



## RWH ApS

Østre Havnepromenade 26, 5.  
9000 Aalborg  
CVR No. 38419455

## Annual report 01.07.2021 - 30.06.2022

The Annual General Meeting adopted the  
annual report on 31.10.2022

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**Rasmus Nielsen**

Chairman of the General Meeting

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# Entity details

## Entity

RWH ApS

Østre Havnepromenade 26, 5.

9000 Aalborg

Business Registration No.: 38419455

Registered office: Aalborg

Financial year: 01.07.2021 - 30.06.2022

## Board of Directors

Tom Deichmann

Rasmus Nielsen

Rasmus Sandorff Jacobsen

## Executive Board

Mads Lund Jensen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of RWH ApS for the financial year 01.07.2021 - 30.06.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2021 - 30.06.2022.

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.

Aalborg, 31.10.2022

## Executive Board

**Mads Lund Jensen**

## Board of Directors

**Tom Deichmann**

**Rasmus Nielsen**

**Rasmus Sandorff Jacobsen**

# Independent auditor's report

## To the shareholders of RWH ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of RWH ApS for the financial year 01.07.2021 - 30.06.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2021 - 30.06.2022 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Aalborg, 31.10.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jakob Olesen**

State Authorised Public Accountant  
Identification No (MNE) mne34492

# Management commentary

## Financial highlights

	2021/22	2020/21	2019/20	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	945,162	690,450	434,002	479,440	245,618
Gross profit/loss	108,074	67,728	43,536	44,966	22,599
Operating profit/loss	75,679	38,320	23,761	30,666	12,990
Net financials	(5,151)	(4,742)	(2,592)	(3,069)	(2,266)
Profit/loss for the year	53,932	25,908	16,395	21,167	8,282
Balance sheet total	412,928	225,664	161,518	109,148	65,391
Investments in property, plant and equipment	965	4,332	2,977	950	50
Equity	129,623	82,757	57,851	42,456	22,308
Equity excl. minority interests	126,093	82,757	57,851	42,456	22,308
<b>Ratios</b>					
Gross margin (%)	11.43	9.81	10.03	9.38	9.20
Net margin (%)	5.71	3.75	3.78	4.41	3.37
Equity ratio (%)	31.39	36.67	35.82	38.90	34.11

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

### Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

### Equity ratio (%):

$\frac{\text{Equity incl. minority interests} * 100}{\text{Balance sheet total}}$

Balance sheet total



### Primary activities

As in previous years, the Group's primary activities consist in the purchase and sale of wine and spirits as well as consultancy on investment in wine and spirits.

The purchase of wine takes place in RareWine ApS, while the sales takes place in RareWine Invest ApS and RareWine Trading ApS as well as the foreign subsidiaries RareWine Netherlands B.V., RareWine Italy S.R.L. and RareWine Switzerland SA. Nordic Freeport ApS' activities consist of warehouse storage primary for investors who trade through RareWine Invest ApS.

### Development in activities and finances

2021/22 was a satisfactory year for the RareWine Group. Pre-tax profit for the year amounts to mDKK 70,7 and gross profit amounts to mDKK 108, which is an improvement on the managements expectations. The increase in the groups profit is caused by higher demand.

Due to the increase in the activity management has determined to increase inventory to accommodate the customers' expectations. Thus inventory has increased from 152,987 t.DKK last year to 359,350 t.DKK this year. The increase on the inventory has led to an increase in the bank debt as well as an increase in pepayments received from customers. In 2021/2022 the company has also made a repayment of the majority of the loan to Vækstfonden. The remaining amount of the loan was repaid in September.

In 2021/22 the group has increased sales activity on the European market by establishing companies in the Netherlands, Italy and Switzerland. The new companies are established towards the end of the year and therefore the financial impact of the new companies is expected to show during 2023 in the form of increased net revenue and operating profit.

In the financial year, the company has capitalized costs for the development of the company's IT applications of tDKK 4,643.

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

Profit for the year is higher than expected due to revenue being higher than expected. Management considers profit for the year satisfactory. For explanations for the development we refer to the section "Development in activities and finances".

