

Inox Stål Handelsselskab A/S

Boeletvej 7, 8680 Ry
CVR no. 87 63 34 11

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 08.04.25

Henry Hansen
Dirigent

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The company

Inox Stål Handelsselskab A/S
Boeletvej 7
8680 Ry
Tel.: 86 89 22 11
Registered office: Skanderborg
CVR no.: 87 63 34 11
Financial year: 01.01 - 31.12

Executive Board

Henry Hansen

Board of Directors

Henry Hansen
Massimo Amenduni Gresele
Michael Vinther

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Parent company

Acciaierie Valbruna S.p.A., Italien

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Inox Stål Handelsselskab A/S.

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 company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities and cash flows for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Ry, April 8, 2025

Executive Board

Henry Hansen

Board of Directors

Henry Hansen

Massimo Amenduni
Gresele

Michael Vinther

To the shareholder of Inox Stål Handelsselskab A/S**Opinion**

We have audited the financial statements of Inox Stål Handelsselskab A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including material accounting policy information. 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 company's financial position at 31.12.24 and of the results of the company's operations and cash flows for the financial year 01.01.24 - 31.12.24 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's 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, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

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 Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Management's responsibilities for the financial statements

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

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

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 judgment 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.

Aarhus, April 8, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Daniel Ulrich

State Authorised Public Accountant
MNE-no. mne32727

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2024	2023	2022	2021	2020
<i>Profit/loss</i>					
Revenue	606,957	615,104	776,270	630,779	409,817
Index	148	150	189	154	100
Gross profit	48,038	27,562	73,725	104,446	33,473
Index	144	82	220	312	100
Operating profit/loss	12,474	-6,657	40,675	68,015	384
Index	3,248	-1,734	10,592	17,712	100
Total net financials	-5,453	-4,883	-1,861	-781	-1,379
Index	395	354	135	57	100
Profit/loss for the year	5,469	-9,138	30,318	52,327	-776
Index	-705	1,178	-3,907	-6,743	100
<i>Balance</i>					
Total assets	398,238	385,076	436,998	429,555	290,514
Index	137	133	150	148	100
Investments in property, plant and equipment	2,834	3,840	3,276	3,652	7,134
Index	40	54	46	51	100
Equity	181,943	176,474	185,612	155,294	102,902
Index	177	171	180	151	100

Ratios

	2024	2023	2022	2021	2020
<i>Profitability</i>					
Return on equity	3%	-5%	18%	41%	-1%
Gross margin	8%	4%	9%	17%	8%
Profit margin	2%	-1%	5%	11%	0%
<i>Equity ratio</i>					
Solvency ratio	46%	46%	42%	36%	35%
<i>Others</i>					
Number of employees (average)	51	51	49	50	50

The comparative figures for 2022 have been restated in accordance with the new accounting policies. Financial highlights for the past 3 to 4 years have not been restated in accordance with the change in accounting policies, see section 101(3) of the Danish Financial Statements Act.

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

Inox was founded in 1978 and has since become one of the leading wholesalers of stainless steel products in Scandinavia. Over the years, new technology, storage, and handling of goods have constantly evolved, and today Inox host the most modern storage facilities within the business area.

Inox is part of the Italian-owned Valbruna Group, which produces stainless steel bars in Vicenza and Bolzano (Italy), Fort Wayne (US), and Welland (Canada). Valbruna is a privately-owned company founded in 1925, with 2,700 employees and an annual production volume of more than 250,000 tons of stainless steel bars. The Valbruna Group consists of 42 subsidiary companies worldwide, and INOX is one of them.

It is Inox's mission to set new standards for relationships between customers and suppliers. Therefore, the markets in which the company operates are closely monitored to identify new market opportunities. To achieve this, we have a customer-focused organization with a strong market and product understanding, ready to meet our customers' needs.

We use both direct customer contact and digital services to ensure a high degree of customer satisfaction. In addition to standard products, INOX also offers services such as plasma and waterjet cutting, as well as sawing bars to customized items.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 5,469k against a loss of DKK -9,138k for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 181,943k.

The management considers the net profit for the year satisfactory.

The demand for stainless steel decreased in 2024 and was impacted by the economic slump, especially in the European countries. Despite the difficult market conditions, INOX managed to increase the underlying business by 7.6% in 2024. Falling prices during 2023 and the lack of recovery in 2024 led to a decline in turnover.

