
DSHwood A/S

Glarmestervej 7, DK-7000 Fredericia

Annual Report for 1 July 2021 - 30 June 2022

CVR No 25 67 23 05

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /10 2022

Rasmus Grønberg Bak
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DSHwood A/S for the financial year 1 July 2021 - 30 June 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Fredericia, 4 October 2022

Executive Board

Rasmus Grønborg Bak
CEO

Board of Directors

Mogens Aaby
Chairman

Henning Kruse Lorentzen

Kristian Østerling Eriknauer

Frank Hjortekjær-Jensen

Independent Auditor's Report

To the Shareholder of DSHwood A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DSHwood A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Trekantområdet, 4 October 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Aslund Pedersen
statsautoriseret revisor
mne17120

Lars Almskou Ohmeyer
statsautoriseret revisor
mne24817

Company Information

The Company

DSHwood A/S
Garmestervej 7
DK-7000 Fredericia

Telephone: + 45 74 55 25 36
Website: www.dshwood.dk

CVR No: 25 67 23 05
Financial period: 1 July - 30 June
Municipality of reg. office: Fredericia

Board of Directors

Mogens Aaby, Chairman
Henning Kruse Lorentzen
Kristian Østerling Eriknauer
Frank Hjortekjær-Jensen

Executive Board

Rasmus Grønborg Bak

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Group Chart

Moderselskab
Parent Company

DSHwood A/S, Fredericia,
Danmark (*Denmark*)
Nom. DKK 6.000.000

**Konsoliderede
dattervirksomheder**
Consolidated subsidiaries

100% DSHwood GmbH,
Wietze, Tyskland (*Germany*)
Nom. EUR 700.000

100% DSHwood UK Ltd.,
Inverness, Skotland (*Scotland*)
Nom. GBP 50.000

100% DSHwood France SAS,
Villefranche, Frankrig (*France*)
Nom. EUR 50.000

100% DSHwood Impex Private
Limited,
Mumbai, Indien (*India*)
Nom. INR 1.600.000

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021/22 TDKK	2021 (6 months) TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Key figures					
Profit/loss					
Gross profit/loss	53.459	40.186	47.704	34.393	34.511
Profit/loss before financial income and expenses	26.599	22.168	22.548	12.232	11.129
Net financials	-1.868	-874	-2.074	-2.651	-3.047
Net profit/loss for the year	16.969	14.742	13.261	4.977	6.137
Balance sheet					
Balance sheet total	208.417	154.040	147.217	80.058	100.434
Equity	54.231	45.155	35.181	22.519	17.192
Cash flows					
Cash flows from:					
- operating activities	-5.898	3.258	-5.136	6.924	-1.783
- investing activities	-699	-642	-100	12.443	152
including investment in property, plant and equipment	-700	-646	-213	-657	-169
- financing activities	9.364	-5.344	8.118	-21.313	2.602
Change in cash and cash equivalents for the year	2.767	-2.728	2.882	-1.946	971
Number of employees	50	44	41	45	43
Ratios					
Return on assets	12,8%	14,4%	15,3%	15,3%	11,1%
Solvency ratio	26,0%	29,3%	23,9%	28,1%	17,1%
Return on equity	34,1%	36,7%	46,0%	25,1%	43,2%

For definitions of ratios, see under accounting policies.

Financial Highlights

Seen over a five-year period, the development of the Parent Company is described by the following financial highlights:

	Parent Company				
	2021/22	2021 (6 months)	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	13.012	8.966	11.602	8.553	7.093
Profit/loss before financial income and expenses	1.827	429	-1.384	-3.156	-4.017
Net financials	15.142	14.313	14.645	8.133	10.154
Net profit/loss for the year	16.969	14.742	13.261	4.977	6.137
Balance sheet					
Balance sheet total	129.492	94.564	94.159	62.309	76.688
Equity	54.231	45.155	35.181	22.519	17.192
Number of employees	18	16	16	19	19
Ratios					
Return on assets	1,4%	0,5%	-1,5%	-5,1%	-5,2%
Solvency ratio	41,9%	47,8%	37,4%	36,1%	22,4%
Return on equity	34,1%	36,7%	46,0%	25,1%	43,2%

Management's Review

Primary activity

The primary activity of The Group is international trade of raw wood. The primary areas of sourcing for The Group are Denmark, Germany, Scotland, and France, while the primary markets for the Group's products are China, Vietnam, India, France, Germany, UK and Denmark.

Development in the year

The income statement of The Group for the period 1 July 2021 - 30 June 2022 shows a profit of TDKK 16,969, and at 30 June 2022 the balance sheet of the Group shows equity of TDKK 54,231.