### Outlook

Expectations for the coming financial year is a 5-15% increase in gross profit compared to the realized profit in 2021/22.

### Use of financial instruments

The Company hedges currency risks on expected transactions in foreign currency with forward exchange contracts. Forward exchange contracts relate to purchase of wine.

The RareWine Group's policy is not to conduct active speculation in financial risks. To manage and monitor potential risks, RareWine Group continuously assess the bank balance and requirements and assesses the liquidity framework and the collection of funds. RareWine Group does not want to incur risk and minimizes it by ongoing monitoring of the currency exposures.

The group follows a financial policy approved by the board of directors, which operates with a low risk profile, so that currency risks only arise based on commercial conditions. The group's use of derivative financial instruments

is regulated by internal business processes, which determines currency exposure and hedging hereof.

### **Other market risk**

RareWine Group monitors the ongoing global situation in the wine market, known for stability and conservatism, to ensure continued competitiveness and a strong market position. Climate change, recession, rising interest rates, and accelerating inflation are issues that affect the global economy on a larger scale than the wine market, although price rises are still expected.

The group has not been material affected by Covid-19 or the conflict in Ukraine.

### **Environmental performance**

As the Group does not have production or wastage of any kind, the Group's impact on the external environment is very limited. For further description see the section "Statutory report on corporate social responsibility"

### **Foreign branches**

Last year the Group has expanded with its first office abroad as part of The Group's strategy. The office is located in Stockholm, Sweden and is a RareWine Invest Branch.

### **Statutory report on corporate social responsibility**

As mentioned earlier in the 'Primary activities' section, the core business of RareWine Group consists of the purchase and sale of wine and spirits and consultancy on investment in wine and spirits.

Corporate social responsibility is an integral part of RareWine Group's business strategy. We remain committed to and focus on all aspects, from the environment, employee satisfaction, human rights, anti-corruption, anti-money laundering, and our role in society.

The company wants to act responsibly concerning customers, employees, business partners, and the outside world. We know that there may be several opportunities and risks relating to corporate social responsibility concerning our business.

We elaborate in the following on how we manage our corporate social responsibility and related risks in our work.

### **Environment and Climate**

RareWine Group sells and distributes wine in most parts of the world. The primary risks to be addressed regarding the environmental impact are waste and CO2 emissions. RareWine Group has no production whatsoever.

The company strives to optimize logistics at all times to reduce the CO2 emission caused by the transportation of wine. Also, environmental impact and improvement initiatives are criteria when choosing third-party shipping companies.

Most waste from unwrapping and packing is reused or sorted before transportation to a recycling station. Our entire procedure for sorting waste was recently optimized in 2021/2022 to continue the initiatives started in 2020/21.

Most of the company's energy systems, such as ventilation, cooling, and heating systems, were optimized in 2020/21 during the construction of new warehouse buildings. The new standards are continued in 2021/22

during the recent expansion of our warehouse facility. In addition, LED lighting is used throughout the company's premises in Denmark, and all forklifts are electrically powered. In the future, we will continue to improve our environmental footprint.

Management believes that the company has achieved a satisfactory level of managing the environmental impact through these initiatives. All initiatives are continuously evaluated.

### **Corruption and bribery**

We are aware of the risk that corruption and bribery may be more prevalent in some countries, and we are diligent in ensuring we avoid such risks in our business relationships.

The company has a zero-tolerance policy, which means that any suspected violations must be fully investigated.

RareWine Group has an Employee Handbook that embodies the company's core values and our code of ethics, which also applies to anti-corruption and anti-money laundering. The company's executives confirm compliance with the policies once a year. Management is unaware of any breach of the compliance rules during the financial year.

### **Human rights**

Regarding human rights and employees, the primary risks RareWine Group addresses are related to discrimination and the risk of work-related accidents in the warehouse area.

The company's Employee Handbook requires the company's employees to act with integrity and follow acceptable ethical standards for human rights. This standard is also expected from all business partners and suppliers. If a supplier violates the rules, RareWine Group will establish close cooperation to help the supplier improve business standards and employee well-being. However, RareWine Group reserves the right to terminate contracts with a supplier immediately if the supplier should continue to violate the rules intentionally and is unwilling to discuss and agree on the implementation of a planned improvement.

