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# ***DSHwood A/S***

Glarmestervej 7, DK-7000 Fredericia

## **Annual Report for 1 July 2022 - 30 June 2023**

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CVR No. 25 67 23 05

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 3/10 2023

Rasmus Grønborg Bak  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of DSHwood A/S for the financial year 1 July 2022 - 30 June 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Fredericia, 3 October 2023

## Executive Board

Rasmus Grønborg Bak  
CEO

## Board of Directors

Mogens Aaby  
Chairman

Henning Kruse Lorentzen

Poul Fløe Leineweber

Anne Mette Aaby Aaes

# Independent Auditor's report

To the shareholder of DSHwood A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DSHwood A/S for the financial year 1 July 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 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 Financial Statements unless Management either intends to liquidate the Group or the Parent 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 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 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 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 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 Group and the Parent 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.
- 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.

# Independent Auditor's report

Trekantområdet, 3 October 2023

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
*CVR No 33 77 12 31*

Henrik Aslund Pedersen  
State Authorised Public Accountant  
mne17120

Lars Almskou Ohmeyer  
State Authorised Public Accountant  
mne24817

## Company information

<b>The Company</b>	DSHwood A/S Garmestervej 7 DK-7000 Fredericia  Telephone: + 45 74 55 25 36 Website: <a href="http://www.dshwood.dk">www.dshwood.dk</a>  CVR No: 25 67 23 05 Financial period: 1 July 2022 - 30 June 2023 Municipality of reg. office: Fredericia
<b>Board of Directors</b>	Mogens Aaby, chairman Henning Kruse Lorentzen Poul Fløe Leineweber Anne Mette Aaby Aaes
<b>Executive Board</b>	Rasmus Grønborg Bak
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

# Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
<b>DSHwood A/S</b>	<b>Fredericia, Denmark</b>	
DSHwood GmbH,	Wietze, Germany	100 %
DSHwood UK Ltd.	Inverness, Scotland	100 %
DSHwood France SAS	Villefranche, France	100 %
DSHwood Impex Private Limited	Mumbai, India	100 %



# Financial Highlights

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

	<b>Group</b>				
	2022/23	2021/22	2021	2020	2019
	TDKK	TDKK	TDKK 6 months	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	864,349	768,446	377,274	560,333	464,131
Gross profit/loss	40,689	53,459	40,186	47,704	34,393
Profit/loss before financial income and expenses	10,132	26,599	22,168	22,548	12,232
Profit/loss of financial income and expenses	-5,610	-1,868	-874	-2,074	-2,651
Net profit/loss	1,885	16,969	14,742	13,261	4,977
<b>Balance sheet</b>					
Balance sheet total	212,931	208,417	154,040	147,217	80,058
Investment in property, plant and equipment	685	700	646	213	657
Equity	52,009	54,231	45,155	35,181	22,519
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-53,030	-5,898	3,258	-5,136	6,924
- investing activities	-967	-699	-642	-100	12,433
- financing activities	51,809	9,364	-5,344	8,118	-21,313
Change in cash and cash equivalents for the year	-2,188	2,767	-2,728	2,882	-1,946
Number of employees	56	50	44	41	45
<b>Ratios</b>					
Gross margin	4.7%	7.0%	10.7%	8.5%	7.4%
Profit margin	1.2%	3.5%	5.9%	4.0%	2.6%
Return on assets	4.8%	12.8%	14.4%	15.3%	15.3%
Solvency ratio	24.4%	26.0%	29.3%	23.9%	28.1%
Return on equity	3.5%	34.1%	36.7%	46.0%	29.5%

# Management's review

## Key activities

The primary activity of The Group is international trade of raw wood. The primary areas of sourcing for The Group are Denmark, Germany, UK, and France, while the primary markets for the Group's products are China, Vietnam, India, France, Germany, UK and Denmark.

## Development in the year

The income statement of the Group for 2022/23 shows a profit of TDKK 1,885, and at 30 June 2023 the balance sheet of the Group shows positive equity of TDKK 52,009.

Result for the year has been influenced by decline in demand from overseas markets and generally very difficult market conditions. Furthermore the financial result has been effected by work in progress from previous year, and increase in financial cost due to the increase in interest levels.

The result is considered unsatisfactory.

## Market risks

The demand for European raw wood is influenced by the general economic development throughout the world, including the development in global freight rates. The Groups result is therefore sensitive to global financial trends and a recession will have a negative impact on the Groups activity. These risks are mitigated to some extent through the presence on various markets and through diversification of tree species in The Groups assortment.

