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# *European Wood Corporation ApS*

Kokholm 14, DK-6000 Kolding

Annual Report for  
1 October 2022 - 30 September 2023

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CVR No. 35 80 42 50

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 29/2 2024

Torben Ballegaard  
Sørensen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of European Wood Corporation ApS for the financial year 1 October 2022 - 30 September 2023.

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

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

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

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

Kolding, 29 February 2024

## Executive Board

Brian Højgaard Nielsen  
Manager

## Board of Directors

Torben Ballegaard Sørensen  
Chairman

Anders Filtenborg Vittrup

Jakob Kildal Johannsen

Anders Ahlmann Olsen

Brian Højgaard Nielsen

# Independent Auditor's report

To the shareholders of European Wood Corporation ApS

## Opinion

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

We have audited the Financial Statements of European Wood Corporation ApS for the financial year 1 October 2022 - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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.

Herning, 29 February 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mads Hornbæk

State Authorised Public Accountant

mne33762

## Company information

<b>The Company</b>	European Wood Corporation ApS Kokholm 14 DK-6000 Kolding  CVR No: 35 80 42 50 Financial period: 1 October 2022 - 30 September 2023 Municipality of reg. office: Kolding
<b>Board of Directors</b>	Torben Ballegaard Sørensen, chairman Anders Filtenborg Vittrup Jakob Kildal Johannsen Anders Ahlmann Olsen Brian Højgaard Nielsen
<b>Executive Board</b>	Brian Højgaard Nielsen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning
<b>Bankers</b>	Jyske Bank A/S Vestergade 8-10 8600 Silkeborg

# Financial Highlights

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

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Profit/loss of ordinary primary operations	-11,023	41,958	69,897	31,226	21,210
Profit/loss of financial income and expenses	-1,359	-1,336	-856	-1,258	-1,026
Net profit/loss	-9,661	31,682	53,825	23,359	15,741
<b>Balance sheet</b>					
Balance sheet total	53,592	124,847	121,838	104,379	56,735
Investment in property, plant and equipment	1,458	3,249	1,834	1,264	771
Equity	28,786	68,447	59,765	48,940	27,581
<b>Cash flows</b>					
Cash flows from:					
- operating activities	27,385	24,075	46,296	11,143	7,234
- investing activities	-1,158	-3,419	-1,719	-1,046	-771
- financing activities	-29,430	-23,067	-45,314	-1,836	-6,269
Change in cash and cash equivalents for the year	-3,203	-2,411	-737	8,261	194
Number of employees	28	22	18	18	16
<b>Ratios</b>					
Return on assets	-20.6%	33.6%	57.4%	29.9%	37.4%
Solvency ratio	53.7%	54.8%	49.1%	46.9%	48.6%
Return on equity	-19.9%	49.4%	99.0%	61.1%	77.7%

# Management's review

## Key activities

European Wood Corporation ApS' key activity is trading in the wood sector with both logs and lumber.

## Development in the year

The income statement of the Company for 2022/23 shows a loss of DKK 9,661,352, and at 30 September 2023 the balance sheet of the Company shows positive equity of DKK 28,785,641.

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

The year has been characterized by very challenging market conditions, significantly impacting results compared to expectations. Both activity and, particularly, earnings have been negatively affected.

The outcome is considered unsatisfactory.

## Targets and expectations for the year ahead

For the financial year 2023/24, a profit before tax in the range of DKK 5 - 10 million is expected.

## External environment

The company complies with applicable environmental requirements and legislation.

## Subsequent events

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



## Income statement 1 October 2022 - 30 September 2023

	Note	2022/23	2021/22
		DKK	DKK
<b>Gross profit</b>		<b>5,601,939</b>	<b>56,088,773</b>
Staff expenses	1	-14,833,315	-12,709,846
Depreciation and impairment losses of property, plant and equipment	2	-1,791,403	-1,420,501
<b>Profit/loss before financial income and expenses</b>		<b>-11,022,779</b>	<b>41,958,426</b>
Financial income	3	946,358	84,440
Financial expenses	4	-2,304,982	-1,420,526
<b>Profit/loss before tax</b>		<b>-12,381,403</b>	<b>40,622,340</b>
Tax on profit/loss for the year	5	2,720,051	-8,940,549
<b>Net profit/loss for the year</b>	6	<b>-9,661,352</b>	<b>31,681,791</b>