In 2021/22, we have not had any human rights breaches, and we will continue to focus on our human rights efforts in the future.

### **Employees**

The Company's Employee Handbook sets out internal guidelines showing our employees how we want to interact with each other as colleagues. The procedures include a set of clearly defined principles for how we want to work and interact with each other in our open-plan offices and the warehouse.

The Employee Handbook is handed out to all new employees and reviewed as part of the onboarding process.

The Employee Handbook also contains policies for continuing training of the company's employees, including appropriate first aid and safety courses to create a safe work environment. This process is supported by the company's working environment organization, in which all employees at RareWine Group appoint to deal with potential health and safety issues within the company.

Also, RareWine Group has recently (August 2022) established a staff association to ensure participation and influence across the organization. The staff association aims to maintain excellent work ethics and company culture at all facilities within the RareWine Group.

Management believes the integration of new employees has proceeded well, and the organization's culture has helped maintain a good work environment in 2021/22. In 2022/2023 we will continue to promote a good work environment.

### **Statutory report on the underrepresented gender**

RareWine Group wishes to ensure diversity in age and gender throughout all divisions. Thus, the company's overall goal is to have an equal gender balance among all business units. We are aware that we have an overrepresentation of men now, especially among our warehouse staff.

The company has set a goal that women will account for at least 40% of all employees in 2026.

This goal will be achieved in connection with recruiting new employees and by supporting the development of existing employees more broadly.

The search process for new candidates is organized so that suitable female candidates are included in the search to increase the percentage of the underrepresented gender continuously, including achieving the set target figure.

RareWine Group aims to ensure clear and transparent processes when recruiting, which include goals to increase the percentage of the underrepresented gender. The company's management work to create an unbiased culture at the company where individual employees can make the most of their qualifications regardless of gender.

RareWine Group ensures equal access for men and women to management positions by offering equal opportunities to develop professional and personal skills. Women and men participate equally in courses and individual development programs.

Until now we have not had a clear target for the underrepresented gender in our organization as the company size did not have the resources to focus on the issue and the group has only this year been governed by these rules. Today, our Board of Directors consists of 3 male people. We aim for a 33/67% representation by the latest in four years. In other management positions, the gender representation is one female and six males in 2021/2022. We aim to reach 40/60% in a maximum of four years.

The HR Department assesses on an ongoing basis and at least once a year whether to update this policy.

### **Statutory report on data ethics policy**

RareWine Group has taken steps to ensure that data is used responsibly and sustainably within our business and supply chain. Even though there is no formal policy in place now, ethical considerations are designed in our data collection processes, and knowledge is shared across the organization according to the practice described below. This statement covers the use of all data types and is thus not limited to the use and protection of personal data.

In Marketing and Sales, volumes of data are generated daily, for example, through online forms on our digital platforms. Also, in the warehouse, data is registered through CCTV monitoring systems. Data is inherent in arranging and documenting transport and storage for our clients. Data can be related to our clients, visitors to our platforms or facilities, our employees, and our operations' control and management systems, such as freight management systems that process and respond in real time to data.

Further, we use artificial intelligence systems to analyze data and translate it into solutions that can assist us in optimizing our operations. RareWine Group's data will typically be regarding our employees, customers, business partners, or third parties, including general personal and behavioral data. Data is obtained either directly from the data subject or via a third party.

RareWine Group strives to always have policies in place ensuring that data is only being used for the purpose it was obtained. To ensure accountability for data ethics on a sufficient Group level, decisions related to investments in new technologies and the use of data are anchored within Group Management. Data security is crucial in ensuring data privacy and data protection. RareWine Group has implemented technical safeguards and procedures to ensure proper data management and prevent unauthorized use or disclosure.