## Foreign exchange risks

Selling in multiple overseas markets and sourcing of freight is made in currencies that are not linked to EUR. In those cases, currency hedging is made. However, the majority of the activity of The Group is in EUR, and activity in other currencies are subject to risk mitigation, why the currency risk is seen as low.

## Climate risks

The physical delivery of raw wood from The Groups suppliers is frequently impacted by unfavourable weather conditions, which challenges the access to the forests. As the Group is sourcing on several different geographical markets, this risk is mitigated to some extent. Storm fall can impact The Group's activities from displacement of delivery plans as well as unusual changes in prices.

## Country risks

The Group's primary activities are spread on several countries. None of The Group's primary activities are in countries considered high risk countries.

## Financial risks

The Group is a trading group with normal business risks on debtors and creditors.

## Targets and expectations for the year ahead

For 2023/24 the Group expects continued volatile market conditions, and decrease in demand leading to lower turnover. Financial result is expected in the range of 10-15 MDKK at EBT level.

## External environment

DSHwood is chain-of-custody certified according to the demands and rules of PEFC and FSC regarding sustainable forestry. DSHwood is further certified according to the demands and rules of Controlled Wood. The Biomass department of DSHwood A/S is certified according to the demands and rules of SBP (Sustainable Biomass Production).

# Management's review

## Branches abroad

The Group is structured with a parent company in Denmark and subsidiaries in Germany, England, France, and India. Further, the parent company is represented with its own sales organisation in China and Vietnam.

## Statement of corporate social responsibility

DSHwood A/S is governed as a company in accordance with the objectives stated in the articles of association and regulations, where participation in market and product development of wood products is the focus, and takes place with due consideration of the certification schemes for sustainable forestry to which the DSHwood Group has voluntarily submitted.

DSHwood A/S complies with all legal requirements for human rights, social conditions and the environment and climate conditions as well as combating corruption, but the group has not set up own policies for social responsibility, and thus neither for the environment nor reduction of climate impacts of the company's activities, social conditions, employee relations, respect for human rights and anti-corruption and bribery.

For DSHwood Group, the most significant risks associated with the environment and climate will be linked to future ones opportunities for forestry. In addition, refer to the section on climate risks below. As far as social and staff relations, protection of lack of respect for human rights, combating corruption and bribery, the most significant risks will be linked to management and employee behaviour.

With regard to personnel matters, DSHwood A/S has prepared a personnel handbook, just as an process for evaluating work environment has been carried out this year.

DSHwood A/S' risks for violations of human rights are estimated to be low, as the company's products predominantly produced and sourced from Denmark, the rest of the EU and the UK. DSHwood Group complies with all legal requirements for human rights, social conditions, environmental and climate conditions as well as the fight against corruption, but the group has not drawn up its own policies for social responsibility, and thus neither for the environment nor the reduction of climate impacts from the company's activities, social conditions, employee relations, respect for human rights and anti-corruption and bribery.

As a consequence of the lack of written policies on social responsibility, it is not possible to follow up on, which results have been achieved in the areas in the financial year. The group has also not used non-financial key presentation indicators in the areas.

## Statement on gender composition

DSHwood A/S' board consists of 4 people, one of whom is a female, and the relative low number of board members taken into consideration, the distribution according to gender is assessed to be within range. The board focuses on the representation of the underrepresented gender and strives for an equal distribution between the sexes among the board members. The group's management currently consists of 1 person (male).

The management has drawn up a gender policy with the aim of - towards 2026 - ensuring a better balance. The goal is a 60/40 distribution so that there is no gender underrepresentation. The gender policy has been approved by the board, which will also continuously follow up on this.

## Statement on data ethics

DSHwood A/S has drawn up a policy for data ethics in the current financial year. The policy for data ethics has been approved by the board.