The result is considered satisfying.

The financial key figures for The Group are significantly improved on all parameters during 2021/22. This is believed to strengthen our credit rating further against our partners.

Market risks

The demand for European raw wood is influenced by the general economic development throughout the world, including the development in global freight rates. The Groups result is therefore sensitive to global financial trends and a recession will have a negative impact on the Groups activity. These risks are mitigated to some extent through the presence on various markets and through diversification of tree species in The Groups assortment.

Foreign exchange risks

Selling in multiple overseas markets and sourcing of freight is made in currencies that are not linked to EUR. In those cases, currency hedging is made. However, the majority of the activity of The Group is in EUR, and activity in other currencies are subject to risk mitigation, why the currency risk is seen as low.

Climate risks

The physical delivery of raw wood from The Groups suppliers is frequently impacted by unfavourable weather conditions, which challenges the access to the forests. As the Group is sourcing on several different geographical markets, this risk is mitigated to some extent.

Storm fall can impact The Group's activities from displacement of delivery plans as well as unusual changes in prices.

Country risks

The Group's primary activities are spread on several countries. None of The Group's primary activities are in countries considered high risk countries.

Management's Review

Financial risks

The Group is a trading group with normal business risks on debtors and creditors.

Outlook for 2022/23

For 2022/2023 The Group expects a continued stable operation and thereby a positive operational result. The demand for the Group's products is still high and the Group expects this to continue in the coming year.

Environmental issues

DSHwood is chain-of-custody certified according to the demands and rules of PEFC and FSC regarding sustainable forestry. DSHwood is further certified according to the demands and rules of Controlled Wood. The Biomass department of DSHwood A/S is certified according to the demands and rules of SBP (Sustainable Biomass Production).

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 June 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021/22 have not been affected by any unusual events.

Foreign subsidiaries

The Group is structured with a parent company in Denmark and subsidiaries in Germany, England, India, and France. Further, the parent company is represented with its own sales organisation in China and Vietnam.

Income Statement 1 July - 30 June

	Note	Group		Parent company	
		2021/22	1/1-30/6 2021	2021/22	1/1-30/6 2021
		TDKK	TDKK	TDKK	TDKK
Revenue		769.298	377.279	247.560	108.340
Other operating income		1.213	444	7.107	0
Expenses for raw materials and consumables		-626.361	-249.181	-232.991	-101.386
Other external expenses		-90.691	-88.356	-8.664	2.012
Gross profit/loss		53.459	40.186	13.012	8.966
Staff expenses	1	-26.293	-17.803	-11.000	-8.449
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-567	-215	-185	-88
Profit/loss before financial income and expenses		26.599	22.168	1.827	429
Income from investments in subsidiaries		0	0	15.903	14.684
Income from investments in associates		-30	0	-30	0
Financial income	2	120	90	334	13
Financial expenses	3	-1.958	-964	-1.065	-384
Profit/loss before tax		24.731	21.294	16.969	14.742
Tax on profit/loss for the year	4	-7.762	-6.552	0	0
Net profit/loss for the year		16.969	14.742	16.969	14.742

Balance Sheet 30 June

Assets

	Note	Group		Parent company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Other fixtures and fittings, tools and equipment		1.331	1.168	473	378
Leasehold improvements		68	91	68	91
Property, plant and equipment	5	1.399	1.259	541	469
Investments in subsidiaries	6	0	0	52.799	48.339
Investments in associates	7	10	0	10	0
Other receivables	8	6.815	4.172	6.815	4.172
Fixed asset investments		6.825	4.172	59.624	52.511
Fixed assets		8.224	5.431	60.165	52.980
Goods for resale		81.535	58.685	16.363	15.278
Inventories		81.535	58.685	16.363	15.278
Trade receivables		100.446	72.973	31.910	17.809
Receivables from group enterprises		0	0	17.939	4.523
Other receivables		8.915	10.972	3.106	3.963
Deferred tax asset	11	155	0	0	0
Corporation tax		0	250	0	0
Prepayments	9	767	121	0	0
Receivables		110.283	84.316	52.955	26.295
Cash at bank and in hand		8.375	5.608	9	11
Currents assets		200.193	148.609	69.327	41.584
Assets		208.417	154.040	129.492	94.564

