risks are managed. There is limited usage of sub-contractors outside of the EU but it does occur. In such cases the group companies make sure to investigate and require documentation supporting that social and employee matters are handled in a satisfactory way.

All group companies follow at a minimum the regulations set out in the ILO convention.

Group wide social and employee policies are currently being developed and are expected to be in place during 2023. The foundation for the policies can be seen here: https://plastagroup.com/policies/

All group companies are required to uphold the laws and regulations of the countries in which they operate.

Respect for human rights

The main concerns associated with human rights issues within the business activities performed by Hillary Denmark is that the company invests in companies with a negative impact on human rights. The company manages these risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks.

No official policy is implemented as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal concern associated human rights issues within the business activities are that a group company would breach human rights in association with demands placed on the work force or through action caused by subcontractors.

As all group companies conduct its activities and adheres to regulation within EU-countries with stringent regulation with regards to human rights the risks are managed. There is limited usage of subcontractors outside of the EU but it does occur. In such cases the group companies make sure to investigate and require documentation supporting that social and employee matters are handled in a satisfactory way.

All group companies follow at a minimum the regulations set out in the ILO convention.

Group wide human rights policies are currently being developed and are expected to be in place during 2023. The foundation for the policies can be seen here: https://plastagroup.com/policies/

All group companies are required to uphold the laws and regulations of the countries in which they operate.

Anti-corruption and bribery matters

The main concerns associated with anti-corruption and bribery matters within the business activities performed by Hillary Denmark is that the company invests in companies that has or is engaged in

Corporate social responsibility (CSR) report (continued)
corruption and or bribery. The company manages these concerns and risks by carefully evaluating all investments and conducting detailed due diligence through documentation and legal research prior to investments to determine the likelihood of such risks.

No official policy is implemented as the rules and regulations of the governing bodies where the company is active are judged to offer adequate guidance and control.

On a group level the principal concerns associated with anti-corruption and bribery matters within the business activities are that a group company would engage in corruption or bribery in order to further it possibilities for sales alternatively other social and environmental responsibilities. As all group companies conduct its activities and adheres to regulation within EU-countries with stringent regulation and control with regards to corruption and bribery the risks are managed.

Group wide anti-corruption and bribery policies are currently being developed and are expected to be in place during 2023. The foundation for the policies can be seen here: https://plastagroup.com/policies/

Target figures and policy for the underrepresented gender
The board only consists of one member why the company does not have such policy.

Data ethics
Hillary Denmark and its holdings are aware and mindful of data collected and make sure that all data is secure and protected. There is no group wide policy on data ethics (as per the principles from Jan 2021) or data protection but the companies have data and privacy policies in accordance with GDPR that they adhere to. These policies include statements on dealing with data collected that can be deemed sensitive from a personal standpoint.

The companies data mainly relates to employees and business partners and none of the companies use data to track movements, gender, ethnicity, consumer preferences, machine learning or similar that could impact or be used to impact on an individual or entities freedom of choice or privacy. With regards to the type of data that is collected we do not feel a need for a formal data ethics policy at this time as the company regards the ethics covered in the GDPR legislation.