## Uncertainty relating to recognition and measurement

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

# Management's review

## Unusual events

The financial position at 30 June 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022/23 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 July 2022 - 30 June 2023

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Revenue	1	864,349	768,446	328,352	246,708
Other operating income		714	2,065	8,795	7,959
Expenses for raw materials and consumables		-747,760	-626,361	-313,201	-232,991
Other external expenses		-76,614	-90,691	-11,270	-8,664
<b>Gross profit</b>		<b>40,689</b>	<b>53,459</b>	<b>12,676</b>	<b>13,012</b>
Staff expenses	2	-29,958	-26,293	-9,596	-11,000
Depreciation and impairment losses of property, plant and equipment		-599	-567	-215	-185
<b>Profit/loss before financial income and expenses</b>		<b>10,132</b>	<b>26,599</b>	<b>2,865</b>	<b>1,827</b>
Income from investments in subsidiaries		0	0	1,482	15,903
Income from investments in associates		-10	-30	-10	-30
Financial income	3	851	120	1,102	334
Financial expenses	4	-6,451	-1,958	-3,554	-1,065
<b>Profit/loss before tax</b>		<b>4,522</b>	<b>24,731</b>	<b>1,885</b>	<b>16,969</b>
Tax on profit/loss for the year	5	-2,637	-7,762	0	0
<b>Net profit/loss for the year</b>	6	<b>1,885</b>	<b>16,969</b>	<b>1,885</b>	<b>16,969</b>

## Balance sheet 30 June 2023

### Assets

	Note	Group		Parent company	
		2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
Other fixtures and fittings, tools and equipment		1,308	1,331	401	473
Leasehold improvements		38	68	38	68
<b>Property, plant and equipment</b>	7	<b>1,346</b>	<b>1,399</b>	<b>439</b>	<b>541</b>
Investments in subsidiaries	8	0	0	60,483	52,799
Investments in associates	9	0	10	0	10
Receivables from group enterprises	10	0	0	1,735	0
Other receivables	10	421	6,815	0	6,815
<b>Fixed asset investments</b>		<b>421</b>	<b>6,825</b>	<b>62,218</b>	<b>59,624</b>
<b>Fixed assets</b>		<b>1,767</b>	<b>8,224</b>	<b>62,657</b>	<b>60,165</b>
Finished goods and goods for resale		88,117	81,535	54,434	16,363
<b>Inventories</b>		<b>88,117</b>	<b>81,535</b>	<b>54,434</b>	<b>16,363</b>
Trade receivables		95,476	100,446	33,429	31,910
Receivables from group enterprises		0	0	2,583	17,939
Other receivables		20,955	8,915	9,180	3,106
Deferred tax asset	11	17	155	0	0
Prepayments	12	412	767	0	0
<b>Receivables</b>		<b>116,860</b>	<b>110,283</b>	<b>45,192</b>	<b>52,955</b>
Cash at bank and in hand		6,187	8,375	8	9
<b>Current assets</b>		<b>211,164</b>	<b>200,193</b>	<b>99,634</b>	<b>69,327</b>
<b>Assets</b>		<b>212,931</b>	<b>208,417</b>	<b>162,291</b>	<b>129,492</b>

## Balance sheet 30 June 2023

### Liabilities and equity

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital		6,000	6,000	6,000	6,000
Reserve for net revaluation under the equity method		0	0	43,834	42,459
Reserve for exchange rate conversion		-1	106	0	0
Retained earnings		46,010	44,125	2,175	1,772
Proposed dividend for the year		0	4,000	0	4,000
<b>Equity</b>		<b>52,009</b>	<b>54,231</b>	<b>52,009</b>	<b>54,231</b>
Credit institutions		281	1,406	281	1,406
Lease obligations		0	213	0	0
Payables to group enterprises		4,000	5,000	4,000	5,000
Other payables		801	750	801	750
<b>Long-term debt</b>	13	<b>5,082</b>	<b>7,369</b>	<b>5,082</b>	<b>7,156</b>
Credit institutions	13	81,943	29,380	55,087	22,601
Lease obligations	13	206	231	0	0
Prepayments received from customers		2,736	4,191	1,950	0
Trade payables		50,583	82,564	16,189	25,036
Payables to group enterprises		8,635	3,077	27,824	13,576
Corporation tax		4,943	11,259	0	0
Other payables	13	6,794	15,804	4,150	6,581
Deferred income	14	0	311	0	311
<b>Short-term debt</b>		<b>155,840</b>	<b>146,817</b>	<b>105,200</b>	<b>68,105</b>
<b>Debt</b>		<b>160,922</b>	<b>154,186</b>	<b>110,282</b>	<b>75,261</b>
<b>Liabilities and equity</b>		<b>212,931</b>	<b>208,417</b>	<b>162,291</b>	<b>129,492</b>
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Fee to auditors appointed at the general meeting	19				
Accounting Policies	20				

