



Trivium Packaging Denmark A/S

Sct Cathrine Vej 44

9800 Hjørring

CVR No. 27261507

Annual Report 2022

19. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 7 July 2023

Willem Jan Morkin
Chairman

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	6
Key Figures and Financial Ratios	7
Management's Review	8
Income Statement	9
Balance Sheet	10
Statement of changes in Equity	12
Cash Flow Statement	13
Notes	14
Accounting Policies	19

Management's Statement

Today, Management has considered and adopted the Annual Report of Trivium Packaging Denmark A/S for the financial year 1 January 2022 - 31 December 2022.

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

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

In our opinion, the 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.

Hjørring, 7 July 2023

Executive Board

Bente Binderup
Manager

Supervisory Board

Willem Jan Morkin
Chairman

Jan Gerritsen
Member

Bente Binderup
Member

Independent Auditors' Report

To the shareholders of Trivium Packaging Denmark A/S

Opinion

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

We have audited the Financial Statements of Trivium Packaging Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility 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 judgment and maintain professional skepticism 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

Independent Auditors' Report

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- * Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Ringsted, 7 July 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Brian Petersen
State Authorised Public Accountant
mne28701

Nikolaj Bo Pedersen
State Authorised Public Accountant
mne47264

Trivium Packaging Denmark A/S

Company details

Company	Trivium Packaging Denmark A/S Sct Cathrine Vej 44 9800 Hjørring
Telephone	96232630
Website	www.triviumpackaging.com
CVR No.	27261507
Date of formation	16 July 2003
Registered office	Hjørring
Supervisory Board	Willem Jan Morkin Jan Gerritsen Bente Binderup
Executive Board	Bente Binderup, Manager
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 4100 Ringsted CVR-no.: 33771231
Attorneys	Hjulmand Kaptain Havnepladsen 7 9900 Frederikshavn
Bank	Citibank International Plc H.C. Andersens Boulevard 12 1553 København V

Key Figures and Financial Ratios

Seen over a five-year period, the development of the Company is described by the following financial highlights (TEUR):

	2022	2021	2020	2019	2018
Profit/loss					
Revenue	41.172	27.049	31.167	33.031	29.598
Gross profit/loss	9.176	3.259	5.163	6.319	5.120
Operating profit/loss	5.269	693	2.645	3.715	2.091
Profit/loss before financial income and expenses	7.844	3.003	3.093	4.295	2.806
Net financials	257	-56	19	-164	-20
Net profit/loss for the year	6.340	2.415	2.425	3.208	2.196
Balance sheet					
Balance sheet total	43.348	28.914	27.589	22.821	17.669
Equity	20.414	14.074	11.658	9.191	6.050
Cash flows					
Cash flows from:					
- operating activities	13.463	1.998	5.817	4.393	2.676
- investing activities	-824	-662	-816	-1.002	-1.529
including investment in property, plant and equipment	-824	-662	-830	-1.093	-1.662
- financing activities	-12.757	-1.325	-5.100	-3.186	-1.147
Change in cash and cash equivalents for the year	-119	11	-98	206	0
Number of employees	60	60	65	65	61
Ratios %					
Gross margin	22,3	12	18,1	19,1	17,3
Profit margin	19,1	11,1	9,9	13	9,5
Return on assets	18,1	10,4	11,2	18,8	15,9
Solvency ratio	47,1	48,7	42,3	40,3	34,2
Return on equity	36,8	18,8	23,3	42,1	44,3

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

In connection with changes to accounting policies, the comparative figures back to have not been restated. See the description under accounting policies.

Management's Review

Management's Review

Financial Statements of Trivium Packaging Hjørring A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

The Company's principal activities

The facility in Hjørring produces Easy Open ends, bottoms and pressure lids, which are sold to producers of milk powder products, with Nestlé being a key customer. All of the company's products are being exported.

Insecurity regarding recognition or measurement

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

Exceptional circumstances

The financial position at 31 December 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022 have not been affected by any unusual events.

Development in activities and financial matters

The income statement of the Company for 2022 shows a profit of KEUR 6,340, and on 31 December 2022 the balance sheet of the Company shows equity of KEUR 20,414.

Post financial year events

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

Expectations for the future

The company expects a decrease in sales and profit before tax around 25% compared to 2022, which activity was extraordinarily high.

Knowledge resources

The Company's production of metal packaging, primarily for the food industry, places heavy demands on intellectual capital resources relating to employees and business procedures.