The group companies constantly monitor and improve IT security and guidelines and should the it see an area where the ethics of data collected could be under question a policy for the management of such data will be developed.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent Company	
	Note	2022 EUR	2021 EUR	2022 EUR	2021 EUR
NET REVENUE	1	**60.857.919**	**45.145.069**	**0**	**0**
Production costs	2	-49.789.260	-38.515.728	0	0
GROSS PROFIT/LOSS		**11.068.659**	**6.629.341**	**0**	**0**
Distribution costs	2	-1.225.341	-949.007	0	0
Administrative expenses	2, 3	-7.898.291	-7.086.277	-414.319	-938.363
OPERATING PROFIT		**1.945.027**	**-1.405.943**	**-414.319**	**-938.363**
Other operating income		55.081	8.316.710	2.371	7.813.277
Other operating expenses		-4.150	0	-4.150	0
Fair value adjustment of other investment assets		-695	-147.233	0	0
OPERATING PROFIT		**1.995.263**	**6.763.534**	**-416.098**	**6.874.914**
Income from investments in subsidiaries		1	0	0	0
Financial income		-473.585	-517.709	12.000	0
Financial expenses		66.320	59.445	-21.306	-3.705
PROFIT BEFORE TAX		**1.587.999**	**6.305.270**	**-425.404**	**6.871.209**
Tax on profit/loss for the year	4	-11.814	-73.840	0	0
PROFIT FOR THE YEAR	5	**1.576.185**	**6.231.430**	**-425.404**	**6.871.209**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2022 EUR	Group 2021 EUR	Parent Company 2022 EUR	Parent Company 2021 EUR
Intangible fixed assets acquired		2.221.097	3.056.146	0	0
Goodwill		945.523	1.744.401	0	0
Intangible assets	6	**3.166.620**	**4.800.547**	**0**	**0**
Land and buildings		1.213.592	1.283.860	0	0
Production plant and machinery		9.076.246	9.728.794	0	0
Other plant, machinery tools and equipment		615.296	819.301	0	0
Tangible fixed assets in progress and prepayment		4.818.689	1.430.812	0	0
Property, plant and equipment	7	**15.723.823**	**13.262.767**	**0**	**0**
Equity investments in group enterprises		0	0	4.309.147	4.309.147
Other investments		40.415	41.110	40.415	40.415
Other receivables		8.552	160.908	0	0
Financial non-current assets	8	**48.967**	**202.018**	**4.349.562**	**4.349.562**
NON-CURRENT ASSETS		**18.939.410**	**18.265.332**	**4.349.562**	**4.349.562**
Raw materials and consumables		1.977.259	2.030.216	0	0
Work in progress		1.978.146	1.418.497	0	0
Finished goods and goods for resale		3.824.831	3.413.857	0	0
Inventories		**7.780.236**	**6.862.570**	**0**	**0**
Trade receivables		7.993.157	5.611.266	0	0
Deferred tax asset	9	187.873	128.682	0	0
Other receivables		3.283.300	2.745.749	1.905.666	1.590.755
Prepayments	10	324.676	248.994	0	0
Receivables		**11.789.006**	**8.734.691**	**1.905.666**	**1.590.755**
Cash and cash equivalents		**885.372**	**6.303.763**	**220.870**	**5.415.872**
CURRENT ASSETS		**20.454.614**	**21.901.024**	**2.126.536**	**7.006.627**
ASSETS		**39.394.024**	**40.166.356**	**6.476.098**	**11.356.189**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2022 EUR	Group 2021 EUR	Parent Company 2022 EUR	Parent Company 2021 EUR
Share capital		20.151	20.151	20.151	20.151
Other reserves		289.778	250.934	0	0
Retained earnings		8.668.362	9.611.248	4.977.381	6.802.835
Proposed dividend		1.400.000	3.500.000	1.400.000	3.500.000
Minority shareholders		8.645.512	7.981.550	0	0
EQUITY		**19.023.803**	**21.363.883**	**6.397.532**	**10.322.986**
Provision for deferred tax	11	381.176	445.850	0	0
Other provisions		1.528.246	95.976	0	0
PROVISIONS		**1.909.422**	**541.826**	**0**	**0**
Debt to mortgage credit institution		2.997.142	2.992.624	0	0
Trade payables		687.565	1.013.071	0	0
Non-current liabilities	12	**3.684.707**	**4.005.695**	**0**	**0**
Debt to mortgage credit institution		5.311.589	3.557.387	0	0
Prepayments received concerning work in progress		60.111	47.129	0	0
Trade payables		6.114.291	6.289.789	54.185	0
Debt to Group companies		0	226.029	0	226.029
Corporation tax payable		21.056	170.841	0	0
Other liabilities		2.224.283	3.106.027	24.381	807.174
Deferred income		1.044.762	857.750	0	0
Current liabilities		**14.776.092**	**14.254.952**	**78.566**	**1.033.203**
LIABILITIES		**18.460.799**	**18.260.647**	**78.566**	**1.033.203**
EQUITY AND LIABILITIES		**39.394.024**	**40.166.356**	**6.476.098**	**11.356.189**