## Statement of changes in equity

### Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	6,000	106	44,125	4,000	54,231
Exchange adjustments	0	-107	0	0	-107
Ordinary dividend paid	0	0	0	-4,000	-4,000
Net profit/loss for the year	0	0	1,885	0	1,885
<b>Equity at 30 June</b>	<b>6,000</b>	<b>-1</b>	<b>46,010</b>	<b>0</b>	<b>52,009</b>

### Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	6,000	42,459	1,772	4,000	54,231
Exchange adjustments	0	-107	0	0	-107
Ordinary dividend paid	0	0	0	-4,000	-4,000
Net profit/loss for the year	0	1,482	403	0	1,885
<b>Equity at 30 June</b>	<b>6,000</b>	<b>43,834</b>	<b>2,175</b>	<b>0</b>	<b>52,009</b>



## Cash flow statement 1 July 2022 - 30 June 2023

	Note	Group	
		2022/23	2021/22
		TDKK	TDKK
Result of the year		1,885	16,969
Adjustments	15	8,739	10,312
Change in working capital	16	-49,239	-16,776
<b>Cash flow from operations before financial items</b>		<b>-38,615</b>	<b>10,505</b>
Financial income		851	120
Financial expenses		-6,451	-1,961
<b>Cash flows from ordinary activities</b>		<b>-44,215</b>	<b>8,664</b>
Corporation tax paid		-8,815	-14,562
<b>Cash flows from operating activities</b>		<b>-53,030</b>	<b>-5,898</b>
Purchase of property, plant and equipment		-546	-700
Fixed asset investments made etc		-421	1
<b>Cash flows from investing activities</b>		<b>-967</b>	<b>-699</b>
Repayment of loans from credit institutions		51,438	12,335
Reduction of lease obligations		-238	30
Repayment of payables to group enterprises		4,558	4,999
Repayment of other long-term debt		51	-5,000
Dividend paid		-4,000	-3,000
<b>Cash flows from financing activities</b>		<b>51,809</b>	<b>9,364</b>
<b>Change in cash and cash equivalents</b>		<b>-2,188</b>	<b>2,767</b>
Cash and cash equivalents at 1 July		8,375	5,608
<b>Cash and cash equivalents at 30 June</b>		<b>6,187</b>	<b>8,375</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6,187	8,375
<b>Cash and cash equivalents at 30 June</b>		<b>6,187</b>	<b>8,375</b>

# Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>1. Revenue</b>				
<b>Geographical segments</b>				
Denmark	251,527	146,431	244,299	142,612
United Kingdom	159,729	136,946	0	0
France	34,129	29,552	0	0
Germany	25,255	28,229	10,135	27,041
Europe, other	48,719	51,305	7,209	3,275
Asia	344,276	374,451	66,629	74,324
Rest of World	714	2,384	79	308
	<b>864,349</b>	<b>768,446</b>	<b>328,352</b>	<b>246,708</b>

The Group only has one business segment, trade of raw wood.

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>2. Staff Expenses</b>				
Wages and salaries	19,766	17,414	8,127	9,708
Pensions	1,863	1,617	1,346	1,193
Other social security expenses	2,120	2,277	123	99
Other staff expenses	6,209	4,985	0	0
	<b>29,958</b>	<b>26,293</b>	<b>9,596</b>	<b>11,000</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>2,447</b>	<b>2,653</b>	<b>2,447</b>	<b>2,653</b>
<b>Average number of employees</b>	<b>56</b>	<b>50</b>	<b>22</b>	<b>18</b>

## Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>3. Financial income</b>				
Interest received from group enterprises	0	0	709	334
Other financial income	229	88	14	0
Exchange gains	622	32	379	0
	<b>851</b>	<b>120</b>	<b>1,102</b>	<b>334</b>

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>4. Financial expenses</b>				
Interest paid to group enterprises	0	0	410	137
Other financial expenses	6,314	1,761	3,144	800
Exchange loss	137	197	0	128
	<b>6,451</b>	<b>1,958</b>	<b>3,554</b>	<b>1,065</b>

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>5. Income tax expense</b>				
Current tax for the year	2,883	7,961	0	0
Deferred tax for the year	138	-199	0	0
Adjustment of tax concerning previous years	-384	0	0	0
	<b>2,637</b>	<b>7,762</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	<u>Parent company</u>	
	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
Proposed dividend for the year	0	4,000
Reserve for net revaluation under the equity method	1,482	15,901
Retained earnings	403	-2,932
	<u>1,885</u>	<u>16,969</u>