Risks

The customer base contains 50 % Nestlé consortium and with various customers around the world. The remaining 50 % are intercompany customers in Holland and Germany. It is the Company's assessment, that there is no risk of customers choosing another supplier.

The Company's transactions are in EUR and the most significant purchases are settled in EUR or DKK. No major foreign exchange risks re considered to exist.

Environmental issues

Environmental legislation must be complied with. There should be an open dialogue with the surrounding world - authorities, customers and suppliers. Environmental developments must be monitored in cooperation with the surrounding world so that Trivium Packaging Hjørring is able to be at the leading edge of developments. The internal working environment should always be of a nature to satisfy employees, authorities and customers.

Income Statement

	Note	2022 EUR	2021 EUR
Revenue		41.172.439	27.049.466
Cost of production		-31.995.972	-23.790.857
Other operating income		1.549.973	2.310.037
Distribution costs		-307.110	-197.978
Administrative expenses		-2.575.469	-2.367.250
Profit from ordinary operating activities		7.843.861	3.003.418
Other finance income from group enterprises		385.817	53.470
Finance expences	3	-129.218	-109.424
Profit from ordinary activities before tax		8.100.460	2.947.464
Tax expense on ordinary activities	4	-1.760.393	-532.360
Profit		6.340.067	2.415.104
Proposed distribution of results			
Retained earnings	5	6.340.067	2.415.104
Distribution of profit		6.340.067	2.415.104

Balance Sheet as of 31 December

	Note	2022 EUR	2021 EUR
Assets			
Acquired intangible assets	6	51.204	64.736
Intangible assets		51.204	64.736
Land and buildings	7	2.114.580	2.467.150
Plant and machinery	8	8.112.150	8.497.603
Fixtures, fittings, tools and equipment	9	601.949	606.118
Property, plant and equipment in progress and prepayments for property, plant and equipment	10	50.475	26.893
Property, plant and equipment		10.879.154	11.597.764
Fixed assets		10.930.358	11.662.500
Raw materials and consumables		4.322.316	1.493.527
Manufactured goods and goods for resale		2.171.760	1.374.769
Inventories	11	6.494.076	2.868.296
Short-term trade receivables		3.479.212	3.101.409
Short-term receivables from group enterprises		22.192.465	10.932.004
Other short-term receivables		252.292	306.473
Receivables		25.923.969	14.339.886
Cash and cash equivalents		0	118.979
Current assets		32.418.045	17.327.161
Assets		43.348.403	28.989.661

Balance Sheet as of 31 December

	Note	2022 EUR	2021 EUR
Liabilities and equity			
Contributed capital		67.190	67.190
Retained earnings		20.346.634	14.006.567
Equity		20.413.824	14.073.757
Provisions for deferred tax	12	1.722.523	1.733.834
Provisions		1.722.523	1.733.834
Lease commitments		1.849.603	2.217.369
Long-term liabilities other than provisions	13	1.849.603	2.217.369
Trade payables		15.853.839	7.004.274
Payables to group enterprises		765.097	1.882.217
Tax payables		1.490.673	546.433
Other payables		905.351	1.172.139
Lease commitments		347.493	359.638
Short-term liabilities other than provisions		19.362.453	10.964.701
Liabilities other than provisions within the business		21.212.056	13.182.070
Liabilities and equity		43.348.403	28.989.661
Related parties	14		

Trivium Packaging Denmark A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	67.190	14.006.567	14.073.757
Profit (loss)	<u>0</u>	<u>6.340.067</u>	<u>6.340.067</u>
Equity 31 December 2022	<u>67.190</u>	<u>20.346.634</u>	<u>20.413.824</u>

The share capital has remained unchanged for the last 5 years.

