

# **Stora Enso Danmark A/S**

**Skalhuse 5, 9240 Nibe**

**Company reg. no. 51 51 72 10**

## **Annual report**

**1 January - 31 December 2017**

The annual report have been submitted and approved by the general meeting on the 31 May 2018.

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**Dorthe Binderup Hald**  
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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## **Management's report**

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The board of directors and the managing director have today presented the annual report of Stora Enso Danmark A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Nibe, 31 May 2018

### **Managing Director**

Dorthe Binderup Hald

### **Board of directors**

Lars Erik Gerhard Ericson  
Chairman

Christer Nylander

Dorthe Binderup Hald

## **Independent auditor's report**

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**To the shareholder of Stora Enso Danmark A/S**

### **Opinion**

We have audited the financial statements of Stora Enso Danmark A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

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

### **Management's responsibilities for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

## **Independent auditor's report**

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

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

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

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

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

## **Independent auditor's report**

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In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31 May 2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

### **Jens Sejer Pedersen**

State Authorised Public Accountant  
Identification number (MNE) mne14986

## Company data

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### **The company**

Stora Enso Danmark A/S  
Skalhuse 5  
9240 Nibe

Company reg. no. 51 51 72 10  
Established: 8 April 1949  
Domicile: Nibe  
Financial year: 1 January - 31 December

### **Board of directors**

Lars Erik Gerhard Ericson, Chairman  
Christer Nylander  
Dorthe Binderup Hald

### **Managing Director**

Dorthe Binderup Hald

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

## **Management's review**

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### **The principal activities of the company**

The Company's main activity is the provision of Stora Enso's products: cartonboard, publication paper (magazine paper, newsprint), fine paper, packaging and wood products in Denmark.

The Danish company is part of a Nordic sales team divided into paper, cartonboard, packaging and wood products.

### **Development in activities and financial matters**

Revenue, expenses and profit for the year are in line with expectations. The financial year 2017 saw a profit after tax of DKK 521 thousand. (2016: DKK 387 thousand).

### **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



## **Accounting policies used**

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This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

### **Recognition and measurement**

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

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

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

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

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

### **Foreign currency translation**

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

## **The profit and loss account**

### **Gross profit**

With reference to the financial statement act section 32, the Company has made an aggregation of revenue, cost of sales and other external expenses into one line Gross profit or loss.

### **Revenue**

Revenue primarily comprises cost-plus charges corresponding to costs paid the financial year.

## **Accounting policies used**

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### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment

### **Cost of sales**

Cost of sales comprises costs of sales for the financial year, including freight charges.

### **Staff costs**

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

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies as well as amortisation of financial assets.

### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and foreign currency transactions, amortisation of financial liabilities.

### **Income taxes**

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 Entity is jointly taxed with all Danish group subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

## **Accounting policies used**

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### Balance sheet

#### **Property, plant and equipment**

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:

Other fixtures and fittings, tools and Equipment	3-5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### **Receivables**

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

#### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets 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.

#### **Income tax payable or receivable**

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

#### **Cash**

Cash comprises cash in hand and bank deposits.

#### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

## **Accounting policies used**

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Stora Enso Danmark A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Stora Enso Danmark A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Other financial liabilities**

