

Gorenje Group Nordic A/S
Company number (CVR-nr.) 56216111
Sydvestvej 15
2600 Glostrup

January 1 to December 31

Annual report 2023

The Annual General Meeting adopted the annual report on 12. June 2024

Chairman of the General Meeting

Name:


Stanka Pejanović

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Please note that the Danish decimal and digit grouping symbols have been used in the financial statements.

Gorenje Group Nordic A/S

Entity details

Entity

Gorenje Group Nordic A/S
Sydvestvej 15, 3
DK-2600 Glostrup

Central Registration No: 56216111
Registered in: Glostrup
Financial year: 01.01.2023 – 31.12.2023

Phone: +45 3672 1133
Internet: www.gorenje.dk
E-mail: finance.dk@gorenjegroup.com

Board of Directors

Jianmin Han, Chairman
Irena Pečnik
Dragutin Špiranec

Executive Board

Søren Tvergaard

Bank

Danske Bank A/S

Auditors

Mazars Statsautoriseret Revisionspartnerselskab
Midtermolen 1, 2. tv.
2100 Copenhagen Ø
Denmark

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Gorenje Group Nordic A/S for the financial year 01.01.2023 – 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 – 31.12.2023.

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.

Glostrup, 12. June 2024

Executive Board



Søren Tvergaard

Board of Directors



Jianmin Han
Chairman



Irena Pečnik



Dragutin Špiranec

Independent auditor's report

To the shareholder of Gorenje Group Nordic A/S

Auditors' Report on the Financial Statements

Opinion

We have audited the financial statements of Gorenje Group Nordic A/S for the financial year 01.01.2023 – 31.12.2023 which comprise the income statement, balance sheet, statement of changes in equity, notes and 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 – 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards are 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 responsibility 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, 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 company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

Gorenje Group Nordic A/S

Independent auditor's report

Statement on the management review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the 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 the management's review and, in doing so, consider whether the management's review 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the management's review.

Auditor

MAZARS STATS AUTORISERET REVISIONSPARTNERSELSKAB

CVR NR 31061741



Dennis Herholdt Rasmussen

State Authorised Public Accountant / Statsautoriseret revisor

MNE number mne43413

Financial highlights

	2023	2022	2021	2020	2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Revenue	128.284	117.512	137.608	102.281	83.041
Gross profit/loss	17.306	17.198	16.309	14.587	14.185
Operating profit/loss	1.552	1.269	1.086	1.077	1.278
Net financials	-663	-442	-360	-776	-540
Profit/loss for the year	693	645	594	236	509
Total assets	34.161	20.171	26.022	24.483	15.650
Equity	3.682	3.068	3.017	2.467	2.735
Invest. in property, plant, equipment	1.173	3.238	768	366	1.704
Ratios					
Net margin (%)	0,5	0,5	0,4	0,2	0,6
Return on equity (%)	20,5	21,2	21,6	9,0	22
Solvency ratio (%)	10,8	15,2	11,6	10,1	17,5
Gross margin (%)	13,5	14,6	11,9	14,3	17,1

Financial highlights

Ratios	Calculation formula
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

Ratios reflect

Net margin

The entity's operating profitability.

Return ratio

The entity's return on capital invested in the entity by the owners.

Solvency ratio

The financial strength of the entity.

Gross margin (%)

The entity's operating margin.

Management commentary

Primary activities

The Company's activities comprise trading and agency activities primarily related to goods manufactured by the Hisense Group and the rendering of services in connection with such products. The Hisense Group operates within the white goods and TV industries on a global scale and is one of the leading companies in the industry. The Company follows Danish and Nordic standards for work ethics, reducing carbon footprint and emissions and the UN human rights standards. The Company has heat pumps as a part of its assortment of products. Heat pumps can be an alternative to natural gas as a heat source. The Company takes responsibility of its product lifecycle and ensures its products are collected and recycled after use via its partner Elretur. Here you can see the certificate of the Company.

https://static14.gorenje.com/files/default/markets/Denmark/56216111_DK.pdf

Data Ethics Policy

The Company has chosen not to have a data ethics policy as it already has several policies and guidelines for data protection and personal data handling.