Cash Flow Statement

	2022	2021
	EUR	EUR
Profit	6.340.067	2.415.104
Writedowns of current assets	1.556.417	1.580.726
Adjustments of interest and similar incomes	-385.817	-53.470
Adjustments of interest and similar expenses	129.218	109.424
Adjustments of tax expense	1.760.393	532.360
Decrease (increase) in inventories	-3.625.781	307.176
Decrease (increase) in receivables	-323.623	-191.564
Decrease (increase) in trade payables	8.582.779	-2.020.481
Cash flow from operating activities before financial items	14.033.653	2.679.275
Interest received	385.817	53.470
Interest paid	-129.218	-109.424
Cash flow from ordinary operating activities	14.290.252	2.623.321
Income taxes paid	-827.464	-625.288
Cash flows from operating activities	13.462.788	1.998.033
Purchase of property, plant and equipment	-824.275	-662.024
Cash flows from investing activities	-824.275	-662.024
Repayments of long-term liabilities	-379.911	-359.995
Repayment of debt to group enterprises	-12.377.581	-965.251
Cash flows from financing activities	-12.757.492	-1.325.246
Net increase (decrease) in cash and cash equivalents	-118.979	10.763
Cash and cash equivalents, beginning balance	118.979	108.216
Cash and cash equivalents, ending balance	0	118.979

Notes

	2022	2021
1. Depreciation and amortisation		
Depreciations land and buildings	352.570	352.570
Depreciations intangible assets	13.532	14.788
Depreciations plant & machinery	1.186.146	1.197.031
Depreciations equipment	4.169	16.337
	1.556.417	1.580.726
2. Employee benefits expense		
Wages and salaries	3.381.681	3.766.133
Post-employment benefit expense	340.488	361.378
Social security contributions	354.791	376.990
Other employee expense	13.462	2.084
	4.090.422	4.506.585
<i>Employee benefits expense are allocated as follows in the income statement</i>		
Cost of production	3.274.869	3.579.176
Administrative expenses	815.553	927.409
	4.090.422	4.506.585
Average number of employees	60	60
<p>Remuneration to management is not shown based on the composition of the management and board of directors, where only one person would be included.</p>		
3. Finance expenses		
Finance expenses arising from group enterprises	41.979	15.108
Other finance expenses	87.239	94.316
	129.218	109.424
4. Tax expense		
Current Tax	1.771.704	699.035
Deferred Tax	16.651	-51.363
Tax adjustment prior year	-27.962	-115.312
	1.760.393	532.360
5. Proposed distribution of results		
Retained earnings	6.340.067	2.415.104
	6.340.067	2.415.104

Notes

	2022	2021
6. Acquired intangible assets		
Cost at the beginning of the year	91.681	38.001
Addition during the year, incl. improvements	0	53.680
Cost at the end of the year	91.681	91.681
Depreciation and amortisation at the beginning of the year	-26.945	-12.157
Amortisation for the year	-13.532	-14.788
Impairment losses and amortisation at the end of the year	-40.477	-26.945
Carrying amount at the end of the year	51.204	64.736
Amortised over 3-5 years.		
7. Land and buildings		
Cost at the beginning of the year	4.342.963	4.315.367
Addition during the year, incl. improvements	0	27.596
Cost at the end of the year	4.342.963	4.342.963
Revaluations at the beginning of the year	155.812	155.812
Revaluations at the end of the year	155.812	155.812
Depreciation and amortisation at the beginning of the year	-2.031.625	-1.679.055
Amortisation for the year	-352.570	-352.570
Impairment losses and amortisation at the end of the year	-2.384.195	-2.031.625
Carrying amount at the end of the year	2.114.580	2.467.150
Carrying amount of recognised assets not owned by the Company	2.085.189	2.432.721
Depreciated over 10 years.		

Notes

	2022	2021
8. Plant and machinery		
Cost at the beginning of the year	21.971.762	22.523.031
Addition during the year, incl. improvements	800.693	580.748
Disposal during the year	0	-1.132.017
Cost at the end of the year	22.772.455	21.971.762
Revaluations at the beginning of the year	-4.593	-4.593
Revaluations at the end of the year	-4.593	-4.593
Depreciation and amortisation at the beginning of the year	-13.469.566	-13.419.827
Amortisation for the year	-1.186.146	-1.181.756
Reversal of impairment losses and amortisation of disposed assets	0	1.132.017
Impairment losses and amortisation at the end of the year	-14.655.712	-13.469.566
Carrying amount at the end of the year	8.112.150	8.497.603
Carrying amount of recognised assets not owned by the Company Depreciated over 10-20 years.	0	20.093
9. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	1.273.596	1.307.190
Disposal during the year	0	-33.594
Cost at the end of the year	1.273.596	1.273.596
Revaluations at the beginning of the year	-9.511	-9.511
Revaluations at the end of the year	-9.511	-9.511
Depreciation and amortisation at the beginning of the year	-657.967	-652.450
Amortisation for the year	-4.169	-31.611
Reversal of impairment losses and amortisation of disposed assets	0	26.094
Impairment losses and amortisation at the end of the year	-662.136	-657.967
Carrying amount at the end of the year	601.949	606.118
Carrying amount of recognised assets not owned by the Company Depreciated over 3-10 years.	0	0

