

# **Jinko Solar Denmark ApS**

**Gdanskgade 18, 2150 Nordhavn**

**Annual report for 2023**

**CVR no. 41 39 99 02**

Adopted at the annual general meeting on 2 July 2024

chairman: Gen Miao

## Table of contents

	<b>Page</b>
<b>Statements</b>	
Statement by management on the annual report	1
Independent auditor's report	2
<b>Management's review</b>	
Company details	5
Financial highlights	6
Management's review	7
<b>Financial statements</b>	
Income statement	10
1 January - 31 December	
Balance sheet 31 December	11
Statement of changes in equity	13
Notes	15
Cash flow statement 1 January - 31 December	14
Accounting policies	19

## Statement by management on the annual report

The executive board has today discussed and approved the annual report of Jinko Solar Denmark ApS for the financial year 1 January - 31 December 2023.

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

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2023.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 2 July 2024

### Executive board

Gen Miao  
Director

## Independent auditor's report

*To the shareholder of Jinko Solar Denmark ApS*

### **Opinion**

We have audited the financial statements of Jinko Solar Denmark ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

### **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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 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 the 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.

### **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.

## Independent auditor's report

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.

### 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.

## Independent auditor's report

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, we conclude that 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 of management's review.

Copenhagen, 2 July 2024

Ecovis Danmark  
statsautoriseret revisionsinteressentskab  
CVR no. 28 93 95 23

Kurt Bülow  
State Authorized Public Accountant  
mne3112

## Company details

Jinko Solar Denmark ApS  
Gdanskgade 18  
2150 Nordhavn

E-mail: mary.ma@jinkosolar.com  
CVR-no. 41 39 99 02  
Financial year: 1 January - 31 December 2023  
Domicile: Copenhagen

### **Executive Board**

Gen Miao, director

### **Auditors**

Ecovis Danmark  
statsautoriseret revisionsinteressentskab  
Vendersgade 28 st. th  
1363 København K

## Financial highlights

Seen over a 4-year period, the development of the Company may be described by means of the following financial highlights:

	2023	2022	2021	2020
	EUR	EUR	EUR	EUR
<b>Key figures</b>				
<b>Profit/loss</b>				
Revenue	1.735.991.387	1.397.795.555	417.925.842	23.179.736
Gross profit	-934.378	17.564.407	6.638.569	-174.578
Net financials	1.111.900	-3.408.298	-5.384	-81.851
Profit/loss for the year	-57.007.547	11.043.390	5.136.061	-200.015
<b>Balance sheet</b>				
Balance sheet total	376.191.659	604.353.214	218.200.117	23.015.953
Equity	-41.021.394	15.986.153	4.942.763	-193.298
<b>Cash flows from:</b>				
- operating activities	101.910.432	-310.193.021	-139.939.809	8.116.362
- financing activities	-151.489.893	330.930.668	165.966.615	16.185
The year's changes in cash and cash equivalents	-49.579.461	20.737.647	26.026.806	8.132.547
Number of employees	0	1	1	1
<b>Financial ratios</b>				
Gross margin	-0,1%	1,3%	1,6%	-0,8%
EBIT margin	-3,3%	1,3%	1,6%	-0,8%
Return on assets	-11,8%	4,3%	5,5%	-1,5%
Solvency ratio	-10,9%	2,6%	2,3%	-0,8%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..



## Management's review

### Business review

The company's most important activity is the sale of photovoltaic modules, import and export of photovoltaic technology. The Company use Business to Business distribution model, and the main market for sales in Europe is concentrated in the Central Europe area. The different entities within the group in Europe coordinate with each other in terms of employee teams and business activities to realize the sharing of company resources.

### Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

### Unusual matters

The company's financial position at 31 December 2023 and the results of its operations and cash flows for the financial year ended 31 December 2023 are not affected by any unusual matters.

### Financial review

The company's income statement for the year ended 31 December 2023 shows a loss of EUR 57.007.547, and the balance sheet at 31 December 2023 shows negative equity of EUR 41.021.394. Due to the intensively competition situation global wide, we feel the strong pressure within the EU market, especially with the continuous quick dropping prices, the result is not achieved as expected in 2022 unfortunately. The shipment was achieved in delivering 7.9GW with amount 1,735,487,127 EUR, but to reduced prices which caused a considerable decrease in the profit. The OM is reduced to just break even .