Development in activities and finances

The financial statement shows an increase in net sales compared to the previous year, and a slightly higher result before tax. This is in line with the expectations for the year.

During 2023, the Company continued to develop the Gorenje, UPO, Elvita, Asko and Hisense brands in the Nordics and the Company continues to focus on strengthening the market share in the Nordics.

In 2023, we expanded our commitment in global football and handball sponsorships and the Hisense Group is a major sponsor of UEFA Euro Cup.

In 2023, the premium brand ASKO continued its focus on the cooking and the kitchen markets and we continue to develop the ASKO Experience Center, which was established in 2021 in the heart of Copenhagen. Here it is possible to participate in cooking courses where ASKO products are used.

The net profit for 2023 was 693K EUR was in line with budget and same level as the previous year, which showed a net profit of 645k EUR.

The Budget for 2024 shows a growth in sales compared to 2023 and to continue with a positive net profit.

Uncertainty relating to recognition and measurement

There is no particular uncertainty related to recognition and measurement.

Outlook

Management will continue its sales and marketing strategy, and expects limited sales growth in 2024 compared to 2023 as the market is still affected by the negative development in the Nordic real estate market. However, the management expects to retain or increase its market shares in all the Nordic markets. Also, particular focus will be given to cost optimization.

Particular risks

The company has not been affected by particular risks during the financial year except for the negative development in the SEK and NOK against the EUR.

Research and development activities

During the financial year, the Company has conducted no research and development activities.

Foreign branches

In the financial year, the Company has operated its branches in Sweden, Norway and Finland.

Management commentary

Environmental performance

The Company is environmentally conscious and is working daily at reducing the environmental impact of the Company's activities. Concrete initiatives are: The Company always seeks to ship full trucks of goods to its warehouses and customers. The Company encourages its employees to only choose electric cars as company cars and during the next few years, it will be mandatory to only choose between electric cars only. The Company is reducing its travel budget every year and encourage employees to take meetings online and the settings for online meetings are standard when booking meetings. The Company canteen at the head office collects all waste to utilize it as biogas and the food selection at the canteen is mainly plant-based.

The Company adheres to the policies of its owner Hisense Europe Holdings GmbH on environmental matters as stated in the Hisense Group's reporting in the consolidated financial statements for 2023 as well as the owners website:

<https://www.hisense-europe.com/en/gorenje-group/sustainability>

<https://www.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401966.pdf>

The specific report for environmental Performance for the Owner Hisense Europe, for 2023, can be found here:

https://static14.gorenje.com/files/default/corporate/ecology/EMAS%20Environmental%20statement%20%202023_en.pdf

Environmental policies and performance within the Hisense Group

The entire Hisense Group, which the Company belongs to, has closely integrated its energy conservation and emissions reduction efforts with its corporate operational strategy.

This was done in full compliance with the laws, regulations and requirements of relevant systems of the Group for the purposes of further improving the environmental management system, specifying job responsibilities and detailed appraisal rules, strengthening supervision and management over the operation of environmental protection facilities and regulated environmental protection work.

The Group's environmental protection work is always a crucial priority. The Group passed the recertification audit of ISO14001 environmental management system by the certification authority, and the certificate continues to be valid.

The Group maintains a refined system of occupational health and safety management. Its production safety management systems are developed by Headquarter in accordance with national laws and regulations. Corresponding rules for safe operation are also in place regarding the equipment and facilities of the Group's factories.

<http://hxjdtzz.hisense.cn/investment-summary/index.aspx?nodeid=73>

Corporate social responsibility

EcoVadis Sustainability Rating of the Company

In 2024, The Company's owner, Hisense Europe, won Silver in the EcoVadis rating for 2023. EcoVadis is global business sustainability rating company.

This year's Index is based on the sustainability performance data derived from more than 90.000 companies assessed by EcoVadis between 2019 and 2023 across four themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.

The EcoVadis silver medal means that Gorenje's household products are better in terms of sustainability than 83% of 62.000 companies in the world evaluated by EcoVadis.

