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# ***SKAGA INVEST ApS***

Skelstedet 2A, DK-2950 Vedbæk

## **Annual Report for 2022**

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CVR No. 27 98 95 86

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 12/6 2023

Søren Dam  
Chairman of the  
general meeting



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# Management's statement

The Executive Board has today considered and adopted the Financial Statements of SKAGA INVEST ApS for the financial year 1 January - 31 December 2022.

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

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

I recommend that the Financial Statements be adopted at the Annual General Meeting.

Rudersdal, 12 June 2023

**Executive Board**

Søren Dam  
CEO

# Independent Auditor's report

To the shareholder of SKAGA INVEST ApS

## 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 for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SKAGA INVEST ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

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

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

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

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

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

Esbjerg, 12 June 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henning Tønder Olesen

State Authorised Public Accountant

mne27864

## Company information

**The Company** SKAGA INVEST ApS  
Skelstedet 2A  
DK-2950 Vedbæk  
CVR No: 27 98 95 86  
Financial period: 1 January - 31 December  
Municipality of reg. office: Rudersdal

**Executive board** Søren Dam

**Auditors** PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Esbjerg Brygge 28, 2.  
6700 Esbjerg

# Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,145,721	1,016,224			
Gross profit/loss	9,954	13,524	10,675	7,904	5,495
Profit/loss of ordinary primary operations	8,020	11,790	9,511	7,217	4,846
Profit/loss before financial income and expenses	8,020	11,790	9,511	7,217	4,846
Profit/loss of financial income and expenses	-2,348	-2,217	-1,246	-497	-139
Earnings before interest and taxes	8,021	11,790	9,511	7,217	4,846
Net profit/loss	4,523	7,278	6,310	5,188	3,616
<b>Balance sheet</b>					
Balance sheet total	270,560	277,474	219,322	103,697	72,330
Investment in property, plant and equipment	5,621	0	0	0	0
Equity	34,181	29,658	22,380	20,070	14,883
Number of employees	3	2	2	2	1
<b>Ratios</b>					
Gross margin	0.9%	1.3%			
Return on assets	3.0%	4.2%	4.3%	7.0%	6.7%
Solvency ratio	12.6%	10.7%	10.2%	19.4%	20.6%
Return on equity	14.2%	28.0%	29.7%	29.7%	27.7%

# Management's review

## Key activities

The Company's principal activity is trading in seafood. Both raw materials and finished goods.

## Unusual circumstances

The Group's financial position at 31 December 2022 and the results of the Group's operations and its cash flows for 2022 are not affected by any unusual circumstances.

## Development in the year

The consolidated income statement for 2022 shows a profit before income tax of DKK 5.7 million, and at 31 December 2022, the consolidated balance sheet shows equity of DKK 34.2 million.

## The past year and follow-up on development expectations from last year

In 2022, the Group carried out its ordinary operating activities and realised the operating profit it had expected. The operating profit was lower than in 2021 due to unusually high salmon prices. The result is a decline in traded volume of approx. 25 per cent due to prices of whole salmon in the period having increased by approx. 52 per cent on average. The Company's earnings are calculated based on volume.

In light of the above, Management considers profit for the year satisfactory in 2022.

## Special risks - operating risks and financial risks

The financial and market risks of the Group are considered to be the same as in 2022.

### Currency risk

The Group's trading is carried out exclusively in EUR. Therefore, the Group's currency risk is considered to be minimal.

### Interest rate risk

The Group's primary sources of financing are invoice discounting and bank overdraft. As Management does not expect the average interest rate level in 2023 to increase compared to 2022, the Group's interest rate risk is expected to remain unchanged.

### Credit risk

The credit risk is not considered to be greater in 2023 than in 2022.

### Liquidity risk

According to best estimates, the liquidity risk is decreasing in relative terms, as more sales are expected to be conducted by means of factoring.

The Company has a credit line of DKK 70 million with the factoring company AL Finans A/S, and additional funds are expected to be granted, if necessary.

## Targets and expectations for the year ahead

Salmon prices for whole fish and finished goods are in 2023 expected to be higher than in 2022.

Profit before income tax is expected to constitute approx. DKK 5 million for 2023.



# Management's review

## Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

### Business model

The Group's principal activity is buying whole, cleaned and fresh fish, which is sold in Europe, mainly Poland, where the Group has agreements with two factories which process the whole fish into finished goods. The Group only buys fish which can be traced back to the respective fish farms and/or fishing vessels.

A large proportion of the finished goods is repurchased and sold to customers throughout Europe and Australia. These include both fresh and frozen goods. The Group finances the sale of finished goods by means of credit factoring, using underlying credit insurance as security. The Group is certified both in terms of traceability (Global GAP), sustainability (MSC and ASC) and organic products (EU 218/845). In addition, the Group is approved and supervised by the Danish Veterinary and Food Administration.

