DSHwood A/S

Glarmestervej 7, DK-7000 Fredericia

Annual Report for 1 January - 30 June 2021

CVR No 25 67 23 05

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 21/9 2021

Rasmus Grønborg Bak
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DSHwood A/S for the financial year 1 January - 30 June 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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

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

Fredericia, 20 September 2021

Executive Board

Rasmus Grønborg Bak
CEO

Board of Directors

Mogens Aaby Chairman	Henning Kruse Lorentzen	Kristian Østerling Eriknauer
Frank Hjortekjær-Jensen		

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 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 30 June 2021 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 January - 30 June 2021, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the 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

Independent Auditor's Report

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 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 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

Independent Auditor's Report

may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Trekantområdet, 20 September 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Aslund Pedersen	Lars Almskou Ohmeyer
statsautoriseret revisor	statsautoriseret revisor
mne17120	mne24817

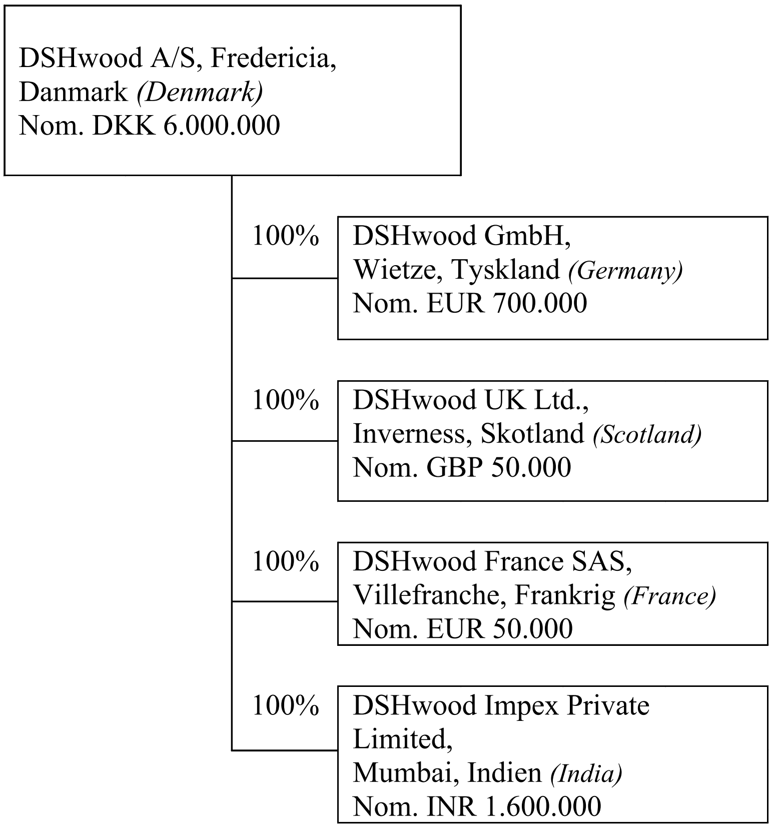
Company Information

The Company	DSHwood A/S Glarmestervej 7 DK-7000 Fredericia Telephone: + 45 74 55 25 36 Website: www.dshwood.dk CVR No: 25 67 23 05 Financial period: 1 January - 30 June Municipality of reg. office: Fredericia
Board of Directors	Mogens Aaby, Chairman Henning Kruse Lorentzen Kristian Østerling Eriknauer Frank Hjortekjær-Jensen
Executive Board	Rasmus Grønborg Bak
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Group Chart