The reduced prices over the year in 2023 have caused that the net realisable value on the inventory at the year end was lower than the cost price of the inventory. This circumstance has led to the need to write down the inventory value by 57,147,684 € to net realizable value which caused that the equity became negative with 41.162.775 €

As Jinko Solar Denmark is an important company within the Jinko Solar Group for the European market JinkoSolar Middle East DMCC have given a support declaration to support Jinko Solar Denmark ApS economically and financially to ensure the activities in the company in the next 12 months from General Assembly for the financial year 2023. For this reason, management has chosen to prepare the financial statements on a going concern basis. .

### Language

It has been decided to present the Annual Accounts in English

### Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## Management's review

### Expected development of the company, including specific prerequisites and uncertainties

The 2024 will be a very challenge year to solar industry, all the market players are facing the same price pressure, technology upgrading and business environment changing. To be well prepared for that, Jinko gives high efforts to control and decrease the cost of manufacture, logistics and operating etc.

### The company's knowledge resources if of particular importance to its future earnings

The under-construction 56GW massive new manufacture base in Shanxi, China, which aims to be the world's first "super-integrated" solar factory, contains 4 phases involves the integrated development of 14GW capacity in ingots, wafers, cells, and modules. The 1st phase commenced operations in the first quarter of 2024, with the 2nd phase projected to come online within the year and rest in 2025. The initial and second phase are planned to utilize N-type technology with more competitive cost advantage, while the third and fourth phases will be developed with advanced capacities tailored to future technological progress.

### Impact on the external environment and measures taken to prevent, reduce or mitigate damage

JinkoSolar puts its own existence and development in the framework of global sustainable development, adheres to the business direction beneficial to environmental and social development, and devotes itself to the R&D and manufacturing of photovoltaic equipment to help the society address energy and environmental problems.

JinkoSolar has always been advocating and practicing the philosophy of environmentally sustainable development, strictly abiding by laws and regulations on environmental protection and energy conservation, and actively responding to various environmental protection and energy conservation initiatives of the government and the industry.

### Research and development activities in or for the company

Research and development activities are carried out at group level and reference is made to the description under the section above on The company's knowledge resources if and particular importance to its future earnings

### Description of significant changes in the company's business and financial conditions

Besides the PV products, Jinko also speed up the market development for ESG (Energy Storage) in both RESS and BESS field. We see the potential in EU market and would like to build up the relevant business team including sales and technical in 2024 in order to courage the new business division could bring good sales and profit into the company in 2024.

### Statutory corporate social responsibility report

In the latest version of Environmental, Social and Governance (ESG) Report released in August 2022 by JinkoSolar gives a detailed overview of the company's labour principles, code of conduct and ethics, human rights etc. the whole report can be seen on <https://jinkosolar.eu/wp-content/uploads/2023-Jinko-ESG-Report.pdf>

## Management's review

### Policies on the underrepresented gender

#### *Board of Directors*

#### *Reason for not fulfilling the target figure of underrepresented gender*

As the only employee in the Danish Company is the director this point is not relevant

### Statement of policy for data ethics

Description of the disclosing of statement of policy for data ethics is not given, but is given on consolidated level

Policy for data ethics are described in the Financial Statements for 2023 for Jinko Solar Holding Co Ltd, Item 16K, page 159.

Link to statement of policy for data ethics

<https://ir.jinkosolar.com/static-files/e0ed9b0a-0100-4d2f-9460-4e6f33da7b27>

## Income statement

### 1 January - 31 December

	Note	2023 EUR	2022 EUR
<b>Revenue</b>	2	<b>1.735.991.387</b>	<b>1.397.795.555</b>
Raw materials and consumables		-1.699.962.273	-1.327.323.130
Other external expenses		-36.963.492	-52.908.018
<b>Gross profit</b>		<b>-934.378</b>	<b>17.564.407</b>
Impairment of current assets		-57.147.684	0
<b>Profit/loss before net financials</b>		<b>-58.082.062</b>	<b>17.564.407</b>
Financial income	3	1.162.865	42.365
Financial costs	4	-50.965	-3.450.663
<b>Profit/loss before tax</b>		<b>-56.970.162</b>	<b>14.156.109</b>
Tax on profit/loss for the year	5	-37.385	-3.112.719
<b>Profit/loss for the year</b>		<b>-57.007.547</b>	<b>11.043.390</b>

