



**DSV Frø Danmark A/S**

Energivej 3  
7500 Holstebro  
CVR No. 35411399

**Annual report 01.07.2019 -  
30.06.2020**

The Annual General Meeting adopted the  
annual report on 24.09.2020

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**Lasse Skovlund Bech**  
Chairman of the General Meeting

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# Entity details

## Entity

DSV Frø Danmark A/S

Energivej 3

7500 Holstebro

CVR No.: 35411399

Registered office: Holstebro

Financial year: 01.07.2019 - 30.06.2020

## Board of Directors

Dr. Eike Hupe

Clive Krückemeyer, formand

Edwin Dennes van Sligter

## Executive Board

Lasse Skovlund Bech, adm. dir.

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DSV Frø Danmark A/S for the financial year 01.07.2019 - 30.06.2020.

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 Entity's financial position at 30.06.2020 and of the results of its operations and cash flows for the financial year 01.07.2019 - 30.06.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Holstebro, 24.09.2020

## Executive Board



**Lasse Skovlund Bech**

adm. dir.

## Board of Directors



**Clive Krückemeyer**

formand



**Dr. Eike Hupe**



**Edwin Dennes van Sligter**

# Independent auditor's report

## To the shareholders of DSV Frø Danmark A/S

### Opinion

We have audited the financial statements of DSV Frø Danmark A/S for the financial year 01.07.2019 - 30.06.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2020 and of the results of its operations and cash flows for the financial year 01.07.2019 - 30.06.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Aarhus, 24.09.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556



**Henrik Vedel**

State Authorised Public Accountant  
Identification No (MNE) mne10052



**Jacob Tækker Nørgaard**

State Authorised Public Accountant  
Identification No (MNE) mne40049

# Management commentary

## Financial highlights

	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
<b>Key figures</b>					
Revenue	351,022	321,753	249,265	195,183	198,719
Gross profit/loss	83,186	51,743	40,761	31,924	30,207
Operating profit/loss	49,098	21,708	13,423	7,435	6,578
Net financials	(551)	(861)	(1,446)	(2,138)	(2,425)
Profit/loss for the year	37,875	16,208	9,220	4,089	3,287
Total assets	172,080	138,293	124,348	114,193	115,037
Investments in property, plant and equipment	13,427	7,784	3,504	3,486	7,981
Equity	113,655	88,445	75,962	70,013	64,990
<b>Ratios</b>					
Gross margin (%)	23.70	16.08	16.35	16.36	15.20
Net margin (%)	10.79	5.04	3.70	2.09	1.65
Return on equity (%)	37.48	19.72	12.63	6.06	6.10
Equity ratio (%)	66.05	63.95	61.09	61.31	56.49

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

Gross profit/loss \* 100

Revenue

### Net margin (%):

Profit/loss for the year \* 100

Revenue

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



**Primary activities**

The Company's primary activity is wholesaling and retailing of seed, primarily processed from Danish grown seed as well as minor import. The company is exporting components for the international market.

**Development in activities and finances**

Profit of the year amounts to DKK 37,875k which is considered satisfactory and above expectations for the result of the year.

The increase of turnover and earnings is reasoned in an increase in production and export, as well as a good development in the Danish market.

**Profit/loss for the year in relation to expected developments**

Profit is significantly better compared to expectations. This is caused by higher than expected productivity in processing and field production and increased exports.

**Uncertainty relating to recognition and measurement**

There is no material uncertainties related to recognition and measurement of assets and liabilities.

**Unusual circumstances affecting recognition and measurement**

There are no unusual circumstances affecting recognition and measurement.

**Outlook**

A positive result is expected for FY 20/21. However, it is expected that profits will be on a lower level, due to change in demand especially in the Danish market.

**Particular risks**

There are no particular risks.

**Intellectual capital resources**

Intellectual capital resources are in the parent company.

**Environmental performance**

DSV Frø has taken different initiatives, to contribute to positive environmental developments. Examples are the new product line promoting biodiversity and an enriched insect life. In addition, DSV is engaged in projects around green protein, with grass as an environmental-friendly local alternative to imported protein.

**Research and development activities**

Only minor activities are carried out locally in Danish subsidiary.