Moderselskab
Parent Company

Konsoliderede dattervirksomheder
Consolidated subsidiaries



Financial Highlights

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

	Group				
	2021 (6 months)	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	40.186	47.704	34.393	34.511	21.222
Profit/loss before financial income and expenses	22.168	22.548	12.232	11.129	54
Net financials	-874	-2.074	-2.651	-3.047	-2.369
Net profit/loss for the year	14.742	13.261	4.977	6.137	-3.835
Balance sheet					
Balance sheet total	154.040	147.217	80.058	100.434	102.088
Equity	45.155	35.181	22.519	17.192	11.224
Cash flows					
Cash flows from:					
- operating activities	3.258	-5.136	6.924	-1.783	3.777
- investing activities	-642	-100	12.443	152	-103
including investment in property, plant and equipment	-646	-213	-657	-169	-301
- financing activities	-5.344	8.118	-21.313	2.602	-315
Change in cash and cash equivalents for the year	-2.728	2.882	-1.946	971	3.359
Number of employees	44	41	45	43	46
Ratios					
Return on assets	14,4%	15,3%	15,3%	11,1%	0,1%
Solvency ratio	29,3%	23,9%	28,1%	17,1%	11,0%
Return on equity	36,7%	46,0%	25,1%	43,2%	-28,8%

For definitions of ratios, see under accounting policies.

Financial Highlights

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

	Parent Company				
	2021 (6 months)	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	8.966	11.602	8.553	7.093	9.589
Profit/loss before financial income and expenses	429	-1.384	-3.156	-4.017	-940
Net financials	14.313	14.645	8.133	10.154	-1.456
Net profit/loss for the year	14.742	13.261	4.977	6.137	-3.835
Balance sheet					
Balance sheet total	94.564	94.159	62.309	76.688	69.855
Equity	45.155	35.181	22.519	17.192	11.224
Number of employees	16	16	19	19	19
Ratios					
Return on assets	0,5%	-1,5%	-5,1%	-5,2%	-1,3%
Solvency ratio	47,8%	37,4%	36,1%	22,4%	16,1%
Return on equity	36,7%	46,0%	25,1%	43,2%	-28,8%

For definitions of ratios, see under accounting policies.

Management's Review

Primary activity

The primary activity of The Group is international trade of raw wood. The primary areas of sourcing for The Group are Denmark, Germany, Scotland, 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 the period 1 January - 30 June 2021 shows a profit of TDKK 14,742, and at 30 June 2021 the balance sheet of the Group shows equity of TDKK 45,155.

The company has decided to change the accounting period, with a new closing date of 30 June.
This financial statement is for the transition period of 6 months, covering the period 1 January 2021 to 30 June 2021.

The result is considered satisfying.

The financial key figures for the Group are significantly improved on all parameters during 2021. This is believed to strengthen our credit rating further against our partners.

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 extend 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, most of the activity of the Group is in EUR, 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.

Management’s Review

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.

Outlook for 2021/22

For 2021/2022 The Group expects a continued stable operation and thereby a positive operational result. The demand for the Group’s products is still high and the Group expects this to continue in the 2nd half of 2021 although with signs of a moderate slow-down in the 1st half of 2022.

Environmental issues

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).

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 June 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

Foreign subsidiaries

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

Income Statement 1 January - 30 June

	Note	Group		Parent company	
		1/1-30/6 2021	2020	1/1-30/6 2021	2020
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		**40.186**	**47.704**	**8.966**	**11.602**
Staff expenses	1	-17.803	-24.795	-8.449	-12.787
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-215	-361	-88	-199
Profit/loss before financial income and expenses		**22.168**	**22.548**	**429**	**-1.384**
Income from investments in subsidiaries		0	0	14.684	15.431
Financial income	2	90	170	13	30
Financial expenses	3	-964	-2.244	-384	-816
Profit/loss before tax		**21.294**	**20.474**	**14.742**	**13.261**
Tax on profit/loss for the year	4	-6.552	-7.213	0	0
Net profit/loss for the year		**14.742**	**13.261**	**14.742**	**13.261**