Contingencies etc.	13
Charges and securities	14
Related parties	15
Fee to statutory auditor	3

EQUITY

	Group					
	Share capital	Other reserves	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 January 2022	20.151	250.934	9.611.248	3.500.000	7.981.550	21.363.883
Proposed profit allocation, Note 5			-900.717	1.400.000	1.076.902	1.576.185
Transactions with owners						
Dividend paid				-3.500.000		-3.500.000
Other legal bindings						
Foreign exchange adjustments			-367.079			-367.079
Other adjustments					-88.030	-88.030
Revaluations in the year		38.844				38.844
Transfers						
Other transfers			324.910		-324.910	0
Equity at 31 December 2022	**20.151**	**289.778**	**8.668.362**	**1.400.000**	**8.645.512**	**19.023.803**

	Parent Company			
	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2022	20.151	6.802.785	3.500.000	10.322.936
Proposed profit allocation, jf. note 5		-1.825.404	1.400.000	-425.404
Transactions with owners				
Dividend paid			-3.500.000	-3.500.000
Equity at 31 December 2022	**20.151**	**4.977.381**	**1.400.000**	**6.397.532**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent Company	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR
Profit/loss for the year	1.576.185	6.231.430	-425.404	6.871.209
Depreciation and amortisation, reversed	4.749.892	0	0	0
Profit/loss from subsidiaries	-1	0	0	0
Tax on profit/loss, reversed	11.814	73.840	0	0
Change in inventories	-917.666	559.974	0	0
Change in receivables (ex tax)	-2.995.124	1.801.740	-314.911	1.195.461
Change in other provisions	1.432.270	95.976	0	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	670.875	-1.476.675	-954.687	-2.825.948
Other cash flows from operating activities	-1.286.970	2.175.488	0	0
CASH FLOWS FROM OPERATING ACTIVITY	**3.241.275**	**9.461.773**	**-1.695.002**	**5.240.722**
Purchase of intangible assets	0	-941.374	0	0
Sale of intangible fixed assets	0	135.707	0	0
Purchase of property, plant and equipment	-4.989.259	-1.312.255	0	0
Sale of property, plant and equipment	62.300	234.368	0	0
Purchase of financial assets	0	-11.427.116	0	-4.309.147
Sale of financial assets	0	0	0	4.418.634
Other cash flows from investing activities	177.102	209.481	0	0
CASH FLOWS FROM INVESTING ACTIVITY	**-4.749.857**	**-13.101.189**	**0**	**109.487**
Issue of shares	0	12.700.000	0	0
Dividends paid in the financial year	-3.500.000	0	-3.500.000	0
Other cash flows from financing activities	-409.809	-2.824.984	0	0
CASH FLOWS FROM FINANCING ACTIVITY	**-3.909.809**	**9.875.016**	**-3.500.000**	**0**
CHANGE IN CASH AND CASH EQUIVALENTS	**-5.418.391**	**6.235.600**	**-5.195.002**	**5.350.209**
Cash and cash equivalents at 1. januar	6.303.763	68.163	5.415.872	65.663
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**885.372**	**6.303.763**	**220.870**	**5.415.872**
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents	885.372	6.303.763	220.870	5.415.872
CASH AND CASH EQUIVALENTS	**885.372**	**6.303.763**	**220.870**	**5.415.872**

NOTES

	Note	Group 2022 EUR	Group 2021 EUR	Parent Company 2022 EUR	Parent Company 2021 EUR
Net revenue	1				
Revenue, Europe		60.857.919	45.145.069	0	0
		60.857.919	**45.145.069**	**0**	**0**
Segment details (geography)					
Europe		60.857.919	45.145.069	0	0
		60.857.919	**45.145.069**	**0**	**0**
Segment details (activities)					
Sale of plastic products		60.857.919	45.145.069	0	0
		60.857.919	**45.145.069**	**0**	**0**
Staff costs	2				
Average number of employees		490	501	0	0
Wages and salaries		11.627.019	10.481.963	0	0
		11.627.019	**10.481.963**	**0**	**0**

Information on management remuneration is omitted in accordance with the exemption provision in the Danish Financial Statements Act, section 98 b, subsection. 3 No. 2.