**Foreign branches**

During the business year 19/20, the company also commenced retail sales in the Swedish market by opening a foreign branch in Sweden.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Revenue		351,022,246	321,753,036
Other operating income		1,378,187	1,325,891
Cost of sales		(242,582,983)	(249,993,767)
Other external expenses		(26,631,467)	(21,342,054)
<b>Gross profit/loss</b>		<b>83,185,983</b>	<b>51,743,106</b>
Staff costs	1	(30,111,878)	(26,786,671)
Depreciation, amortisation and impairment losses		(3,976,043)	(3,247,977)
<b>Operating profit/loss</b>		<b>49,098,062</b>	<b>21,708,458</b>
Other financial income		71,064	97,928
Other financial expenses		(621,731)	(959,094)
<b>Profit/loss before tax</b>		<b>48,547,395</b>	<b>20,847,292</b>
Tax on profit/loss for the year	2	(10,672,431)	(4,639,043)
<b>Profit/loss for the year</b>	3	<b>37,874,964</b>	<b>16,208,249</b>

# Balance sheet at 30.06.2020

## Assets

	Notes	2019/20 DKK	2018/19 DKK
Land and buildings		50,072,731	52,159,880
Plant and machinery		15,426,192	11,866,124
Property, plant and equipment in progress		7,951,017	0
<b>Property, plant and equipment</b>	<b>4</b>	<b>73,449,940</b>	<b>64,026,004</b>
Other investments		7,682	7,682
<b>Other financial assets</b>	<b>5</b>	<b>7,682</b>	<b>7,682</b>
<b>Fixed assets</b>		<b>73,457,622</b>	<b>64,033,686</b>
Manufactured goods and goods for resale		50,729,434	33,852,014
<b>Inventories</b>		<b>50,729,434</b>	<b>33,852,014</b>
Trade receivables		11,398,535	10,517,323
Receivables from group enterprises		3,905,692	1,390,046
Other receivables		8,063,377	12,158,776
Prepayments	6	179,410	114,644
<b>Receivables</b>		<b>23,547,014</b>	<b>24,180,789</b>
<b>Cash</b>		<b>24,346,001</b>	<b>16,226,671</b>
<b>Current assets</b>		<b>98,622,449</b>	<b>74,259,474</b>
<b>Assets</b>		<b>172,080,071</b>	<b>138,293,160</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019/20 DKK</b>	<b>2018/19 DKK</b>
Contributed capital		500,000	500,000
Retained earnings		79,629,771	75,279,808
Proposed dividend		33,525,000	12,665,000
<b>Equity</b>		<b>113,654,771</b>	<b>88,444,808</b>
Deferred tax	7	6,679,000	5,726,000
Other provisions	8	2,950,000	4,590,000
<b>Provisions</b>		<b>9,629,000</b>	<b>10,316,000</b>
Mortgage debt		19,519,707	21,191,952
<b>Non-current liabilities other than provisions</b>	9	<b>19,519,707</b>	<b>21,191,952</b>
Current portion of non-current liabilities other than provisions	9	1,672,244	1,675,232
Trade payables		9,151,160	3,038,967
Payables to group enterprises		0	24,316
Income tax payable		9,648,806	4,161,407
Other payables		8,804,383	9,440,478
<b>Current liabilities other than provisions</b>		<b>29,276,593</b>	<b>18,340,400</b>
<b>Liabilities other than provisions</b>		<b>48,796,300</b>	<b>39,532,352</b>
<b>Equity and liabilities</b>		<b>172,080,071</b>	<b>138,293,160</b>
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		
Transactions with related parties	14		
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## Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	75,279,808	12,665,000	88,444,808
Ordinary dividend paid	0	0	(12,665,000)	(12,665,000)
Profit/loss for the year	0	4,349,963	33,525,000	37,874,963
<b>Equity end of year</b>	<b>500,000</b>	<b>79,629,771</b>	<b>33,525,000</b>	<b>113,654,771</b>

## Cash flow statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Operating profit/loss		49,098,062	21,708,458
Amortisation, depreciation and impairment losses		4,002,763	3,247,977
Other provisions		(1,640,000)	1,037,000
Working capital changes	10	(10,799,547)	4,921,734
<b>Cash flow from ordinary operating activities</b>		<b>40,661,278</b>	<b>30,915,169</b>
Financial income received		71,064	97,929
Financial expenses paid		(621,730)	(959,095)
Income taxes refunded/(paid)		(4,232,032)	(2,256,816)
<b>Cash flows from operating activities</b>		<b>35,878,580</b>	<b>27,797,187</b>
Acquisition etc of property, plant and equipment		(13,419,017)	(7,737,344)
<b>Cash flows from investing activities</b>		<b>(13,419,017)</b>	<b>(7,737,344)</b>
Repayments of loans etc		(1,675,233)	(1,853,329)
Dividend paid		(12,665,000)	(3,725,000)
<b>Cash flows from financing activities</b>		<b>(14,340,233)</b>	<b>(5,578,329)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>8,119,330</b>	<b>14,481,514</b>
Cash and cash equivalents beginning of year		16,234,353	1,752,839
<b>Cash and cash equivalents end of year</b>		<b>24,353,683</b>	<b>16,234,353</b>
Cash and cash equivalents at year-end are composed of:			
Cash		24,346,001	16,226,671
Securities		7,682	7,682
<b>Cash and cash equivalents end of year</b>		<b>24,353,683</b>	<b>16,234,353</b>