### 6. Profit allocation

### 7. Property, plant and equipment

#### Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	<u>TDKK</u>	<u>TDKK</u>
Cost at 1 July	8,636	121
Exchange adjustment	94	0
Additions for the year	685	0
Disposals for the year	-189	0
Cost at 30 June	<u>9,226</u>	<u>121</u>
Impairment losses and depreciation at 1 July	7,304	52
Exchange adjustment	52	0
Depreciation for the year	599	31
Reversal of impairment and depreciation of sold assets	-37	0
Impairment losses and depreciation at 30 June	<u>7,918</u>	<u>83</u>
<b>Carrying amount at 30 June</b>	<u><b>1,308</b></u>	<u><b>38</b></u>

# Notes to the Financial Statements

## Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 July	4,841	121
Additions for the year	113	0
Cost at 30 June	4,954	121
Impairment losses and depreciation at 1 July	4,368	52
Depreciation for the year	185	31
Impairment losses and depreciation at 30 June	4,553	83
<b>Carrying amount at 30 June</b>	<b>401</b>	<b>38</b>

## Notes to the Financial Statements

	<b>Parent company</b>	
	2022/23	2021/22
	TDKK	TDKK
<b>8. Investments in subsidiaries</b>		
Cost at 1 July	9,248	9,248
Additions for the year	6,465	0
Cost at 30 June	<u>15,713</u>	<u>9,248</u>
Value adjustments at 1 July	42,459	39,091
Exchange adjustment	-107	106
Net profit/loss for the year	1,482	15,902
Dividend to the Parent Company	0	-12,640
Value adjustments at 30 June	<u>43,834</u>	<u>42,459</u>
Equity investments with negative net asset value amortised over receivables	<u>936</u>	<u>1,092</u>
<b>Carrying amount at 30 June</b>	<b><u>60,483</u></b>	<b><u>52,799</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
DSHwood GmbH	Wietze, Germany	EUR 700.000	100%
DSHwood UK Ltd	Inverness, Scotland	GBP 800.000	100%
DSHwood Impex Private Limited	Mumbai, India	INR 1.600.000	100%
DSHwood France SAS	Villefranche Sur Saone, France	EUR 50.000	100%

## Notes to the Financial Statements

	Group		Parent company	
	2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
<b>9. Investments in associated companies</b>				
Cost at 1 July	40	0	40	0
Additions for the year	0	40	0	40
Cost at 30 June	40	40	40	40
Value adjustments at 1 July	-30	0	-30	0
Net profit/loss for the year	-10	-30	-10	-30
Value adjustments at 30 June	-40	-30	-40	-30
<b>Carrying amount at 30 June</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
Dansk Skovcertificering ApS	Slagelse	80.000	50%

# Notes to the Financial Statements

## 10. Other fixed asset investments

### Group

	Other receivables
	TDKK
Cost at 1 July	6,815
Additions for the year	421
Disposals for the year	-6,815
Cost at 30 June	<u>421</u>
<b>Carrying amount at 30 June</b>	<b><u>421</u></b>

### Parent company

	Receivables from group enterprises
	TDKK
Cost at 1 July	0
Additions for the year	1,735
Cost at 30 June	<u>1,735</u>
<b>Carrying amount at 30 June</b>	<b><u>1,735</u></b>

Group		Parent company	
2022/23	2021/22	2022/23	2021/22
TDKK	TDKK	TDKK	TDKK

## 11. Deferred tax asset

Deferred tax asset at 1 July	155	-44	0	0
Amounts recognised in the income statement for the year	-138	199	0	0
<b>Deferred tax asset at 30 June</b>	<b><u>17</u></b>	<b><u>155</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

Due to uncertainty about future earnings, deferred tax assets of total DKK 6.4 million have not been capitalized.



# Notes to the Financial Statements

## 12. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and travel.

## 13. Long-term debt

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:

	Group		Parent company	
	2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
<b>Credit institutions</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	281	1,406	281	1,406
Long-term part	281	1,406	281	1,406
Within 1 year	1,125	1,125	1,125	1,125
Other short-term debt to credit institutions	80,818	28,255	53,962	21,476
Short-term part	81,943	29,380	55,087	22,601
	<b>82,224</b>	<b>30,786</b>	<b>55,368</b>	<b>24,007</b>
<b>Lease obligations</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	0	213	0	0
Long-term part	0	213	0	0
Within 1 year	206	231	0	0
	<b>206</b>	<b>444</b>	<b>0</b>	<b>0</b>
<b>Payables to group enterprises</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	4,000	5,000	4,000	5,000
Long-term part	4,000	5,000	4,000	5,000
Within 1 year	0	0	0	0
Other short-term debt to group enterprises	8,635	3,077	27,824	13,576
Short-term part	8,635	3,077	27,824	13,576
	<b>12,635</b>	<b>8,077</b>	<b>31,824</b>	<b>18,576</b>