	Note	Group 2022 EUR	Group 2021 EUR	Parent Company 2022 EUR	Parent Company 2021 EUR
Fee to statutory auditor	3				
Total fee:					
BDO		0	0	39.025	10.000
Auditors of foreign subsidiaries		83.997	46.292	0	0
		83.997	**46.292**	**39.025**	**10.000**
Specification of the fees:					
Statutory audit		78.307	42.492	8.396	6.000
Assurance engagements		2.000	1.800	5.000	4.000
Tax consultancy		0	2.000	25.629	0
Other services		3.690	0	0	0
		83.997	**46.292**	**39.025**	**10.000**

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	Group 2022 EUR	Group 2021 EUR	Parent Company 2022 EUR	Parent Company 2021 EUR	Note
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year	11.814	73.840	0	0	
	11.814	**73.840**	**0**	**0**	
Proposed distribution of profit					5
Proposed dividend for the year	1.400.000	3.500.000	1.400.000	3.500.000	
Retained earnings	-900.717	-1.042.852	-1.825.404	3.371.209	
Minority shareholders	1.076.902	3.774.282	0	0	
	1.576.185	**6.231.430**	**-425.404**	**6.871.209**	

Intangible assets 6

	Group: Intangible fixed assets acquired	Group: Goodwill
Cost at 1 January 2022	5.474.465	3.994.388
Additions	45.912	0
Disposals	-255	0
Cost at 31 December 2022	**5.520.122**	**3.994.388**
Amortisation at 1 January 2022	2.418.319	2.249.987
Reversal of amortisation of assets disposed of	-99	0
Amortisation for the year	880.805	798.878
Amortisation at 31 December 2022	**3.299.025**	**3.048.865**
Carrying amount at 31 December 2022	**2.221.097**	**945.523**

Property, plant and equipment 7

	Group: Land and buildings	Group: Production plant and machinery
Cost at 1 January 2022	1.433.923	28.071.736
Transferred	23.165	2.857.578
Additions	0	113.309
Disposals	0	-1.690.729
Cost at 31 December 2022	**1.457.088**	**29.351.894**
Depreciation and impairment losses at 1 January 2022	150.063	18.342.942
Reversal of depreciation of assets disposed of	0	-903.124
Depreciation for the year	93.433	2.835.830
Depreciation and impairment losses at 31 December 2022	**243.496**	**20.275.648**
Carrying amount at 31 December 2022	**1.213.592**	**9.076.246**

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Tangible fixed assets (continued) 7

	Group	
	Other plant, machinery tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2022	3.189.209	1.430.812
Transferred	-7.646	-2.860.462
Additions	157.394	6.389.064
Disposals	-229.393	-140.725
Cost at 31 December 2022	**3.109.564**	**4.818.689**
Depreciation and impairment losses at 1 January 2022	2.369.908	
Reversal of depreciation of assets disposed of	-178.920	
Depreciation for the year	303.280	
Depreciation and impairment losses at 31 December 2022	**2.494.268**	
Carrying amount at 31 December 2022	**615.296**	**4.818.689**

Financial non-current assets 8

	Group	
	Other investments	Rent deposit and other receivables
Cost at 1 January 2022	40.415	160.908
Disposals	0	-152.356
Cost at 31 December 2022	**40.415**	**8.552**
Carrying amount at 31 December 2022	**40.415**	**8.552**

	Parent Company	
	Equity investments in group enterprises	Other investments
Cost at 1 January 2022	4.309.147	40.415
Cost at 31 December 2022	**4.309.147**	**40.415**
Carrying amount at 31 December 2022	**4.309.147**	**40.415**

Investments in subsidiaries (EUR)

Name and domicil	Equity	Profit/loss for the year	Ownership
Plasta Holdings UAB, Lithuania	16.955.418	1.671.222	55,37 %

NOTES

Note

Deferred tax assets 9

The deferred tax assets is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	Group		Parent Company	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR
Deferred tax, beginning of year	128.682	128.682	0	0
Other adjustments	59.191	0	0	0
Deferred tax assets 31 December 2022	**187.873**	**128.682**	**0**	**0**

The company's deferred tax assets are recognized in the balance sheet with EUR 187.873. The tax asset primarily relates to temporary differences in deductable items, which is expected to be deducted in future profits.