<https://dk.gorenje.com/ecovadis-medalje>

<https://resources.ecovadis.com/library/ecovadis-medals-and-badges>

<https://ecovadis.com/about-us/>

<https://www.hisense-europe.com/en/media/news/2024/06/10049-Hisense-Europe-Soar-among-the-Top-Companies-Rated-by-EcoVadis-for-Exceptional-Sustainability-Practices>

Management commentary

EcoVadis Medal Levels

EcoVadis Medal levels are based on percentile achievement which is calculated as a benchmark based on published annual score thresholds as follows:



Top 1%



Top 5%



Top 25%



Top 50%

Note that these percentile thresholds may become more restrictive over time

EcoVadis Criteria for Medal Awards

Companies must meet the following eligibility criteria to earn an EcoVadis Medal:

Minimum score thresholds per theme, as follows:



Environment

Minimum score of 30



Ethics

Minimum score of 30



Labor & Human Rights

Minimum score of 30



Sustainable Procurement

Minimum score of 25

<https://resources.ecovadis.com/library/ecovadis-medals-and-badges>

Management commentary

In our local website just below, the Company has further described its sustainable values and initiatives.

<https://dk.gorenje.com/gron-gorenje>

In our local website just below, the Company has further described more concretely how the products contribute to sustainability and reducing energy consumption and durability.

<https://lifesimplified.gorenje.com/dk/gorenje-washers-and-dryers-for-a-better-future/>

Equality policy for gender composition of Management

The executive Board of the Company has a policy with the target, that the least represented gender in the executive Board should be no less than 1/3 of the Board Members. The executive Board of the Company consists by 31-12-2023 of three people, one female and two male. According to the Danish Financial Statement Act § 99b the company live up to the target of equal balance in the executive Board.

The Company's Board of Directors and management team follow a policy, which states, that the Company chooses the best qualified person for an open position, but at the same time, the Company must follow its gender equality policy and actively work towards having a gender balance in other management levels, so the underrepresented gender will be no less than 1/3 of the employees in the other management levels.

Events after the balance sheet date

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

Income Statement

	Notes	2023 <u>EUR '000</u>	2022 <u>EUR '000</u>
Revenue	1	128.284	117.512
Other revenue		-51	172
Cost of sales		<u>-110.927</u>	<u>-100.486</u>
Gross profit/loss		17.306	17.198
Distribution costs	2	-7.629	-7.449
Administrative expenses	2 3	<u>-8.125</u>	<u>-8.481</u>
Operating profit/loss		1.552	1.269
Other financial income	4	1.402	1.198
Other financial expenses	5	<u>-2.065</u>	<u>-1.640</u>
Profit/loss from ordinary activities before tax		889	827
Tax on profit/loss from ordinary activities		<u>-196</u>	<u>-182</u>
Profit/loss for the year	6	<u>693</u>	<u>645</u>

Balance sheet

	Notes	2023 EUR '000	2022 EUR '000
Other fixtures and fittings, tools and equipment		1.974	1.662
Property, plant and equipment	7	<u>1.974</u>	<u>1.662</u>
Deposits		150	150
Fixed assets investments	8	<u>150</u>	<u>150</u>
Fixed assets		<u>2.124</u>	<u>1.812</u>
Manufactured goods and goods for resale		8.507	7.521
Inventories		<u>8.507</u>	<u>7.521</u>
Trade receivables		20.242	8.161
Trade receivables affiliated		58	804
Other receiveables		227	564
Corporation tax		78	0
Receivables		<u>20.605</u>	<u>9.529</u>
Cash		2.925	1.309
Current assets		32.037	18.359
Assets		<u><u>34.161</u></u>	<u><u>20.171</u></u>

Balance sheet

	Notes	2023 EUR '000	2022 EUR '000
Contributed capital		269	269
Retained earnings		3.413	2.799
Equity		3.682	3.068
Other provisions	9	5.363	5.518
Provisions		5.363	5.518
Provision for leasing - longterm		915	801
Total non-current liabilities	10	915	801
Provision for leasing - short term	10	670	485
Trade payables		1.663	1.395
Payables to group enterprises		14.853	0
Payables to tax		0	143
Other payables	11	7.015	8.761
Current liabilities other than provisions		24.201	10.784
Liabilities other than provisions		25.116	11.585
Equity and liabilities		34.161	20.171