### **Third-party data policy**

We perform due diligence on third parties who interact on behalf of RareWine Group, for example, a third party providing custom handling services or an agent. The latter approach ensures that these third parties have a good reputation and handle data responsibly. When we use data from third parties, for example, processed through a transport management system, we expect that third parties are in lawful possession of this data, do not misuse data, and can legally give RareWine Group the right to use this data.

To safeguard that suppliers ethically handle data, we request suppliers comply with our code of conduct for suppliers.

We do not resell data, but we provide data by applicable legislation, court, or authority decisions if legally required.

### **Employees' awareness about data ethics**

RareWine Groups Employee Handbook states that our employees are our greatest asset. Therefore, we have implemented a Group-wide online cyber awareness training program. The training program focuses on employee behavior to ensure a high level of protection against common data and privacy threats such as phishing and data management.

RareWine Group monitors how many employees have completed the online training and expects employees to avoid data and privacy risks and to report to their managers.

RareWine Group will continue to improve our understanding of how data and artificial intelligence systems will impact the transport and logistics sector and will, in collaboration with its stakeholders, strive to ensure that best practices regarding data ethics are implemented. We will provide online training to our employees to ensure that we are all informed on handling data responsibly and sustainably.

To increase transparency and clarify data use accountabilities between third parties, we will continue implementing a due diligence process and cooperation model with third parties handling and retaining data for RareWine Group.

### **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.

# Consolidated income statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Revenue	2	945,162	690,450
Other operating income		36	0
Cost of sales		(802,569)	(608,752)
Other external expenses	3	(34,555)	(13,970)
<b>Gross profit/loss</b>		<b>108,074</b>	<b>67,728</b>
Staff costs	4	(27,731)	(26,582)
Depreciation, amortisation and impairment losses		(4,664)	(2,826)
<b>Operating profit/loss</b>		<b>75,679</b>	<b>38,320</b>
Other financial income	5	769	350
Other financial expenses	6	(5,920)	(5,092)
<b>Profit/loss before tax</b>		<b>70,528</b>	<b>33,578</b>
Tax on profit/loss for the year		(16,596)	(7,670)
<b>Profit/loss for the year</b>	7	<b>53,932</b>	<b>25,908</b>

# Consolidated balance sheet at 30.06.2022

## Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Completed development projects	9	4,643	2,604
Acquired intangible assets		4,082	3,229
<b>Intangible assets</b>	8	<b>8,725</b>	<b>5,833</b>
Other fixtures and fittings, tools and equipment		4,080	4,213
Leasehold improvements		2,476	2,741
<b>Property, plant and equipment</b>	10	<b>6,556</b>	<b>6,954</b>
Deposits		1,708	1,609
<b>Financial assets</b>	11	<b>1,708</b>	<b>1,609</b>
<b>Fixed assets</b>		<b>16,989</b>	<b>14,396</b>
Manufactured goods and goods for resale		276,258	107,298
Prepayments for goods		83,092	45,689
<b>Inventories</b>		<b>359,350</b>	<b>152,987</b>
Trade receivables		4,393	10,575
Receivables from group enterprises	12	25,809	26,310
Other receivables		3,522	879
Tax receivable		338	0
Prepayments	13	888	1,463
<b>Receivables</b>		<b>34,950</b>	<b>39,227</b>
<b>Cash</b>		<b>1,639</b>	<b>19,054</b>
<b>Current assets</b>		<b>395,939</b>	<b>211,268</b>
<b>Assets</b>		<b>412,928</b>	<b>225,664</b>