Balance Sheet 30 June

Assets

	Note	Group June 2021	Group December 2020	Parent company June 2021	Parent company December 2020
		TDKK	TDKK	TDKK	TDKK
Software		0	0	0	0
Intangible assets	5	**0**	**0**	**0**	**0**
Other fixtures and fittings, tools and equipment		1.168	709	378	139
Leasehold improvements		91	115	91	115
Property, plant and equipment	6	**1.259**	**824**	**469**	**254**
Investments in subsidiaries	7	0	0	48.339	49.247
Other receivables	8	4.172	0	4.172	0
Fixed asset investments		**4.172**	**0**	**52.511**	**49.247**
Fixed assets		**5.431**	**824**	**52.980**	**49.501**
Goods for resale		58.685	62.701	15.278	12.342
Inventories		**58.685**	**62.701**	**15.278**	**12.342**
Trade receivables		72.973	68.179	17.809	28.411
Receivables from group enterprises		0	0	4.523	1.914
Other receivables		10.972	6.830	3.963	1.980
Corporation tax		250	232	0	0
Prepayments	9	121	115	0	0
Receivables		**84.316**	**75.356**	**26.295**	**32.305**
Cash at bank and in hand		**5.608**	**8.336**	**11**	**11**
Currents assets		**148.609**	**146.393**	**41.584**	**44.658**
Assets		**154.040**	**147.217**	**94.564**	**94.159**

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent company	
		June 2021	December 2020	June 2021	December 2020
		TDKK	TDKK	TDKK	TDKK
Share capital		6.000	6.000	6.000	6.000
Reserve for net revaluation under the equity method		0	0	26.451	24.176
Retained earnings		31.155	24.181	4.704	5
Proposed dividend for the year		8.000	5.000	8.000	5.000
Equity		**45.155**	**35.181**	**45.155**	**35.181**
Provision for deferred tax	11	44	21	0	0
Provisions		**44**	**21**	**0**	**0**
Credit institutions		2.531	3.094	2.531	3.094
Lease obligations		269	167	0	0
Other payables		2.152	750	2.152	750
Long-term debt	12	**4.952**	**4.011**	**4.683**	**3.844**
Credit institutions	12	15.920	18.374	11.218	18.318
Lease obligations	12	145	75	0	0
Prepayments received from customers		2.896	1.423	1.148	187
Trade payables		52.762	68.889	18.367	30.816
Payables to group enterprises		2.500	0	7.123	1.067
Corporation tax		18.108	11.542	0	0
Other payables	12	11.558	7.701	6.870	4.746
Short-term debt		**103.889**	**108.004**	**44.726**	**55.134**
Debt		**108.841**	**112.015**	**49.409**	**58.978**
Liabilities and equity		**154.040**	**147.217**	**94.564**	**94.159**

Distribution of profit	10
Contingent assets, liabilities and other financial obligations	15
Related parties	16
Accounting Policies	17

Statement of Changes in Equity

Group

	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 January	6.000	0	24.181	5.000	35.181
Exchange adjustments	0	0	232	0	232
Ordinary dividend paid	0	0	0	-5.000	-5.000
Net profit/loss for the period	0	0	6.742	8.000	14.742
Equity at 30 June	**6.000**	**0**	**31.155**	**8.000**	**45.155**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	6.000	24.176	5	5.000	35.181
Ordinary dividend paid	0	0	0	-5.000	-5.000
Exchange adjustments relating to foreign entities	0	232	0	0	232
Dividend from group enterprises	0	-12.642	12.642	0	0
Net profit/loss for the period	0	14.685	-7.943	8.000	14.742
Equity at 30 June	**6.000**	**26.451**	**4.704**	**8.000**	**45.155**

Cash Flow Statement 1 January - 30 June

	Note	Group	
		1/1-30/6 2021	2020
		TDKK	TDKK
Net profit/loss for the period		14.742	13.261
Adjustments	13	7.865	8.883
Change in working capital	14	-18.496	-25.112
Cash flows from operating activities before financial income and expenses		**4.111**	**-2.968**
Financial income		90	88
Financial expenses		-963	-2.129
Cash flows from ordinary activities		**3.238**	**-5.009**
Corporation tax paid		20	-127
Cash flows from operating activities		**3.258**	**-5.136**
Purchase of intangible assets		1	0
Purchase of property, plant and equipment		-646	-213
Sale of property, plant and equipment		3	113
Cash flows from investing activities		**-642**	**-100**
Repayment of mortgage loans		0	-4.408
Repayment of loans from credit institutions		-3.016	0
Reduction of lease obligations		172	0
Raising of mortgage loans		0	3.094
Raising of loans from credit institutions		0	9.432
Dividend paid		-2.500	0
Cash flows from financing activities		**-5.344**	**8.118**
Change in cash and cash equivalents		**-2.728**	**2.882**
Cash and cash equivalents at 1 January		8.336	5.454
Cash and cash equivalents at 30 June		**5.608**	**8.336**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5.608	8.336
Cash and cash equivalents at 30 June		**5.608**	**8.336**