Statement of equity changes for 2023

	Contributed Capital	Retained earnings	Proposed dividend for the financial year	Total
	<u>EUR '000</u>	<u>EUR '000</u>	<u>EUR '000</u>	<u>EUR '000</u>
Equity beginning of year	<u>269</u>	<u>2.154</u>	<u>645</u>	<u>3.068</u>
Currency adjustments from previous years	0	-79	0	-79
Paid dividend	0	645	-645	0
Profit/loss for the year	0	693	0	693
Equity end of year	<u>269</u>	<u>3.413</u>	<u>0</u>	<u>3.682</u>

Notes

	2023	2022
	<u>EUR '000</u>	<u>EUR '000</u>
1. Revenue		
Nordics	127.750	116.748
Other markets	534	764
	<u>128.284</u>	<u>117.512</u>
The Company's main activity comprises sales of electrical goods		
2. Staff costs		
Wages and salaries	6.062	6.313
Pension costs	584	590
Other social security costs	47	46
Other staff costs	631	479
	<u>7.324</u>	<u>7.428</u>
Staff costs are recognised as follows in the financial statements:		
Distribution cost	2.441	2.476
Administrative expenses	4.883	4.952
	<u>7.324</u>	<u>7.428</u>
Total remuneration for Executive Management and Board of Directors	358	344
Average number of full-time employees	70	65

Notes

	2023	2022
	<u>EUR '000</u>	<u>EUR '000</u>
3. Depreciation, amortization and impairment losses		
Depreciation on property, plant and equipment	797	762
	<u>797</u>	<u>762</u>
4. Other financial income		
Currency translation adjustments	933	735
Other financial income	469	463
	<u>1.402</u>	<u>1.198</u>
5. Other financial expenses		
Currency translation adjustments	904	962
Other financial expenses	1.161	678
	<u>2.065</u>	<u>1.640</u>
6. Proposed distribution of profit/loss		
Retained earnings	693	645
Dividend proposal	0	0
	<u>693</u>	<u>645</u>

Notes

2023

7. Property, plant and equipment**EUR '000****Other fixtures, fittings, tools and equipment**

Cost beginning of year	4.193
Aquisitions	1.173
Disposals	-385
Cost end of year	4.982
Depreciation and impairment losses beginning of year	-2.531
Depreciation for the year	-797
Reversal regarding disposals	7
Depreciation of retirements	312
Depreciation and impairment losses end of year	-3.008
Carrying amount end of year	1.974
Total fixed assets	1.974
Leasing not owned by the Company	
Leased buildings not owned by the Company	604
Leased cars not owned by the Company	866
Fixed assets owned by the Company	504
Total fixed assets	1.974
8. Fixed asset investments	
Deposits	
Cost beginning of year	150
Additions	0
Disposals	0
Cost end of year	150
Carrying amount end of year	150

Notes

	2023		2022
	<u>EUR '000</u>		<u>EUR '000</u>
9. Other provisions			
Warranties			
Provision at beginning of the year	5.518		4.461
Disposals	- 672	-	633
Additions	517		1.690
Provision at end of the year	<u>5.363</u>		<u>5.518</u>
10. Total non-current liabilities			
Provision for leasing			
Between 1 and 5 years	915		801
Long-term part	915		801
Within 1 year	670		485
Total non-current liabilities	<u>1.585</u>		<u>1.286</u>

Notes

	2023	2022
	<u>EUR '000</u>	<u>EUR '000</u>
11. Other payables		
Between 1 and 5 years	0	0
Long-term part	915	801
Within 1 year	7.015	8.761
Other payables	<u>7.930</u>	<u>9.562</u>
Other payables, short term		
VAT and duties	2.698	2.536
Wages and salaries, personal income taxes, social security costs etc.	600	896
Other accrued expenses	3.717	5.329
Total short term payables	<u>7.015</u>	<u>8.761</u>
Total short and long term payables	<u>7.930</u>	<u>9.562</u>

Notes

12. Mortgages and securities

The Company has not granted a charge or other security on assets at 31 December 2023.