# Notes

## 1 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	27,225,835	24,221,887
Pension costs	2,399,933	2,180,769
Other social security costs	110,698	116,340
Other staff costs	375,412	267,675
	<b>30,111,878</b>	<b>26,786,671</b>

Average number of full-time employees	<b>58</b>	<b>51</b>
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## 2 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	9,719,431	4,071,043
Change in deferred tax	953,000	568,000
	<b>10,672,431</b>	<b>4,639,043</b>

## 3 Proposed distribution of profit and loss

	2019/20 DKK	2018/19 DKK
Ordinary dividend for the financial year	33,525,000	12,665,000
Retained earnings	4,349,964	3,543,249
	<b>37,874,964</b>	<b>16,208,249</b>

#### 4 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Property, plant and equipment in progress DKK
Cost beginning of year	84,929,211	65,289,603	0
Additions	0	5,475,682	7,951,017
Disposals	0	(1,171,911)	0
<b>Cost end of year</b>	<b>84,929,211</b>	<b>69,593,374</b>	<b>7,951,017</b>
Depreciation and impairment losses beginning of year	(32,769,331)	(53,423,479)	0
Impairment losses for the year	(642,541)	0	0
Depreciation for the year	(1,444,608)	(1,915,614)	0
Reversal regarding disposals	0	1,171,911	0
<b>Depreciation and impairment losses end of year</b>	<b>(34,856,480)</b>	<b>(54,167,182)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>50,072,731</b>	<b>15,426,192</b>	<b>7,951,017</b>

#### 5 Financial assets

	Other investments DKK
Cost beginning of year	7,682
<b>Cost end of year</b>	<b>7,682</b>
<b>Carrying amount end of year</b>	<b>7,682</b>

#### 6 Prepayments

Prepayments comprise prepaid costs relating to subsequent financial year as insurance.

#### 7 Deferred tax

	2019/20 DKK	2018/19 DKK
Property, plant and equipment	7,569,000	7,226,000
Inventories	(227,000)	(474,000)
Provisions	(649,000)	(1,010,000)
Liabilities other than provisions	(14,000)	(16,000)
<b>Deferred tax</b>	<b>6,679,000</b>	<b>5,726,000</b>
	2019/20 DKK	2018/19 DKK
<b>Changes during the year</b>		
Beginning of year	5,726,000	5,158,000
Recognised in the income statement	953,000	568,000
<b>End of year</b>	<b>6,679,000</b>	<b>5,726,000</b>



## 8 Other provisions

Other provisions consists of provisions for non-recourse commitments etc.

## 9 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK	Outstanding after 5 years 2019/20 DKK
Mortgage debt	1,672,244	1,675,232	19,519,707	12,846,774
	<b>1,672,244</b>	<b>1,675,232</b>	<b>19,519,707</b>	<b>12,846,774</b>

## 10 Changes in working capital

	2019/20 DKK	2018/19 DKK
Increase/decrease in inventories	(16,877,420)	10,739,745
Increase/decrease in receivables	633,774	(5,714,463)
Increase/decrease in trade payables etc	5,444,099	(103,548)
	<b>(10,799,547)</b>	<b>4,921,734</b>

## 11 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	<b>614,974</b>	<b>624,811</b>

## 12 Contingent liabilities

The Parent is a party to a transfer pricing case in Germany, which may have consequences for DSV Frø Danmark A/S in the coming financial years. The transfer pricing case covers the period 2014/15 - 2017/18.

## 13 Assets charged and collateral

The Company has granted a floating charge in favour of Sydbank A/S for a total amount of DKK 25,000 k. The floating charge comprises unsecured claims and inventories. Carrying amount thereof amounts to DKK 62.127.969 as of 30.06.2020 and DKK 44.369.337 as of 30.06.2019.

Bank debt is secured by a deposited letter of indemnity for property of a nominal value of DKK 30,000 k. Carrying amounts of mortgaged properties and machinery amounts to DKK 42.589.766 as of 30.06.2020 and DKK 33.716.888 as of 30.06.2019.

#### 14 Transactions with related parties

	Parent	Other related parties
	DKK	DKK
Sales and purchase	272,231,259	10,650,778
Service and other costs	20,816,127	
Other income	1,159,617	35,068
Receivables	3,905,692	

#### 15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Deutsche Saatveredelung AG, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Deutsche Saatveredelung AG, Germany

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. .

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### **Other investments**

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

#### **Inventories**

Inventories are measured at the lower of cost using the weighted average price method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

#### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

#### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### **Cash**

Cash comprises cash in hand and bank deposits.

#### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

#### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### **Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

**Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Income tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.