## Balance sheet 30 September 2023

### Assets

	Note	2022/23 DKK	2021/22 DKK
Other fixtures and fittings, tools and equipment		2,542,492	3,067,990
Leasehold improvements		1,028,043	1,040,453
<b>Property, plant and equipment</b>	7	<b>3,570,535</b>	<b>4,108,443</b>
Deposits	8	400,750	400,750
<b>Fixed asset investments</b>		<b>400,750</b>	<b>400,750</b>
<b>Fixed assets</b>		<b>3,971,285</b>	<b>4,509,193</b>
<b>Inventories</b>	9	<b>21,251,019</b>	<b>55,268,642</b>
Trade receivables		14,102,953	48,892,828
Other receivables		2,593,698	6,996,266
Deferred tax asset	10	2,746,000	252,000
Corporation tax receivable from group enterprises		3,201,502	0
<b>Receivables</b>		<b>22,644,153</b>	<b>56,141,094</b>
<b>Cash at bank and in hand</b>		<b>5,725,533</b>	<b>8,927,948</b>
<b>Current assets</b>		<b>49,620,705</b>	<b>120,337,684</b>
<b>Assets</b>		<b>53,591,990</b>	<b>124,846,877</b>

## Balance sheet 30 September 2023

### Liabilities and equity

	Note	2022/23 DKK	2021/22 DKK
Share capital		58,824	58,824
Retained earnings		28,726,817	38,388,169
Proposed dividend for the year		0	30,000,000
<b>Equity</b>		<b>28,785,641</b>	<b>68,446,993</b>
Payables to group enterprises relating to corporation tax		0	7,838,549
<b>Long-term debt</b>	11	<b>0</b>	<b>7,838,549</b>
Prepayments received from customers		4,349,576	6,292,007
Trade payables		17,852,512	39,241,361
Payables to group enterprises		570,122	0
Payables to owners and Management		33,752	71,614
Payables to group enterprises relating to corporation tax		0	807,786
Other payables		2,000,387	2,148,567
<b>Short-term debt</b>		<b>24,806,349</b>	<b>48,561,335</b>
<b>Debt</b>		<b>24,806,349</b>	<b>56,399,884</b>
<b>Liabilities and equity</b>		<b>53,591,990</b>	<b>124,846,877</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	58,824	38,388,169	30,000,000	68,446,993
Ordinary dividend paid	0	0	-30,000,000	-30,000,000
Net profit/loss for the year	0	-9,661,352	0	-9,661,352
<b>Equity at 30 September</b>	<b>58,824</b>	<b>28,726,817</b>	<b>0</b>	<b>28,785,641</b>

## Cash flow statement 1 October 2022 - 30 September 2023

	Note	2022/23 DKK	2021/22 DKK
Result of the year		-9,661,352	31,681,791
Adjustments	12	334,213	11,592,664
Change in working capital	13	49,692,736	-2,320,320
<b>Cash flow from operations before financial items</b>		<b>40,365,597</b>	<b>40,954,135</b>
Financial income		946,366	84,439
Financial expenses		-2,304,982	-1,421,584
<b>Cash flows from ordinary activities</b>		<b>39,006,981</b>	<b>39,616,990</b>
Corporation tax paid		-11,621,786	-15,542,000
<b>Cash flows from operating activities</b>		<b>27,385,195</b>	<b>24,074,990</b>
Purchase of property, plant and equipment		-1,457,732	-3,248,551
Fixed asset investments made etc		0	-400,750
Sale of property, plant and equipment		300,000	230,000
<b>Cash flows from investing activities</b>		<b>-1,157,732</b>	<b>-3,419,301</b>
Repayment of other long-term debt		0	-67,243
Raising of payables to group enterprises		570,122	0
Dividend paid		-30,000,000	-23,000,000
<b>Cash flows from financing activities</b>		<b>-29,429,878</b>	<b>-23,067,243</b>
<b>Change in cash and cash equivalents</b>		<b>-3,202,415</b>	<b>-2,411,554</b>
Cash and cash equivalents at 1 October		8,927,948	11,339,502
<b>Cash and cash equivalents at 30 September</b>		<b>5,725,533</b>	<b>8,927,948</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5,725,533	8,927,948
<b>Cash and cash equivalents at 30 September</b>		<b>5,725,533</b>	<b>8,927,948</b>

# Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	13,881,560	11,701,576
Pensions	797,876	870,442
Other social security expenses	153,879	137,828
	<u>14,833,315</u>	<u>12,709,846</u>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<u>1,297,675</u>	
<b>Average number of employees</b>	<u>28</u>	<u>22</u>
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>2. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	1,791,403	1,420,501
	<u>1,791,403</u>	<u>1,420,501</u>
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>3. Financial income</b>		
Other financial income	108,357	84,440
Exchange gains	838,001	0
	<u>946,358</u>	<u>84,440</u>
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>4. Financial expenses</b>		
Other financial expenses	2,304,982	730,671
Exchange loss	0	689,855
	<u>2,304,982</u>	<u>1,420,526</u>

## Notes to the Financial Statements

	2022/23	2021/22
	DKK	DKK
<b>5. Income tax expense</b>		
Current tax for the year	-226,051	8,986,549
Deferred tax for the year	-2,494,000	-46,000
	<u>-2,720,051</u>	<u>8,940,549</u>

	2022/23	2021/22
	DKK	DKK
<b>6. Profit allocation</b>		
Proposed dividend for the year	0	30,000,000
Retained earnings	-9,661,352	1,681,791
	<u>-9,661,352</u>	<u>31,681,791</u>

## 7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 October	4,980,148	1,114,771
Additions for the year	1,226,818	230,914
Disposals for the year	-737,000	0
Cost at 30 September	<u>5,469,966</u>	<u>1,345,685</u>
Impairment losses and depreciation at 1 October	1,912,158	74,318
Depreciation for the year	1,548,079	243,324
Reversal of impairment and depreciation of sold assets	-532,763	0
Impairment losses and depreciation at 30 September	<u>2,927,474</u>	<u>317,642</u>
<b>Carrying amount at 30 September</b>	<u><b>2,542,492</b></u>	<u><b>1,028,043</b></u>
Amortised over	<u>1 - 5 years</u>	<u>3 years</u>

# Notes to the Financial Statements

## 8. Other fixed asset investments

	Deposits
	DKK
Cost at 1 October	400,750
Cost at 30 September	400,750
<b>Carrying amount at 30 September</b>	<b>400,750</b>

## 9. Inventories

	2022/23	2021/22
	DKK	DKK
Prepayment for goods	21,251,019	55,268,642
	<b>21,251,019</b>	<b>55,268,642</b>

## 10. Deferred tax asset

	2022/23	2021/22
	DKK	DKK
Deferred tax asset at 1 October	252,000	206,000
Amounts recognised in the income statement for the year	2,494,000	46,000
<b>Deferred tax asset at 30 September</b>	<b>2,746,000</b>	<b>252,000</b>

## 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:

	2022/23	2021/22
	DKK	DKK
<b>Payables to group enterprises relating to corporation tax</b>		
Between 1 and 5 years	0	7,838,549
Long-term part	0	7,838,549
Within 1 year	0	807,786
	<b>0</b>	<b>8,646,335</b>



## Notes to the Financial Statements

2022/23	2021/22
DKK	DKK

### 12. Cash flow statement - Adjustments

Financial income	-946,358	-84,440
Financial expenses	2,304,982	1,420,526
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,695,640	1,316,029
Tax on profit/loss for the year	-2,720,051	8,940,549
	<u>334,213</u>	<u>11,592,664</u>

2022/23	2021/22
DKK	DKK

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

Change in inventories	34,017,623	-6,879,283
Change in receivables	39,192,443	3,608,687
Change in trade payables, etc	-23,517,330	950,276
	<u>49,692,736</u>	<u>-2,320,320</u>

2022/23	2021/22
DKK	DKK

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

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	180,775	8,760
Between 1 and 5 years	323,146	0
	<u>503,921</u>	<u>8,760</u>

Lease obligations, period of non-terminability 3 months	14,677	14,382
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Lease obligations, period of non-terminability 104 months (116 months)	6,946,333	7,747,833
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#### Guarantee obligations

A payment guarantee of EUR 197,600 has been given to a third party.

An unlimited self-debtor surety has been given in relation to EWC Ejendomme ApS's account with a mortgage credit institution.

# Notes to the Financial Statements

## Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Norma Invest ApS, which is the management company of the joint taxation purposes. 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. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 15. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Norma Invest ApS	Parent company

### Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Norma Invest ApS	Ikast

# Notes to the Financial Statements

## 16. Accounting policies

The Annual Report of European Wood Corporation ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in DKK.

### Recognition and measurement

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

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

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

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

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

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income statement

### Revenue

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

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

## Gross profit

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

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Norma Invest ApS. 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:

Other fixtures and fittings, tools and equipment	1 - 5 years
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# Notes to the Financial Statements

Leasehold improvements 3 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

## Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

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

## Other fixed asset investments

Other 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.

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

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

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

## Financial debts

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

## 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 flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$