Notes to the Financial Statements

		Group		Parent company	
		1/1-30/6 2021	2020	1/1-30/6 2021	2020
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Wages and salaries	13.454	18.627	7.860	11.634
	Pensions	601	1.056	541	1.037
	Other social security expenses	1.122	1.595	48	116
	Other staff expenses	2.626	3.517	0	0
		17.803	**24.795**	**8.449**	**12.787**
	Executive Board and Supervisory Board	2.796	3.416	2.216	2.731
		2.796	**3.416**	**2.216**	**2.731**
	Average number of employees	**44**	**41**	**16**	**16**
2	**Financial income**				
	Other financial income	38	88	1	30
	Exchange adjustments, income	52	82	12	0
		90	**170**	**13**	**30**
3	**Financial expenses**				
	Interest expenses, group enterprises	0	0	97	165
	Other financial expenses	941	2.129	287	651
	Exchange loss	23	115	0	0
		964	**2.244**	**384**	**816**

Notes to the Financial Statements

4 Tax on profit/loss for the year

	Group		Parent company	
	1/1-30/6 2021	2020	1/1-30/6 2021	2020
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	6.529	7.400	0	0
Deferred tax for the year	23	45	0	0
Adjustment of tax concerning previous years	0	-232	0	0
	6.552	**7.213**	**0**	**0**

5 Intangible assets

Group

	Software
	TDKK
Cost at 1 January	141
Cost at 30 June	141
Impairment losses and amortisation at 1 January	141
Impairment losses and amortisation at 30 June	141
Carrying amount at 30 June	**0**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	7.228	121
Exchange adjustment	30	0
Additions for the year	633	0
Disposals for the year	-13	0
Cost at 30 June	7.878	121
Impairment losses and depreciation at 1 January	6.519	6
Exchange adjustment	15	0
Depreciation for the year	186	24
Reversal of impairment and depreciation of sold assets	-10	0
Impairment losses and depreciation at 30 June	6.710	30
Carrying amount at 30 June	**1.168**	**91**

Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	4.282	121	4.403
Additions for the year	303	0	303
Kostpris at 30 June	4.585	121	4.706
Impairment losses and depreciation at 1 January	4.143	6	4.149
Depreciation for the year	64	24	88
Impairment losses and depreciation at 30 June	4.207	30	4.237
Carrying amount at 30 June	**378**	**91**	**469**

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent company June 2021	Parent company December 2020
	TDKK	TDKK
Cost at 1 January	9.248	9.248
Cost at 30 June	9.248	9.248
Value adjustments at 1 January	39.998	25.167
Exchange adjustment	232	-599
Net profit/loss for the year	14.684	15.431
Dividend to the Parent Company	-15.823	0
Value adjustments at 30 June	39.091	39.999
Carrying amount at 30 June	**48.339**	**49.247**

Investments in subsidiaries are specified as follows:

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

8 Other fixed asset investments

	Group Other receiv-ables	Parent company Other receiv-ables
	TDKK	TDKK
Cost at 1 January	0	0
Additions for the year	4.172	4.172
Cost at 30 June	4.172	4.172
Carrying amount at 30 June	**4.172**	**4.172**

Notes to the Financial Statements

9 Prepayments

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

10 Distribution of profit

	Group		Parent company	
	1/1-30/6 2021	2020	1/1-30/6 2021	2020
	TDKK	TDKK	TDKK	TDKK
Proposed dividend	8.000	5.000	8.000	5.000
Reserve for net revaluation under the equity method	0	0	14.685	15.431
Retained earnings	6.742	8.261	-7.943	-7.170
	14.742	**13.261**	**14.742**	**13.261**

11 Provision for deferred tax

	Group		Parent company	
	June 2021	December 2020	June 2021	December 2020
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	21	-139	0	0
Amounts recognised in the income statement for the year	23	45	0	0
Amounts recognised in equity for the year	0	115	0	0
Provision for deferred tax at 30 June	**44**	**21**	**0**	**0**