## Distribution of profit

	2023 EUR	2022 EUR
<b>Recommended appropriation of profit/loss</b>		
Retained earnings	-57.007.547	11.043.390
	<b>-57.007.547</b>	<b>11.043.390</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2023</u> EUR	<u>2022</u> EUR
<b>Assets</b>			
Finished goods		202.936.072	310.049.560
<b>Stocks</b>	6	<b><u>202.936.072</u></b>	<b><u>310.049.560</u></b>
Trade receivables		156.421.711	221.140.192
Receivables from Group Companies		5.777.260	11.024.858
Other receivables		1.223.514	6.900.390
Corporation tax		4.361.518	341.214
Prepayments		154.045	0
<b>Receivables</b>		<b><u>167.938.048</u></b>	<b><u>239.406.654</u></b>
<b>Cash at bank and in hand</b>		<b><u>5.317.539</u></b>	<b><u>54.897.000</u></b>
<b>Total current assets</b>		<b><u>376.191.659</u></b>	<b><u>604.353.214</u></b>
<b>Total assets</b>		<b><u>376.191.659</u></b>	<b><u>604.353.214</u></b>

## Balance sheet 31 December

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		EUR	EUR
<b>Equity and liabilities</b>			
Share capital		6.717	6.717
Retained earnings		-41.028.111	15.979.436
<b>Equity</b>		<b>-41.021.394</b>	<b>15.986.153</b>
Prepayments received from customers		62.538.583	77.602.495
Trade payables		15.437.836	12.507.157
Payables to Group Companies		339.051.656	495.789.147
Other payables		184.978	2.468.262
<b>Total current liabilities</b>		<b>417.213.053</b>	<b>588.367.061</b>
<b>Total liabilities</b>		<b>417.213.053</b>	<b>588.367.061</b>
<b>Total equity and liabilities</b>		<b>376.191.659</b>	<b>604.353.214</b>

## Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2023	6.717	15.979.436	15.986.153
Net profit/loss for the year	0	-57.007.547	-57.007.547
<b>Equity at 31 December 2023</b>	<b>6.717</b>	<b>-41.028.111</b>	<b>-41.021.394</b>

	Share capital	Retained earnings	Total
Equity at 1 January 2022	6.717	4.936.046	4.942.763
Net profit/loss for the year	0	11.043.390	11.043.390
<b>Equity at 31 December 2022</b>	<b>6.717</b>	<b>15.979.436</b>	<b>15.986.153</b>

## Cash flow statement 1 January - 31 December

	Note	2023 EUR	2022 EUR
Net profit/loss for the year		-57.007.547	11.043.390
Adjustments	11	-1.074.515	6.521.017
Change in working capital	12	158.878.924	-324.349.129
<b>Cash flows from operating activities before financial income and expenses</b>		<b>100.796.862</b>	<b>-306.784.722</b>
Interest income and similar income		1.162.865	42.365
Interest expenses and similar charges		-50.965	-3.450.664
<b>Cash flows from ordinary activities</b>		<b>101.908.762</b>	<b>-310.193.021</b>
Corporation tax		1.670	0
<b>Cash flows from operating activities</b>		<b>101.910.432</b>	<b>-310.193.021</b>
Payables to/from Group Companies		-151.489.893	330.930.668
<b>Cash flows from financing activities</b>		<b>-151.489.893</b>	<b>330.930.668</b>
<b>Change in cash and cash equivalents</b>		<b>-49.579.461</b>	<b>20.737.647</b>
Cash and cash equivalents		54.897.000	34.159.353
<b>Cash and cash equivalents</b>		<b>5.317.539</b>	<b>54.897.000</b>
Analysis of cash and cash equivalents:			
Cash at bank and in hand		5.317.539	54.897.000
<b>Cash and cash equivalents</b>		<b>5.317.539</b>	<b>54.897.000</b>



## Notes

### 1 Uncertainty about the continued operation (going concern)

The company has lost all of its equity and has more short-term liabilities than current assets. The company has received a support declaration from JINKOSOLAR MIDDLE EAST DMCC. JINKOSOLAR MIDDLE EAST DMCC declare it will support Jinko Solar Denmark ApS economic and financially to ensure the activities in the subsidiary in the next 12 months from General Assembly for the financial year 2023. For this reason, management has chosen to prepare the financial statements on a going concern basis.

### 2 Information on segments

The company only have one segment, Central Europe area. The company is developing ESG sales besides Solar Module sales, although the Solar Modules are still the most revenue, assets and liabilities referred to. The market in Europe is expanding all over the Europe area. .