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

## Profit and loss account 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Gross profit</b>	<b>5.027.387</b>	<b>4.873.866</b>
1 Staff costs	-4.295.373	-4.335.652
Depreciation and writedown relating to tangible fixed assets	<u>-37.000</u>	<u>-37.000</u>
<b>Operating profit</b>	<b>695.014</b>	<b>501.214</b>
2 Other financial income from group enterprises	459	6.041
Other financial income	49	17.507
3 Other financial costs	<u>-5.196</u>	<u>-2.460</u>
<b>Results before tax</b>	<b>690.326</b>	<b>522.302</b>
4 Tax on ordinary results	<u>-169.611</u>	<u>-135.271</u>
<b>Results for the year</b>	<b><u>520.715</u></b>	<b><u>387.031</u></b>
<b>Proposed distribution of the results:</b>		
Allocated to results brought forward	<u>520.715</u>	<u>387.031</u>
<b>Distribution in total</b>	<b><u>520.715</u></b>	<b><u>387.031</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Fixed assets</b>		
5 Other plants, operating assets, and fixtures and furniture	74.000	111.000
Tangible fixed assets in total	<u>74.000</u>	<u>111.000</u>
Deposits	0	9.458
Financial fixed assets in total	<u>0</u>	<u>9.458</u>
<b>Fixed assets in total</b>	<b><u>74.000</u></b>	<b><u>120.458</u></b>
<b>Current assets</b>		
Amounts owed by group enterprises	7.713.223	7.055.959
Deferred tax assets	49.590	63.407
Receivable corporate tax	0	51.628
Other debtors	190.117	35.063
Debtors in total	<u>7.952.930</u>	<u>7.206.057</u>
Available funds	4.212	454
<b>Current assets in total</b>	<b><u>7.957.142</u></b>	<b><u>7.206.511</u></b>
<b>Assets in total</b>	<b><u>8.031.142</u></b>	<b><u>7.326.969</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2017</u>	<u>2016</u>
<b>Equity</b>			
6	Contributed capital	4.050.000	4.050.000
	Results brought forward	2.184.589	1.663.874
	<b>Equity in total</b>	<b><u>6.234.589</u></b>	<b><u>5.713.874</u></b>
<b>Liabilities</b>			
	Trade creditors	20.741	22.470
	Corporate tax	52.589	0
	Other debts	1.723.223	1.590.625
	Short-term liabilities in total	<u>1.796.553</u>	<u>1.613.095</u>
	<b>Liabilities in total</b>	<b><u>1.796.553</u></b>	<b><u>1.613.095</u></b>
	<b>Equity and liabilities in total</b>	<b><u>8.031.142</u></b>	<b><u>7.326.969</u></b>
7	<b>Contingencies</b>		
8	<b>Related parties</b>		

## Statement of changes in equity

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2017	4.050.000	1.663.874	5.713.874
Profit or loss for the year brought forward	<u>0</u>	<u>520.715</u>	<u>520.715</u>
	<b><u>4.050.000</u></b>	<b><u>2.184.589</u></b>	<b><u>6.234.589</u></b>



## Notes

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All amounts in DKK.

	<u>2017</u>	<u>2016</u>
<b>1. Staff costs</b>		
Salaries and wages	3.826.162	3.831.715
Pension costs	417.250	437.234
Other costs for social security	51.961	66.703
	<u><b>4.295.373</b></u>	<u><b>4.335.652</b></u>
Average number of employees	<u>5</u>	<u>5</u>
<b>2. Other financial income from group enterprises</b>		
Other financial income from group enterprise	<u>459</u>	<u>6.041</u>
	<u><b>459</b></u>	<u><b>6.041</b></u>
<b>3. Other financial costs</b>		
Other financial costs	<u>5.196</u>	<u>2.460</u>
	<u><b>5.196</b></u>	<u><b>2.460</b></u>
<b>4. Tax on ordinary results</b>		
Tax of the results for the year, parent company	150.854	108.372
Adjustment for the year of deferred tax	18.757	26.899
	<u><b>169.611</b></u>	<u><b>135.271</b></u>
<b>5. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2017	<u>598.870</u>	<u>598.870</u>
<b>Cost 31 December 2017</b>	<u><b>598.870</b></u>	<u><b>598.870</b></u>
Amortisation and writedown 1 January 2017	-487.870	-450.870
Depreciation for the year	-37.000	-37.000
<b>Amortisation and writedown 31 December 2017</b>	<u><b>-524.870</b></u>	<u><b>-487.870</b></u>
<b>Book value 31 December 2017</b>	<u><b>74.000</b></u>	<u><b>111.000</b></u>

## Notes

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All amounts in DKK.

31/12 2017

31/12 2016

### 6. Contributed capital

The share capital consists of 4.050 shares, each with a nominal value of DKK 1.000,00. There have not been changes in share capital in the past 5 years.

### 7. Contingencies

#### Contingent liabilities

	DKK in tousands
Warranty commitments	<u>224</u>

#### Joint taxation

The Company is party to a national Danish joint taxation scheme with Danfiber A/S and Stora Enso Paper Denmark, filial af Stora Enso Paper Aktiebolag, Sverige. For this reason the Company is liable to pay any income taxes etc. for the jointly taxes companies pursuant to applicable Danish tax legislation, and from 1 July 2012, the Company has secondary liability for any liabilities as well as for tax at source regarding interest, royalties and dividend for the jointly taxes companies. The liability cannot account for more than an amount equal to the share capital in the Company which is directly or indirectly owned by the ultimate Parent.

### 8. Related parties

#### Controlling interest

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Stora Enso AB, Klarabergsviadukten 70, P. O. Box 70395, SE-107 24 Stockholm, Sweden.

#### Consolidated annual accounts

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Stora Enso Oyj, Finland.