Notes to the Financial Statements

12 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	
	June 2021	December 2020	June 2021	December 2020
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	2.531	3.094	2.531	3.094
Long-term part	2.531	3.094	2.531	3.094
Within 1 year	5.827	56	1.125	0
Other short-term debt to credit institutions	10.093	18.318	10.093	18.318
Short-term part	15.920	18.374	11.218	18.318
	18.451	**21.468**	**13.749**	**21.412**
Lease obligations				
Between 1 and 5 years	269	167	0	0
Long-term part	269	167	0	0
Within 1 year	145	75	0	0
	414	**242**	**0**	**0**
Other payables				
Between 1 and 5 years	2.152	750	2.152	750
Long-term part	2.152	750	2.152	750
Other short-term payables	11.558	7.701	6.870	4.746
	13.710	**8.451**	**9.022**	**5.496**

Notes to the Financial Statements

		Group	
		1/1-30/6 2021	2020
		TDKK	TDKK
13	**Cash flow statement - adjustments**		
	Financial income	-90	-170
	Financial expenses	964	2.244
	Depreciation, amortisation and impairment losses, including losses and gains on sales	207	219
	Tax on profit/loss for the year	6.552	7.213
	Other adjustments	232	-623
		7.865	**8.883**

14	**Cash flow statement - change in working capital**		
	Change in inventories	4.016	-42.775
	Change in receivables	-13.117	-21.324
	Change in trade payables, etc	-9.395	38.987
		-18.496	**-25.112**

15 Contingent assets, liabilities and other financial obligations

Charges and security

The parent company has issued letter of indemnity (company charge) of TDKK 35,000, which grants a charge on the company's and DSHwood GmbH´s assets with a carriyng value of TDKK 77.422.

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 2021 has been booked at TDKK 171.

The parent company has provided a bank guarantee of TDKK 5.394 to DSHwood France.

The parent company has issued a guarantee of payment of maximum TDKK 56.000 for subsidiaries' balances with credit institutions.

Contingent liabilities

The group has entered lease contracts of TDKK 3,307 in the non-cancellable period.

The group has entered into operating lease with total lease payments of TDKK 247.

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations (continued)

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 32.0 million. The agreements, which are in accordance with standard practice, are expected to be profitable to the contribution margin.

Notes to the Financial Statements

16 Related parties

	Basis
Controlling interest	
Dansk Skovforening Amalievej 20 1875 Frederiksberg C	Sole shareholder of DSHwood A/S
Other related parties	
DSHwood GmbH	100% owned subsidiary
DSHwood UK Ltd	100% owned subsidiary
DSHwood Impex Private Limited	100% owned subsidiaary
DShwood France SAS	100% owned subsidiary
Rasmus Grønborg Bak	CEO
Mogens Aaby	Chairman of the Board of Directors
Kristian Østerling Eriknauer	Member of the Board of Directors
Henning Kruse Lorentzen	Member of the Board of Directors
Frank Hjortekjær-Jensen	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.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of DSHwood A/S for the period 1 January - 30 June 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

The company has decided to change the accounting period, with a new closing date of 30 June.

This financial statement is for the transition period of 6 months, covering the period 1 January 2021 to 30 June 2021.

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.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Income statements of foreign subsidiaries 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.

Income Statement

Revenue

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales and office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff 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 intangible assets and property, plant and equipment.

Notes to the Financial Statements

17 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes 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 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.

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:

Land and buildings	20-50 years
Other fixtures and fittings, tools and equipment	2-8 years
Leasehold improvements	4 years

Notes to the Financial Statements

17 Accounting Policies (continued)

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 intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Investments in subsidiaries

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

The item"Investments in subsidiaries" 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.

The total net revaluation of investments in subsidiaries 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.

Subsidiaries 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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and di-

17 Accounting Policies (continued)

rect 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.

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 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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial debts

Loans, such as mortgage loans and 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.

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. The Parent Company applies the exemption clause of the Danish Financial Statements Act and consequently, a cash flow statement is prepared at Group level only.

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 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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$