Our focus on inventory composition continued during 2024, and together with less volatile prices, we managed to achieve improved contribution margins and profitability. However, margins are still at a lower level than expected and normal for the market.

The realised result before tax with a profit of DKK 7,021k is within the expected range, which was mentioned in the Annual Report for 2023.

Outlook

The company's expectations for the coming financial year depend largely on the development of the geopolitical environment.

Among other things, the uncertainty related to trade barriers and imports from countries outside the EU are areas of importance. New EU regulations like CBAM are other factors that can impact prices and lead to a stronger focus on CO2 emissions related to the production of stainless steel.

A positive result is expected at the level of DKK 6,000k to 9,000k before tax in 2025.

Financial risks

Price risks

The company solely engages in stainless steel products where prices fluctuate significantly due to changes in market conditions and speculation in raw materials used to produce stainless steel.

Chromium, nickel and molybdenum are all listed on the London Metal Exchange (LME) and are occasionally subjected to speculative buying, which materially affects the supply and thus the price.

Foreign currency risks

The company's trading is primarily in Danish kroner and euros with limited risk as a result of Denmark's fixed exchange rate policy against the euro.

Trading in other currencies, US dollars, Norwegian and Swedish kroner, is hedged on an ongoing basis via forward hedges when entering into purchase contracts and in line with realized sales in the currency in question.

Interest rate risks

In accordance with the company's policy, the company's interest – bearing debt is financed through variable rate loan agreements. As a result, earnings, cash flows and equity will be affected by developments in interest rates.

Corporate social responsibility

Statement on corporate social responsibility can be found on the website of the company www.inox.dk/da-dk/om-inox/csr.

Data ethics

The company only collects and analyzes data regarding trade with customers and suppliers for its own use. Data constitute ordinary business transactions at company level such as price, quantity, industry, geography, etc. Person sensitive data concerning individual persons are not collected and analyzed. Based on this, the company has not developed a separate policy for data ethics.

Income statement

Note		2024 DKK '000	2023 DKK '000
1	Revenue	606,957	615,104
	Other operating income	2,289	328
	Costs of raw materials and consumables	-536,761	-563,204
	Other external expenses	-24,447	-24,666
	Gross profit	48,038	27,562
2	Staff costs	-29,863	-28,538
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	18,175	-976
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-5,701	-5,681
	Operating profit/loss	12,474	-6,657
4	Financial income	783	665
5	Financial expenses	-6,236	-5,548
	Profit/loss before tax	7,021	-11,540
	Tax on profit or loss for the year	-1,552	2,402
	Profit/loss for the year	5,469	-9,138

6 Proposed appropriation account

ASSETS		31.12.24	31.12.23
Note		DKK '000	DKK '000
	Acquired rights	7,158	2,367
7	Total intangible assets	7,158	2,367
	Land and buildings	47,688	49,129
	Other fixtures and fittings, tools and equipment	15,492	16,945
8	Total property, plant and equipment	63,180	66,074
	Total non-current assets	70,338	68,441
	Raw materials and consumables	1,240	815
	Work in progress	12	30
	Manufactured goods and goods for resale	201,025	190,870
9	Total inventories	202,277	191,715
	Trade receivables	118,643	117,347
	Receivables from group enterprises	990	1,834
	Income tax receivable	0	500
	Other receivables	5,014	4,639
10	Prepayments	801	473
	Total receivables	125,448	124,793
	Other investments	32	35
	Total securities and equity investments	32	35
	Cash	143	92
	Total current assets	327,900	316,635
	Total assets	398,238	385,076

EQUITY AND LIABILITIES		31.12.24	31.12.23
Note		DKK '000	DKK '000
11	Share capital	26,000	26,000
	Retained earnings	155,943	150,474
	Total equity	181,943	176,474
12	Provisions for deferred tax	4,361	2,809
	Total provisions	4,361	2,809
13	Mortgage debt	15,743	17,013
	Total long-term payables	15,743	17,013
13	Short-term part of long-term payables	1,234	1,171
	Payables to other credit institutions	46,147	48,735
	Trade payables	37,248	57,329
	Payables to group enterprises	102,861	73,977
	Other payables	8,701	7,568
	Total short-term payables	196,191	188,780
	Total payables	211,934	205,793
	Total equity and liabilities	398,238	385,076
14	Fair value information		
15	Derivative financial instruments		
16	Contingent liabilities		
17	Charges and security		
18	Related parties		