**Equity and liabilities**

	Notes	2021/22 DKK'000	2020/21 DKK'000
Contributed capital		50	50
Reserve for fair value adjustments of hedging instruments		1,496	0
Retained earnings		96,367	69,707
Proposed dividend for the financial year		28,000	13,000
<b>Equity belonging to Parent's shareholders</b>		<b>125,913</b>	<b>82,757</b>
<b>Equity belonging to minority interests</b>		<b>3,710</b>	<b>0</b>
<b>Equity</b>		<b>129,623</b>	<b>82,757</b>
Deferred tax	14	56	986
<b>Provisions</b>		<b>56</b>	<b>986</b>
Bank loans		0	10,321
Debt to other credit institutions		4,783	29,244
Joint taxation contribution payable		18,286	8,307
Other payables		1,771	1,770
<b>Non-current liabilities other than provisions</b>	15	<b>24,840</b>	<b>49,642</b>
Current portion of non-current liabilities other than provisions	15	1,123	9,805
Bank loans		84,978	5
Prepayments received from customers		145,476	62,777
Trade payables		12,282	8,058
Payables to group enterprises		4	211
Payables to owners and management		107	32
Joint taxation contribution payable		8,138	3,215
Other payables		6,171	8,176
Deferred income	16	130	0
<b>Current liabilities other than provisions</b>		<b>258,409</b>	<b>92,279</b>
<b>Liabilities other than provisions</b>		<b>283,249</b>	<b>141,921</b>
<b>Equity and liabilities</b>		<b>412,928</b>	<b>225,664</b>
Events after the balance sheet date	1		
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Fair value information	19		
Unrecognised rental and lease commitments	20		



Contingent liabilities	21
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# Consolidated statement of changes in equity for 2021/22

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000
Equity beginning of year	50	0	69,707	13,000	82,757
Ordinary dividend paid	0	0	0	(13,000)	(13,000)
Exchange rate adjustments	0	0	17	0	17
Other entries on equity	0	1,918	0	0	1,918
Tax of entries on equity	0	(422)	0	0	(422)
Profit/loss for the year	0	0	26,643	28,000	54,643
<b>Equity end of year</b>	<b>50</b>	<b>1,496</b>	<b>96,367</b>	<b>28,000</b>	<b>125,913</b>

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	0	82,757
Purchase of treasury shares	4,421	4,421
Ordinary dividend paid	0	(13,000)
Exchange rate adjustments	0	17
Other entries on equity	0	1,918
Tax of entries on equity	0	(422)
Profit/loss for the year	(711)	53,932
<b>Equity end of year</b>	<b>3,710</b>	<b>129,623</b>

# Consolidated cash flow statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Operating profit/loss		75,679	38,320
Amortisation, depreciation and impairment losses		4,664	2,826
Working capital changes	17	(105,899)	(33,104)
<b>Cash flow from ordinary operating activities</b>		<b>(25,556)</b>	<b>8,042</b>
Financial income received		768	350
Financial expenses paid		(5,920)	(5,092)
Taxes refunded/(paid)		(2,962)	(6,305)
<b>Cash flows from operating activities</b>		<b>(33,670)</b>	<b>(3,005)</b>
Acquisition etc. of intangible assets		(6,330)	(4,501)
Acquisition etc. of property, plant and equipment		(965)	(4,332)
Sale of property, plant and equipment		137	185
Acquisition of fixed asset investments		(99)	(400)
Acquisition of enterprises		(4,997)	0
<b>Cash flows from investing activities</b>		<b>(12,254)</b>	<b>(9,048)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(45,924)</b>	<b>(12,053)</b>
Loans raised		86,096	14,960
Repayments of loans etc.		(44,587)	(5,594)
Dividend paid		(13,000)	(1,000)
<b>Cash flows from financing activities</b>		<b>28,509</b>	<b>8,366</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(17,415)</b>	<b>(3,687)</b>
Cash and cash equivalents beginning of year		19,054	22,741
<b>Cash and cash equivalents end of year</b>		<b>1,639</b>	<b>19,054</b>
Cash and cash equivalents at year-end are composed of:			
Cash		1,639	19,054
<b>Cash and cash equivalents end of year</b>		<b>1,639</b>	<b>19,054</b>

# Notes to consolidated financial statements

## 1 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.

## 2 Revenue

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Great Britain	171,799	167,750
Denmark	144,222	155,839
Hong Kong	82,635	60,493
France	98,010	52,625
Rest of Europe	282,661	23,513
Asia	119,061	40,803
Other	46,774	189,427
<b>Total revenue by geographical market</b>	<b>945,162</b>	<b>690,450</b>
Wine	810,523	576,473
Spirits	132,949	112,243
Others	1,690	1,734
<b>Total revenue by activity</b>	<b>945,162</b>	<b>690,450</b>