The Group is a trading company with offices in Denmark. More than 97 per cent of its goods are exported. All trading activity is conducted in accordance with current national rules and applicable rules of the EU and Australia. The Group has three employees.

### Environment and climate

The Group continuously implements new technologies and know-how to improve its operating profit while ensuring efficient use of resources for the benefit of the environment and climate. As the Group is an office-only company and is not engaged in any production activities, its CO<sub>2</sub> emissions are considered insignificant. As a consequence, the Group has identified no risks related to the environment and climate as a result of the Company's own activities, which is why no environment and climate policy has been prepared.

### Social and staff matters

To ensure the development of the Company, it is important to be able to attract, retain and develop the right employees. The Group strives to improve working conditions to offer an exciting, interesting and safe workplace. This has been communicated to all employees, but not formalised in an actual policy due to the very limited number of employees of the Group. Thus, no risks have been identified which, in the Group's assessment, necessitate a formalised HR policy.

### Human rights

The Group only carries out business in areas where human rights are an integral part of the law and where control is exercised by relevant authorities. Therefore, the Group has not identified specific risks necessitating an internal human rights policy. In light of the Company's business model, which to a significant extent relies on cooperation with suppliers who handle the processing of the Group's products, Management regularly assesses the need to communicate a human rights policy to suppliers and business partners.

### Anti-corruption

The Group has zero tolerance for corruption and has never been accused of corruption or matters related thereto. In 2022, the Group kept its employees updated on the risks they may face, but the organisation's limited size generally implies that a manager is always available for consultation in case of doubt. Again in 2022, Management was not made aware of any corruption cases. The Group does not expect to experience cases of corruption in the coming years, but will maintain the current information and readiness level.

## Statement on gender composition

The Group's supreme governing body consists of one person. Accordingly, equal distribution has been achieved in accordance with the guidelines and definitions of the Danish authorities. As the Group has fewer than 50 employees, it is below the materiality threshold for having to prepare and comply with a policy to increase the underrepresented gender at other management levels.

## Statement on data ethics

The Group complies with current legislation in the countries in which it operates, including processing of personal data in accordance with the General Data Protection Regulation. Data processing is, however, not an integrated part of the Company's business activities, and since the Company does not use algorithms or similar tools for data analysis, no formal data ethics policy has been prepared.

# Management's review

## Unusual events

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

## Subsequent events

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

## Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Revenue	1	1,145,721	1,016,224
Expenses for raw materials and consumables		-1,132,592	-1,000,823
Other external expenses		-3,175	-1,877
<b>Gross profit</b>		<b>9,954</b>	<b>13,524</b>
Staff expenses	2	-1,859	-1,734
Depreciation and impairment losses of property, plant and equipment	3	-75	0
<b>Profit/loss before financial income and expenses</b>		<b>8,020</b>	<b>11,790</b>
Financial income	4	337	0
Financial expenses		-2,685	-2,217
<b>Profit/loss before tax</b>		<b>5,672</b>	<b>9,573</b>
Tax on profit/loss for the year	5	-1,149	-2,295
<b>Net profit/loss for the year</b>	6	<b>4,523</b>	<b>7,278</b>

## Balance sheet 31 December

### Assets

	Note	2022 TDKK	2021 TDKK
Plant and machinery		5,546	0
<b>Property, plant and equipment</b>	7	<b>5,546</b>	<b>0</b>
Deposits	8	7	7
<b>Fixed asset investments</b>		<b>7</b>	<b>7</b>
<b>Fixed assets</b>		<b>5,553</b>	<b>7</b>
Raw materials and consumables		1,992	3,437
Finished goods and goods for resale		59,192	4,608
<b>Inventories</b>		<b>61,184</b>	<b>8,045</b>
Trade receivables		185,503	251,886
Receivables from group enterprises		9,537	8,738
Other receivables		2,533	5,066
Prepayments	9	2,500	0
<b>Receivables</b>		<b>200,073</b>	<b>265,690</b>
<b>Cash at bank and in hand</b>		<b>3,750</b>	<b>3,732</b>
<b>Current assets</b>		<b>265,007</b>	<b>277,467</b>
<b>Assets</b>		<b>270,560</b>	<b>277,474</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital	10	1,000	1,000
Retained earnings		32,081	28,658
Proposed dividend for the year		1,100	0
<b>Equity</b>		<b><u>34,181</u></b>	<b><u>29,658</u></b>
Other payables		41	96
<b>Long-term debt</b>	11	<b><u>41</u></b>	<b><u>96</u></b>
Credit institutions		49,537	44,130
Trade payables		159,798	172,110
Payables to group enterprises relating to corporation tax		1,149	2,295
Other payables	11	25,854	29,185
<b>Short-term debt</b>		<b><u>236,338</u></b>	<b><u>247,720</u></b>
<b>Debt</b>		<b><u>236,379</u></b>	<b><u>247,816</u></b>
<b>Liabilities and equity</b>		<b><u>270,560</u></b>	<b><u>277,474</u></b>
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Fee to auditors appointed at the general meeting	14		
Subsequent events	15		
Accounting Policies	16		

## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	28,658	0	29,658
Net profit/loss for the year	0	3,423	1,100	4,523
<b>Equity at 31 December</b>	<b>1,000</b>	<b>32,081</b>	<b>1,100</b>	<b>34,181</b>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1. Revenue</b>		
<b>Geographical segments</b>		
Denmark	30,126	39,293
EU	1,071,509	963,067
Other	44,086	13,864
	<u>1,145,721</u>	<u>1,016,224</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Staff Expenses</b>		
Wages and salaries	1,816	1,670
Other social security expenses	21	20
Other staff expenses	22	44
	<u>1,859</u>	<u>1,734</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>3</u>	<u>2</u>
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	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	75	0
	<u>75</u>	<u>0</u>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>4. Financial income</b>		
Interest received from group enterprises	267	0
Exchange adjustments	<u>70</u>	<u>0</u>
	<u><b>337</b></u>	<u><b>0</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>5. Income tax expense</b>		
Current tax for the year	<u>1,149</u>	<u>2,295</u>
	<u><b>1,149</b></u>	<u><b>2,295</b></u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>6. Profit allocation</b>		
Proposed dividend for the year	1,100	0
Retained earnings	<u>3,423</u>	<u>7,278</u>
	<u><b>4,523</b></u>	<u><b>7,278</b></u>

## 7. Property, plant and equipment

	<u>Plant and machinery</u>
	TDKK
Cost at 1 January	0
Additions for the year	<u>5,621</u>
Cost at 31 December	<u><b>5,621</b></u>
Impairment losses and depreciation at 1 January	0
Depreciation for the year	<u>75</u>
Impairment losses and depreciation at 31 December	<u><b>75</b></u>
Carrying amount at 31 December	<u><b>5,546</b></u>



# Notes to the Financial Statements

## 8. Other fixed asset investments

	<u>Deposits</u> TDKK
Cost at 1 January	7
Cost at 31 December	<u>7</u>
<b>Carrying amount at 31 December</b>	<u>7</u>

## 9. Prepayments

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

## 10. Share capital

The share capital consists of 1,000,000 shares of a nominal value of TDKK 1.0. No shares carry any special rights.

## 11. 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:

	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	41	96
Long-term part	41	96
Within 1 year	0	0
Other short-term payables	25,854	29,185
	<u>25,895</u>	<u>29,281</u>

# Notes to the Financial Statements

2022	2021
TDKK	TDKK

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

### Charges and security

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

The following assets have been placed as security with bankers:

Ringkøbing Landbobank	3,719	3,718
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The following assets have been placed as security with mortgage credit institutes:

As security for bank debt, a floating charge of a total of DKK 4.000k has been provided. The charge is secured in trade receivables and inventory, the carrying amount of which constitutes DKK 194,772k at 31. December 2022.

The Company's portfolio of invoices of DKK 47.375k at 31. December 2022 is provided as security to a credit institution.

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

## 13. Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Poseidicom ApS, Strandbjerg 6 B, 2960 Rungsted Kyst	Parent company
<b>Other related parties</b>	
Søren Dam, Strandbjerg 6 B, 2960 Rungsted Kyst	CEO

### 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.

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>14. Fee to auditors appointed at the general meeting</b>		
Audit fee	57	57
Other assurance engagements	<u>43</u>	<u>57</u>
	<u><b>100</b></u>	<u><b>114</b></u>

### 15. Subsequent events

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

# Notes to the Financial Statements

## 16. Accounting policies

The Annual Report of SKAGA INVEST ApS for 2022 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 Financial Statements for 2022 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Poseidicom ApS, the Company has not prepared a cash flow statement.

### Recognition and measurement

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

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

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

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

### Translation policies

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Segment information on revenue

Information on geographical segments is based on the Company's risks and returns and its internal financial reporting system.

## Income statement

### Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

# Notes to the Financial Statements

## 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

Staff expenses comprise wages and salaries as well as payroll 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 depreciation and impairment of property, plant and equipment.

## 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 deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

### Property, plant and equipment

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

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

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

Plant and machinery	10 years
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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.

# Notes to the Financial Statements

## Other fixed asset investments

Fixed asset investments consist of deposits.

## 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.

## Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## 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.

### Current tax receivables and liabilities

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

### Financial debts

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

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
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	$\text{Net profit for the year} \times 100 / \text{Average equity}$