13. Related parties with control

Gorenje Gospodinjiski Aparati d.d., Velenje, Partizanska 12, SI – 3320 Velenje, Slovenia.

Ultimate owner:

Hisense Group Holdings Co., Ltd.
LEI / Tax ID no. : 91370200727805440H
No. 218 Qianwangang Road
Huangdao District
Qingdao
China

Payment terms to group companies are usually 45-90 days.

Information on payables to group entities is disclosed in the balances sheet.

Transactions with related parties during 2023:

Partner name	Partner Country	Customer Other recharged services and costs	Customer Sale of trade goods	Customer Total	Vendor Cost of trade goods	Vendor Logistics	Vendor Marketing services	Vendor Other services	Vendor Recharged services	Vendor Total	Grand Total
Asko AB	Sweden	(11.600)	(25.629)	(37.228)							(37.228)
GGN A/S	Denmark		(181.883)	(181.883)		777	92.354			93.131	(88.752)
GGN branch Finl	Finland		(651.327)	(651.327)			1.574			1.574	(649.753)
GGN branch Norw	Norway		(3.714.811)	(3.714.811)							(3.714.811)
GGN branch Swed	Sweden		(3.013.860)	(3.013.860)			13.696			13.696	(3.000.164)
GSI, d.o.o.	Slovenia		(242)	(242)							(242)
Hisense G. Aust	Austria	(30.816)		(30.816)							(30.816)
Hisense Iberia	Spain	(850)		(850)							(850)
Gorenje d.o.o.	Slovenia	(203.519)	(3.035.122)	(3.238.641)	101.985.371	58.098	2.418	82.796	176.565	102.305.248	99.066.608
HECCC Shared service center	Serbia								364.060	364.060	364.060
Grand Total		(246.785)	(10.622.874)	(10.869.658)	101.985.371	58.875	110.042	82.796	540.625	102.777.709	91.908.052

Notes

14. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the smallest entities within the group:

Hisense Europe Holding GmbH
Reg No FN 524994 a
Wienerbergstrasse 11
1100 Vienna
Austria

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

Hisense Group Holdings Co., Ltd.
Tax identification number: 91370200727805440H
No. 218 Qianwangang Road
Huangdao District
Qingdao
China

15. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital.

Hisense Europe Holding GmbH
Reg No FN 96646
Wienerbergstrasse 11
1100 Vienna
Austria

16. Fee to auditors appointed at the general meeting

According to the Danish Financial Statement Act § 96 (3) auditors fee is shown in the consolidated financial statements for 2023 for the Hisense Europe Group.

Accounting policies

Reporting class

This annual report for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C Medium.

Change in Accounting Policy

The reporting class has been changed from C Large to C Medium.

Recognition and measurement

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

Assets are recognized 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.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected 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 recognized in the income statement when earned, whereas costs are recognized 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 recognized in the income statement as financial income or financial expenses. Property, plant and equipment, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Revenue

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

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amortisation, depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to property, plant and equipment used for administration of the Entity.

Financing

The company has assigned invoices from selected customers to Midt Factoring.

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, amortisation of financial assets as well as 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 losses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

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

Accounting policies

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:

Installations 10-20 years

Other fixtures and fittings, tools and equipment 2-5 years

The scrap value is DKK 0.

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

Deposits

The Company has recognized lease deposits under fixed asset investments. Deposits are measured at cost.

Inventories

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

Cost of goods for resale consists of purchase price plus delivery costs.

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of nonrecourse guarantee commitments.

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

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

Accounting policies

Leases

Leases are recognized in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or the Company's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for the Company's other fixed assets.

The lease liability is recognized in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Other financial liabilities

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

Cash flow statement

According to section 86(4) of the Danish Financial Statements Act, the Company has omitted to prepare a cash flow statement.

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