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24			
Balance as at 01.01.24	26,000	150,474	176,474
Net profit/loss for the year	0	5,469	5,469
Balance as at 31.12.24	26,000	155,943	181,943

Cash flow statement

Note	2024 DKK '000	2023 DKK '000
Profit/loss for the year	5,469	-9,138
19 Adjustments	10,657	8,161
Change in working capital:		
Inventories	-10,562	57,937
Receivables	-1,154	-6,325
Trade payables	-20,080	28,817
Other payables relating to operating activities	30,016	-30,769
Cash flows from operating activities before net financials	14,346	48,683
Interest income and similar income received	783	659
Interest expenses and similar expenses paid	-6,236	-5,550
Income tax paid	500	-761
Cash flows from operating activities	9,393	43,031
Purchase of intangible assets	-5,125	-2,365
Purchase of property, plant and equipment	-2,834	-3,840
Sale of property, plant and equipment	2,413	81
Dividend recieved	0	6
Cash flows from investing activities	-5,546	-6,118
Repayment of mortgage debt	-1,208	-1,196
Repayment of payables to credit institutions	-2,588	-36,973
Cash flows from financing activities	-3,796	-38,169
Total cash flows for the year	51	-1,256
Cash, beginning of year	92	1,348
Cash, end of year	143	92
Cash, end of year, comprises:		
Cash	143	92
Total	143	92

	2024	2023
	DKK '000	DKK '000

1. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:

Sale of steel	606,957	615,104
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Revenue comprises the following geographical markets:

Revenue, Denmark	434,613	422,104
Revenue, abroad	172,344	193,000

Total	606,957	615,104
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2. Staff costs

Wages and salaries	27,249	26,034
Pensions	2,494	2,388
Other social security costs	120	116

Total	29,863	28,538
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Average number of employees during the year	51	51
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	2024	2023
	DKK '000	DKK '000

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	149	145
Other services	87	105
Total	236	250

4. Financial income

Other interest income	783	659
Other financial income	0	6
Total	783	665

5. Financial expenses

Interest, group enterprises	3,534	2,360
Other interest expenses	2,702	3,188
Total	6,236	5,548

6. Proposed appropriation account

Retained earnings	5,469	-9,138
Total	5,469	-9,138

7. Intangible assets

Figures in DKK '000	Acquired rights	Goodwill
Cost as at 01.01.24	9,158	5,252
Additions during the year	5,125	0
Cost as at 31.12.24	14,283	5,252
Amortisation and impairment losses as at 01.01.24	-6,791	-5,252
Amortisation during the year	-334	0
Amortisation and impairment losses as at 31.12.24	-7,125	-5,252
Carrying amount as at 31.12.24	7,158	0

8. Property, plant and equipment

Figures in DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	74,918	52,743
Additions during the year	836	1,998
Disposals during the year	-408	-2,291
Cost as at 31.12.24	75,346	52,450
Depreciation and impairment losses as at 01.01.24	-25,789	-35,797
Depreciation during the year	-2,019	-3,348
Reversal of depreciation of and impairment losses on disposed assets	150	2,187
Depreciation and impairment losses as at 31.12.24	-27,658	-36,958
Carrying amount as at 31.12.24	47,688	15,492

	31.12.24	31.12.23
	DKK '000	DKK '000

9. Inventories

Difference between cost and replacement value of inventories:

Manufactured goods and goods for resale	4,124	7,276
Total	4,124	7,276

10. Prepayments

Other prepayments	801	473
Total	801	473

Prepayments consist of prepaid expenses relating to licenses, insurances, freight and subscriptions.

11. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Kapitalandele A	26,000	26,000

	31.12.24	31.12.23
	DKK '000	DKK '000

12. Deferred tax

Deferred tax as at 01.01.24	2,808	5,210
Deferred tax recognised in the income statement	1,553	-2,402
Deferred tax as at 31.12.24	4,361	2,808

Deferred tax is distributed as below:

Intangible assets	1,575	521
Property, plant and equipment	5,590	5,334
Liabilities	-63	-69
Tax losses	-2,741	-2,978
Total	4,361	2,808

13. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Mortgage debt	1,234	10,807	16,977	18,184
Total	1,234	10,807	16,977	18,184

14. Fair value information

Figures in DKK '000	Listed securities and equity investments	Derivative financial instruments
Fair value as at 31.12.24	35	-121
Unrealised changes of fair value recognised in the income statement for the year	2	-121

15. Derivative financial instruments

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company enters into contracts for the purpose of hedging the currency risk on the future sale of goods in foreign currency or to speculate on fluctuations between the EUR exchange rate in the relation to DKK. At the end of a 2024, future sale of SEK 4,600k have been secured for a period of up to 2 months. The fair value of the currency futures contracts amounts to 31.12.24 DKK -1k. At the end 2024, there are options in relation to the EUR exchange rate in relation to DKK. The fair value of the options amounts to DKK -120k per 31.12.24 and unrealized net profit before tax is recognized in the income statement per 31.12.24 also amounts to DKK -120k. Currency forward contracts are options are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

16. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 3-44 months and average lease payments of DKK 83k, a total of DKK 1,665k.

Other contingent liabilities

Inox has received a claim for additional collection of customs duties and interest regarding some deliveries of steel in 2017, 2018 and 2019 of DKK 5,237k before tax and costs.

Inox has paid the claim to the Danish Customs but disputes the basis for the post-collection, and in 2020 has appealed the Danish Customs' decision to the National Tax Court and filed a claim for repayment of the full amount.

The Danish Customs' control and post-clearance collection is part of a larger post-collection complex among steel importers across the EU.

The authorities of other EU Countries have addressed similar charges in other cases comparable to Inox's case and have concluded that the additional duty should not be levied.

It is therefore Inox's assessment that the amount will be repaid to the company. The amount is therefore included under other receivables under the assets.

17. Charges and security

Land and buildings with a carrying amount of DKK 16,977k have been provided as security for mortgage debt of DKK 47,688k.

Mortgages registered to the mortgagor, DKK 1,000k, and a letter of indemnity, DKK 5,000k in the above land and buildings, with the carrying amount of DKK 47,129k, have been placed as security for commitments with financial institutions.

18. Related parties

Controlling influence	Basis of influence
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Acciaierie Valbruna S.p.A., Italien	Parent company
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Transactions	Relation	2024 DKK '000
Acciaierie Valbruna S.p.A. has provided a guarantee as security for the Company's bank debt with maximum of	Parent company	45,000
Acciaierie Valbruna S.p.A. has provided a letter of subordination for an amount of	Parent company	33,750
Purchases group enterprises	Group enterprise	120,155

Balances	31.12.24 DKK '000
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Receivables from group enterprises	990
Payables to group enterprises	-102,861

Receivables from group companies recognised under current assets and short-term payables DKK 26,395k to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

Short-term debt to group enterprises DKK 76,466k according to debt instrument consist of 1-year loans. The Loans bear interest at market rate.

The company is included in the consolidated financial statements of the parent Acciaierie Valbruna S.p.A., Italien. Download can be made from: <https://italianbusinessregister.it>.

	2024 DKK '000	2023 DKK '000
19. Adjustments for the cash flow statement		
Other operating income	-2,051	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5,701	5,681
Financial income	-783	-665
Financial expenses	6,236	5,550
Tax on profit or loss for the year	1,552	-2,402
Other adjustments	2	-3
Total	10,657	8,161

20. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

20. Accounting policies - continued -**DERIVATIVE FINANCIAL INSTRUMENTS**

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or liability (fair value hedging) are recognised in the income statement together with any changes in the value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

20. Accounting policies - continued -

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	3-5	0
Goodwill	10	0
Buildings	10-50	0
Other plant, fixtures and fittings, tools and equipment	3-10	0-10

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

20. Accounting policies - continued -**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

20. Accounting policies - continued -

Property, plant and equipment

Property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Prepayments for property, plant and equipment

Prepayments for property, plant and equipment comprise prepayments to suppliers.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

20. Accounting policies - continued -

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to weighted average prices. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments

Other securities are measured at fair value, equivalent to the market value at the balance sheet date.

Cash

Cash includes deposits in bank accounts as well as operating cash.

20. Accounting policies - continued -**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

20. Accounting policies - continued -**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term securities with no significant price risk.