## 3 Fees to the auditor appointed by the Annual General Meeting

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Statutory audit services	461	330
Other assurance engagements	30	110
Other services	185	0
	<b>676</b>	<b>440</b>

**4 Staff costs**

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	30,002	26,951
Pension costs	685	68
Other social security costs	790	325
Other staff costs	5	1,357
	<b>31,482</b>	<b>28,701</b>
Staff costs classified as assets	(3,751)	(2,119)
	<b>27,731</b>	<b>26,582</b>
Average number of full-time employees	57	44

	<b>Remuneration of manage- ment 2021/22 DKK'000</b>	<b>Remuneration of manage- ment 2020/21 DKK'000</b>
Executive Board	1,361	0
Board of Directors	300	0
Total amount for management categories	0	1,675
	<b>1,661</b>	<b>1,675</b>

According to section 98B(3) no.2 of the Danish Financial Statement Act, remuneration to management has been disclosed together under one category in 2020/21, because it will lead to an individual's remuneration disclosed.

**5 Other financial income**

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial income from group enterprises	764	244
Exchange rate adjustments	5	106
	<b>769</b>	<b>350</b>

**6 Other financial expenses**

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial expenses from group enterprises	5	0
Other interest expenses	3,508	3,595
Exchange rate adjustments	2,355	862
Other financial expenses	52	635
	<b>5,920</b>	<b>5,092</b>

## 7 Proposed distribution of profit/loss

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Ordinary dividend for the financial year	28,000	13,000
Retained earnings	26,643	12,908
Minority interests' share of profit/loss	(711)	0
	<b>53,932</b>	<b>25,908</b>

## 8 Intangible assets

	<b>Completed development projects</b>	<b>Acquired intangible assets</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Cost beginning of year	3,586	4,789
Additions	3,751	2,579
<b>Cost end of year</b>	<b>7,337</b>	<b>7,368</b>
Amortisation and impairment losses beginning of year	(982)	(1,560)
Amortisation for the year	(1,712)	(1,726)
<b>Amortisation and impairment losses end of year</b>	<b>(2,694)</b>	<b>(3,286)</b>
<b>Carrying amount end of year</b>	<b>4,643</b>	<b>4,082</b>

## 9 Development projects

Completed development projects comprises development of IT applications in the Group. As of 30 June 2022 the carrying amount of completed development projects amounts to tDKK 4,643. The amortisation period for completed development projects is set to 3 years.

Management has not identified any indication of impairment regarding the carrying amount of completed development projects.

Acquired intangible assets comprises cost from development of new ERP-system. A significant part of cost from development of new ERP-system is internal cost in the form of direct wages in the development department.

## 10 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improvements DKK'000</b>
Cost beginning of year	4,698	3,150
Additions	545	420
Disposals	(480)	(145)
<b>Cost end of year</b>	<b>4,763</b>	<b>3,425</b>
Depreciation and impairment losses beginning of year	(485)	(409)
Depreciation for the year	(550)	(685)
Reversal regarding disposals	352	145
<b>Depreciation and impairment losses end of year</b>	<b>(683)</b>	<b>(949)</b>
<b>Carrying amount end of year</b>	<b>4,080</b>	<b>2,476</b>

## 11 Financial assets

	<b>Deposits DKK'000</b>
Cost beginning of year	1,609
Additions	99
<b>Cost end of year</b>	<b>1,708</b>
<b>Carrying amount end of year</b>	<b>1,708</b>

## 12 Receivables from group enterprises

Receivables from group enterprises comprises receivables from the ultimate parent company.

## 13 Prepayments

Prepayments comprises prepaid expenses such as software licens, lease payments, insurance and other prepaid expenses.