	Group		Parent Company	
	2022 EUR	2021 EUR	2022 EUR	2021 EUR
Prepayments 10				
Costs	324.676	248.994	0	0
	324.676	**248.994**	**0**	**0**

Prepayment is prepaid cost to insurance, rent and semilar cost.

Provision for deferred tax 11

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

Deferred tax, beginning of year	445.850	445.850	0	0
Other adjustments	-64.674	0	0	0
Provision for deferred tax 31 December 2022	**381.176**	**445.850**	**0**	**0**

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Long-term liabilities 12

	Group			
	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Debt to mortgage credit institution...........	2.997.142	0	0	2.992.624
Trade payables....................................	687.565	0	0	1.013.071
	3.684.707	**0**	**0**	**4.005.695**

Contingencies etc. 13

Contingent liabilities
None.

Charges and securities 14

As security for bank debt of T.EUR 5.071.941, the Group has provided a corporate pledge of T.EUR 21.487. The corporate pledge includes the following assets:

Buildings - T.EUR 1.089
Equipment & other non-current assets - T.EUR 11.057
All inventories in use - T.EUR 3.854
Shares (Rullpack, AB) - T.EUR 5.487

Related parties 15

Parties are considered to be related parties when one of them is able to control the other party or exert significant influence on the other party in the latter‘s financial and operating decisions. These comprise the following legal entities and natural persons:

- Members of management of the Company
- Shareholders of the Company
- Group companies;

Plasta Holdings UAB
PLASTA AB
Plasta Business Park, AB
Rullpack AB
GelPod UAB
Plasta GmbH
Rullpack Norge AS
Replasta UAB
Ramigna UAB

Transactions with related parties
The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The Annual Report of Hillary Denmark ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Hillary Denmark ApS and the subsidiaries in which Hillary Denmark ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or newly formed entities within the Group are recognised in the Consolidated Financial Statements as if the entity has been combined from the earliest financial period included in the Consolidated Financial Statements. Consolidated or wound up entities are recognised in the Consolidated Income Statement from the earliest financial period included in the Financial Statements. Comparative figures are corrected for newly acquired, sold or wound-up entities.

Acquired entities within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed as from the earliest financial period included in the Consolidated Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

Positive and negative differences between the acquisition cost and the carrying amounts of acquired and identified assets and liabilities are recognised in equity at the acquisition.

Transaction costs incurred in relation to acquisition of entities are recognised in the Income Statement in the year they were paid.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

ACCOUNTING POLICIES

Production costs
Production costs comprise the costs of manufacture and procurement paid to achieve the net revenue for the year, including costs of raw materials and consumables, wages and salaries, energy, maintenance, leasing and depreciation of production plant, and adjusted for changes in inventory of finished goods and work in progress.

Distribution costs
The costs paid for the distribution of goods sold during the year and for sales campaigns, etc. carried out during the year are recognised in distribution costs. The cost of sales personnel, advertising and exhibition costs and amortisation of distribution and sales related assets are also recognised in distribution costs. Common losses on bad debts are also recognised.

Administrative expenses
Administrative expenses recognise costs incurred during the year regarding management and administration, inclusive of costs relating to the administrative staff, Executives, office premises, office expenses, etc., and related amortisation.

Other operating income
Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries
Dividend from equity interests is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

ACCOUNTING POLICIES

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.
Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

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

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery...	5-10 years	0 %
Other plant, fixtures and equipment..	3-5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts
Lease contracts relating to tangible fixed assets
for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

Financial non-current assets
Equity investments in are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed from the earliest financial period included in the Financial Statements, and by using the carrying amounts of the assets and liabilities acquired.

ACCOUNTING POLICIES

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Cash and cash equivalents include cash at bank.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

ACCOUNTING POLICIES

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

ACCOUNTING POLICIES

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and cash in hand.