	2023 EUR	2022 EUR
<b>3 Financial income</b>		
Other financial income	378.921	42.365
Exchange adjustments	783.944	0
	<b>1.162.865</b>	<b>42.365</b>
<b>4 Financial costs</b>		
Other financial costs	50.965	89.280
Finance Expense-Realized Gain/Loss	0	582.449
Finance Expense-Unrealized Gain/Loss	0	2.778.934
	<b>50.965</b>	<b>3.450.663</b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	39.055	3.043.219
Deferred tax for the year	0	69.500
Adjustment of tax concerning previous years	-1.670	0
	<b>37.385</b>	<b>3.112.719</b>

## Notes

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<b>6 Stocks</b>		
Finished goods	<u>202.936.072</u>	<u>310.049.560</u>
	<b><u>202.936.072</u></b>	<b><u>310.049.560</u></b>
Replacement value for the inventory	<u>202.936.072</u>	<u>324.150.088</u>

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. Provisions are made for excessive, slow moving and obsolete inventories as well as for inventories with carrying values in excess of market. Certain factors could impact the realizable value of inventory, so the Group continually evaluates the recoverability based on assumptions about customer demand and market conditions. The evaluation may take into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer concentrations, and other factors. As the net realizable value in 2023 is lower than cost, as explained in the management review, this has caused a write down on the inventory with 57.147.684 €

## 7 Provision for deferred tax

### Deferred tax asset

Calculated tax asset	12.572.490	0
Write down to assessed value	<u>-12.572.490</u>	<u>0</u>
<b>Carrying amount</b>	<b><u>0</u></b>	<b><u>0</u></b>

The management has decided not to recognize the assessed tax asset due to uncertainty about when the losses can be utilized.

## 8 Rent and lease liabilities

The company has agreements with warehouses in Europe where there are no fixed lease agreements. However, the warehouses have a notice period of 3-6 months. The monthly payment is based on the amount of goods in stock. Based on an average calculation using the total costs in 2023, the cost ranges between EUR 3,549,668-7,099,335.

## 9 Related parties and ownership structure

### Controlling interest

Gen Miao, Room 202, Yushan Road Lane 951-6, Pudong New District, Shanghai City, China is the director.

JinkSolar (Switzerland) AG, Chamerstrasse 85, 6300 Sug, Schweiz is the main shareholder.

## Notes

### 9 Related parties and ownership structure (continued)

#### Transactions

Information on transactions with related parties: Purchase of goods 1.813.343.130 €, Services fees 5.396.460 €, Revenue to related parties 8.624.667 €. All transactions with related parties are done on arm's length principles. Payables to Group Companies 333.274.396 € is supplier credit.

#### Ownership structure

JinkSolar (Switzerland) AG, Chamerstrasse 85, 6300 Sug, Schweiz is the main shareholder.

#### Consolidated financial statements

The Company is included in the consolidated financial statements of the parent company JinkoSolar Holding Company Limited, incorporated in Cayman Island.

Consolidated financial statements can be requested at the company's address: Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, Po Box 2681, Grand Cayman, KY1-1111.

Consolidated financial statements are also published on the New York Stock Exchange.

### 10 Fee to auditors appointed at the general meeting

	2023 EUR	2022 EUR
Audit fee	32.000	28.000
Tax advisory services	2.400	11.541
Non-audit services	11.500	9.259
	<u>45.900</u>	<u>48.800</u>

## Notes

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<b>11 Cash flow statement - adjustments</b>		
Financial income	-1.162.865	-42.365
Financial costs	50.965	3.450.663
Tax on profit/loss for the year	37.385	3.112.719
	<u><b>-1.074.515</b></u>	<u><b>6.521.017</b></u>
<b>12 Cash flow statement - change in working capital</b>		
Change in inventories	107.113.488	-177.860.907
Change in receivables	66.181.953	-187.281.894
Change in trade payables, etc.	-14.416.517	40.793.672
	<u><b>158.878.924</b></u>	<u><b>-324.349.129</b></u>

## Accounting policies

The annual report of Jinko Solar Denmark ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in EUR

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### Intra-group transactions

Intra-group transactions include mainly purchase of goods, and services.

### Segment information

Information is provided on business segments and geographical markets. The segment information is provided in consideration of the company's accounting policies, risks and management control. The company is developing ESG sales besides Solar Module sales, although the Solar Modules are still the most revenue, assets and liabilities referred to.

The products are all sold to be installed in bigger solar panel parks in Europe. The market in Europe is expanding all over the Europe area.

## Accounting policies

### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

### Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Stocks

Stocks are measured at cost using the weighted average method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

## Accounting policies

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

### Equity

#### Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

#### Income tax and deferred tax

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

#### Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the first day of transaction month. Foreign exchange differences arising between the exchange rates at the first day of transaction month and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

#### Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

#### Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.



## Accounting policies

### Financial Highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$