**14 Deferred tax**

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Intangible assets	1,059	834
Property, plant and equipment	427	394
Inventories	(1,430)	(110)
Liabilities other than provisions	0	(132)
<b>Deferred tax</b>	<b>56</b>	<b>986</b>

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Changes during the year</b>		
Beginning of year	986	758
Recognised in the income statement	(930)	228
<b>End of year</b>	<b>56</b>	<b>986</b>

**15 Non-current liabilities other than provisions**

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2021/22	2020/21	2021/22	2021/22
	DKK'000	DKK'000	DKK'000	DKK'000
Bank loans	0	3,282	0	0
Debt to other credit institutions	1,123	6,523	4,783	0
Joint taxation contribution payable	0	0	18,286	0
Other payables	0	0	1,771	1,771
	<b>1,123</b>	<b>9,805</b>	<b>24,840</b>	<b>1,771</b>

**16 Deferred income**

Deferred income comprises income relating to subsequent financial years. Deferred income is measured at cost.

**17 Changes in working capital**

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Increase/decrease in inventories	(196,807)	(36,328)
Increase/decrease in receivables	6,111	(25,278)
Increase/decrease in trade payables etc.	84,797	28,502
	<b>(105,899)</b>	<b>(33,104)</b>



## 18 Derivative financial instruments

The Company hedges currency risks on expected transactions in EUR, USD, GBP, CHF and HKD with forward exchange contracts. Forward exchange contracts relates to purchase of wine. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day. The duration on the forward exchange contracts is 1-2 months.

The fair value has not been calculated on the basis of observations in an active market. For the valuation of the fair value as of the balance sheet date, the statement of the bank has been used due to the company's credit rating and collte.

## 19 Fair value information

	<b>Financial instruments DKK'000</b>
Fair value end of year	1,918
Unrealised fair value adjustments recognised in the fair value reserve in equity	1,918

## 20 Unrecognised rental and lease commitments

	<b>2021/22 DKK'000</b>	<b>2020/21 DKK'000</b>
Total liabilities under rental or lease agreements until maturity	24,797	8,121

## 21 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which R. N. Holding ApS, CVR-nr. 29 77 98 72, serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 22 Assets charged and collateral

As security for bank debt, the Group has provided a floating charge of tDKK 136,000 including, but non-exhaustive, trade receivables, operating funds and inventories.

## 23 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

## 24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: R. N. Holding ApS, Aalborg, CVR-nr. 29 77 98 72, 9000 Aalborg.

## 25 Subsidiaries

	<b>Registered in</b>	<b>Corporate form</b>	<b>Ownership %</b>
RareWine ApS	Aalborg	ApS	100.00
RareWine Invest ApS	Aalborg	ApS	100.00
RareWine Trading ApS	Aalborg	ApS	100.00
Nordic Freeport ApS	Vodskov	ApS	100.00
Rare Wine A/S	Vodskov	A/S	100.00
RareWine Management ApS	Aalborg	ApS	100.00
RareWine Netherlands B.V.	Holland	B.V.	100.00
RareWine Italy S.R.L.	Italien	S.r.l	100.00
RareWine Switzerland SA	Schweiz	SA	100.00
HJW Invest ApS	Aalborg	ApS	52.63

## Parent income statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Other external expenses		(1,286)	(176)
<b>Gross profit/loss</b>		<b>(1,286)</b>	<b>(176)</b>
Income from investments in group enterprises		56,691	26,130
Other financial income	2	769	269
Other financial expenses	3	(712)	(353)
<b>Profit/loss before tax</b>		<b>55,462</b>	<b>25,870</b>
Tax on profit/loss for the year		229	36
<b>Profit/loss for the year</b>	4	<b>55,691</b>	<b>25,906</b>

# Parent balance sheet at 30.06.2022

## Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Investments in group enterprises		117,675	89,561
<b>Financial assets</b>	5	<b>117,675</b>	<b>89,561</b>
<b>Fixed assets</b>		<b>117,675</b>	<b>89,561</b>
Receivables from group enterprises		25,806	26,181
Joint taxation contribution receivable		265	97
<b>Receivables</b>		<b>26,071</b>	<b>26,278</b>
<b>Cash</b>		<b>1</b>	<b>5</b>
<b>Current assets</b>		<b>26,072</b>	<b>26,283</b>
<b>Assets</b>		<b>143,747</b>	<b>115,844</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021/22 DKK'000</b>	<b>2020/21 DKK'000</b>
Contributed capital		50	50
Retained earnings		98,894	69,707
Proposed dividend for the financial year		28,000	13,000
<b>Equity</b>		<b>126,944</b>	<b>82,757</b>
Trade payables		25	25
Payables to group enterprises		15,777	33,062
Other payables		1,001	0
<b>Current liabilities other than provisions</b>		<b>16,803</b>	<b>33,087</b>
<b>Liabilities other than provisions</b>		<b>16,803</b>	<b>33,087</b>
<b>Equity and liabilities</b>		<b>143,747</b>	<b>115,844</b>