## Notes to the Financial Statements

### Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	801	750	801	750
Long-term part	801	750	801	750
Other short-term payables	6,794	15,804	4,150	6,581
	<b>7,595</b>	<b>16,554</b>	<b>4,951</b>	<b>7,331</b>

### 14. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Group	
2022/23	2021/22
TDKK	TDKK

### 15. Cash flow statement - Adjustments

Financial income	-851	-120
Financial expenses	6,451	1,958
Depreciation, amortisation and impairment losses, including losses and gains on sales	599	567
Income from investments in associates	10	30
Tax on profit/loss for the year	2,637	7,762
Exchange adjustments	-107	0
Other adjustments	0	115
	<b>8,739</b>	<b>10,312</b>

Group	
2022/23	2021/22
TDKK	TDKK

### 16. Cash flow statement - Change in working capital

Change in inventories	-6,582	-22,850
Change in receivables	100	-28,704
Change in trade payables, etc	-42,757	34,778
	<b>-49,239</b>	<b>-16,776</b>

# Notes to the Financial Statements

## 17. Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

The parent company has issued letter of indemnity (company charge) of TDKK 58,500, which grants a charge on the company's and DSHwood GmbH's assets with a carrying value of TDKK 127,652.

The following assets have been placed as security with banks and others:

The parent company has provided a bank guarantee of TDKK 500 to a third party. The related debt at 30 June 2023 has been booked at TDKK 2.886.

The parent company has provided a bank guarantee of TDKK 3,546 to a third party. The related debt at 30 June 2023 has been booked at TDKK 2.003.

The parent company has provided a bank guarantee of TDKK 8,937 to DSHwood France.

The parent company has issued a guarantee of payment of maximum TDKK 34.546 for subsidiaries' balances with credit institutions.

### Other contingent liabilities

The group has entered lease contracts of TDKK 2.121 in the non-cancellable period.

The group has entered into operating lease with total lease payments of TDKK 749.

The parent company has agreements to deliver wood in the coming period. The value of these agreements in terms of money does not exceed DKK 42,6 million. The agreements, which are in accordance with standard practice, are expected to be profitable to the contribution margin.

# Notes to the Financial Statements

## 18. Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Dansk Skovforening Amalievej 20 1875 Frederiksberg C	Sole shareholder of DSHwood A/S
<b>Other related parties</b>	
DSHwood GmbH	100% owned subsidiary
DSHwood UK Ltd	100% owned subsidiary
DSHwood Impex Private Limited	100% owned subsidiary
DSHwood France SAS	100% owned subsidiary
Rasmus Grønborg Bak	CEO
Mogens Aaby	Chairman of the Board of Directors
Poul Fløe Leineweber	Member of the Board of Directors
Henning Kruse Lorentzen	Member of the Board of Directors
Anne Mette Aaby Aaes	Member of the Board of Directors

### 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.

All transactions in the financial year were made on an arm's length basis

<u>Group</u>	
<u>2022/23</u>	<u>2021/22</u>
TDKK	TDKK

## 19. Fee to auditors appointed at the general meeting

<b>PricewaterhouseCoopers</b>		
Audit fee	220	210
Tax advisory services	127	138
Non-audit services	1,166	22
	<u>1,513</u>	<u>370</u>

# Notes to the Financial Statements

## 20. Accounting policies

The Annual Report of DSHwood A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

### 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

## Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DSHwood A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

# Notes to the Financial Statements

## Income statement

### Net sales

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 the consolidated revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and 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 Group, including gains and losses on the sale of property, plant and equipment.

### Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### 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

### Intangible fixed assets

Brandnames are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

# Notes to the Financial Statements

## 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	2-8 years
Leasehold improvements	4 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.

If so, the asset is written down to its lower recoverable amount.

## Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Other fixed asset investments

Other fixed asset investments consist of other receivables.

## Inventories

Inventories are measured at the lower of cost under the FIFO method 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, raw materials and consumables equals landed cost.



# Notes to the Financial Statements

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## 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 Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### 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 crystallise 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.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

# Notes to the Financial Statements

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

The cash flow statement shows the Group'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 Group'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

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$