Notes

	2022	2021
10. Property, plant and equipment in progress and prepayments for property, plant and equipment		
Cost at the beginning of the year	26.893	0
Addition during the year, incl. improvements	23.582	26.893
Cost at the end of the year	50.475	26.893
Carrying amount at the end of the year	50.475	26.893
11. Inventories		
<i>Inventories are stated as follows:</i>		
Raw materials and consumables	4.322.316	1.493.527
Manufactured goods and goods for resale	2.171.760	1.374.769
Inventories in total	6.494.076	2.868.296
12. Provisions for deferred tax		
Deferred Taxes	1.722.523	1.733.834
Balance at the end of the year	1.722.523	1.733.834
Intangible assets	11.265	14.242
Property, plant and equipment	1.594.732	1.575.390
Inventories	157.696	144.991
Prepayments	-11.894	-789
Leases	-29.273	0
Deferred Tax	1.722.526	1.733.834
Provisions for deferred tax at 1st January	1.733.834	1.785.197
Amounts recognized in the income statement for the year	16.651	-51.363
Amounts recognized in the equity statement for the year	0	0
Amounts adjusted prior year (leases)	-27.962	0
Provisions for deferred tax at 31st December	1.722.523	1.733.834

Deferred tax has been provided at 22% corresponding to the current tax rate.

Notes

2022

2021

13. Long-term liabilities

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payments as specified below:

	Due after 1 year	Due within 1 year	Due after 5 years
Lease commitments	1.849.603	347.493	392.631
	1.849.603	347.493	392.631

14. Related parties

Other related parties

Trivium Packaging Group Netherlands B.V.

Zweedsestraat 7

7418 BG Deventer

Netherlands

The company has chosen to only disclose transactions that are not carried out on normal market terms pursuant to section 97 C (1) of the Danish Financial Statements Act. 7.

Accounting Policies

Reporting Class

The Annual Report of Trivium Packaging Denmark A/S for 2022 has been presented 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.

Reporting currency

The Annual Report is presented in Euros.

Translation policies

Euro is used as the presentation currency. All other currencies are regarded as foreign currencies. Transactions in foreign currencies are translated at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

Other sales revenues includes financial items of secondary nature in relation to the company's main activity, including profits from the sales of intangible and tangible assets.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

Distribution costs

Distribution costs comprise costs incurred for the distribution goods sold during the year, including costs for sales staff, transport, promotion activities and similar costs as well as amortisation and impairment of intangible and tangible assets.

Administration expenses

Expenses incurred during the year for management and administration are recognised in administration expenses. This includes expenses incurred for the administrative staff, Management, offices as well as office expenses and similar expenses and amortisation and impairment of intangible and tangible assets.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Plant and machinery	10-40 years	10%
Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	15 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Intangible assets

Other intangible assets, including licences and acquired rights etc., are measured at cost less accumulated amortisation and impairment losses.

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Tangible assets that are leased and meet the conditions for financial leasing are treated according to the same guidelines as those applying to purchased assets.

The cost of financially leased assets is measured at the lower value of the purchase prices according to the leases and the present value of the lease payments, determined on the basis of the interest rate implicit in the leases.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

The cost of goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of work in progress and manufactured goods are the cost of raw materials, consumables, direct payroll, and direct and indirect production costs. Indirect production costs include indirect materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment, factory administration and management, and capitalised product development costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accounting Policies

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortised cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortised cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities, comprising deposits, trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

Lease commitments

Lease commitments are measured at the present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the individual leases.

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting policies Cash Flow Statement

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

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions. The working capital comprises current assets less short-term liabilities, exclusive of the items that are included in cash and cash equivalents.

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

Accounting Policies

Cash flow from the financing activity comprises cash flows from raising and repaying long-term liabilities and payments to and from the owners.

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Explanation of financial ratios

Gross margin (%)	=	$\frac{\text{Gross profit X 100}}{\text{Revenue}}$
Profit margin (%)	=	$\frac{\text{Operating profit (EBIT) X 100}}{\text{Revenue}}$
Return in assets (%)	=	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio (%)	=	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$