Events after the balance sheet date	1
Contingent liabilities	6
Assets charged and collateral	7
Related parties with controlling interest	8
Transactions with related parties	9

# Parent statement of changes in equity for 2021/22

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	50	0	69,707	13,000	82,757
Ordinary dividend paid	0	0	0	(13,000)	(13,000)
Other entries on equity	0	1,918	0	0	1,918
Tax of entries on equity	0	(422)	0	0	(422)
Transfer to reserves	0	(58,187)	58,187	0	0
Profit/loss for the year	0	56,691	(29,000)	28,000	55,691
<b>Equity end of year</b>	<b>50</b>	<b>0</b>	<b>98,894</b>	<b>28,000</b>	<b>126,944</b>

In 2019/2020, the Company realised an intra-group gain on sale of investments. According to the provisions of the Danish Companies Act, the amount cannot serve as basis for distribution of dividends. The limitation amounts to mDKK 48.

# Notes to parent financial statements

## 1 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.

## 2 Other financial income

	2021/22 DKK'000	2020/21 DKK'000
Financial income from group enterprises	769	269
	<b>769</b>	<b>269</b>

## 3 Other financial expenses

	2021/22 DKK'000	2020/21 DKK'000
Financial expenses from group enterprises	712	353
	<b>712</b>	<b>353</b>

## 4 Proposed distribution of profit and loss

	2021/22 DKK'000	2020/21 DKK'000
Ordinary dividend for the financial year	28,000	13,000
Retained earnings	27,691	12,906
	<b>55,691</b>	<b>25,906</b>

## 5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	120,075
Additions	5,788
<b>Cost end of year</b>	<b>125,863</b>
Revaluations beginning of year	(30,514)
Exchange rate adjustments	40
Adjustments on equity	1,496
Share of profit/loss for the year	56,651
Dividend	(35,861)
<b>Revaluations end of year</b>	<b>(8,188)</b>
<b>Carrying amount end of year</b>	<b>117,675</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## **6 Contingent liabilities**

The Entity participates in a Danish joint taxation arrangement in which R. N. Holding ApS, CVR-nr. 29 77 98 72 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## **7 Assets charged and collateral**

The company liable for bankdebt for the group. The Entity is therefore liable for relating to the withholding of bankdebt in the group. The jointly bankdebt' total known bankdebt is 85 mio. DKK.

## **8 Related parties with controlling interest**

R. N. Holding ApS, CVR-nr. 29 77 98 72, 9000 Aalborg, owns the majority of the shares in the Entity, thus exercising control.

Rasmus Nielsen owns the majority of the shares in R. N. Holding ApS, thus exercising control.

## **9 Non-arm's length related party transactions**

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.



# Accounting policies

## Reporting class

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

The accounting policies applied to these consolidated financial statements and parent 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.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

## Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time

of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The book-value method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the book-value method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

### **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. Inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

### **Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging

instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

## **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. Income from the storage of investor wines is measured at the fair value of the remuneration received or receivable. 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 wages and salaries, 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.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, 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, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, 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.

The Parent is jointly taxed with all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed, acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights acquired are amortised on a straight-line to 1-3 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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:

	<b>Useful life Years</b>
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-5 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.

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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.

### **Tax payable or receivable**

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

### **Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### **Prepayments**

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

### **Cash**

Cash comprises 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.

### **Minority interests**

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is

recognised.

**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.

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 financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Joint taxation contributions payable or receivable**

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

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**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 financial income, financial expenses and income tax paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

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