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Share capital		6.000	6.000	6.000	6.000
Reserve for net revaluation under the equity method		0	0	42.459	26.451
Retained earnings		44.231	31.155	1.772	4.704
Proposed dividend for the year		4.000	8.000	4.000	8.000
Equity		54.231	45.155	54.231	45.155
Provision for deferred tax	11	0	44	0	0
Provisions		0	44	0	0
Credit institutions		1.406	2.531	1.406	2.531
Lease obligations		213	269	0	0
Payables to group enterprises		5.000	0	5.000	0
Other payables		750	2.152	750	2.152
Long-term debt	12	7.369	4.952	7.156	4.683
Credit institutions	12	29.380	15.920	22.601	11.218
Lease obligations	12	231	145	0	0
Prepayments received from customers		4.191	2.896	0	1.148
Trade payables		82.564	52.762	25.036	18.367
Payables to group enterprises	12	3.076	2.500	13.576	7.123
Corporation tax		11.260	18.108	0	0
Other payables	12	15.804	11.558	6.581	6.870
Deferred income	13	311	0	311	0
Short-term debt		146.817	103.889	68.105	44.726
Debt		154.186	108.841	75.261	49.409
Liabilities and equity		208.417	154.040	129.492	94.564
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Accounting Policies	18				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	6.000	0	31.155	8.000	45.155
Exchange adjustments	0	0	107	0	107
Ordinary dividend paid	0	0	0	-8.000	-8.000
Net profit/loss for the period	0	0	12.969	4.000	16.969
Equity at 30 June	6.000	0	44.231	4.000	54.231

Parent company

Equity at 1 July	6.000	26.451	4.704	8.000	45.155
Ordinary dividend paid	0	0	0	-8.000	-8.000
Exchange adjustments relating to foreign entities	0	106	0	0	106
Net profit/loss for the period	0	15.902	-2.932	4.000	16.970
Equity at 30 June	6.000	42.459	1.772	4.000	54.231

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2021/22 TDKK	1/1-30/6 2021 TDKK
Net profit/loss for the period		16.969	14.742
Adjustments	14	10.312	7.865
Change in working capital	15	-16.776	-18.496
Cash flows from operating activities before financial income and expenses		10.505	4.111
Financial income		120	90
Financial expenses		-1.961	-963
Cash flows from ordinary activities		8.664	3.238
Corporation tax paid		-14.562	20
Cash flows from operating activities		-5.898	3.258
Purchase of intangible assets		0	1
Purchase of property, plant and equipment		-700	-646
Fixed asset investments made etc		1	0
Sale of property, plant and equipment		0	3
Cash flows from investing activities		-699	-642
Loans from credit institutions		12.335	-3.016
Lease obligations		30	172
Repayment of payables to Group enterprises		4.999	0
Repayment of other long-term debt		-5.000	0
Dividend paid		-3.000	-2.500
Cash flows from financing activities		9.364	-5.344
Change in cash and cash equivalents		2.767	-2.728
Cash and cash equivalents at 1 July		5.608	8.336
Cash and cash equivalents at 30 June		8.375	5.608
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8.375	5.608
Cash and cash equivalents at 30 June		8.375	5.608

Notes to the Financial Statements

	Group		Parent company	
	2021/22 TDKK	1/1-30/6 2021 TDKK	2021/22 TDKK	1/1-30/6 2021 TDKK
1 Staff expenses				
Wages and salaries	17.414	13.454	9.708	7.860
Pensions	1.617	601	1.193	541
Other social security expenses	2.277	1.122	99	48
Other staff expenses	4.985	2.626	0	0
	26.293	17.803	11.000	8.449
Executive Board and Supervisory Board	2.653	2.216	2.653	2.216
	2.653	2.216	2.653	2.216
Average number of employees	50	44	18	16
2 Financial income				
Interest received from group enterprises	0	0	334	0
Other financial income	88	38	0	1
Exchange adjustments, income	32	52	0	12
	120	90	334	13
3 Financial expenses				
Interest expenses, group enterprises	0	0	137	97
Other financial expenses	1.761	941	800	287
Exchange loss	197	23	128	0
	1.958	964	1.065	384

Notes to the Financial Statements

	Group		Parent company	
	<u>2021/22</u>	<u>1/1-30/6 2021</u>	<u>2021/22</u>	<u>1/1-30/6 2021</u>
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	7.961	6.529	0	0
Deferred tax for the year	-199	23	0	0
	<u>7.762</u>	<u>6.552</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 July	7.878	121
Exchange adjustment	58	0
Additions for the year	700	0
Cost at 30 June	8.636	121
Impairment losses and depreciation at 1 July	6.710	30
Exchange adjustment	51	0
Depreciation for the year	544	23
Impairment losses and depreciation at 30 June	7.305	53
Carrying amount at 30 June	1.331	68

Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 July	4.585	121	4.706
Additions for the year	256	0	256
Kostpris at 30 June	4.841	121	4.962
Impairment losses and depreciation at 1 July	4.207	30	4.237
Depreciation for the year	161	23	184
Impairment losses and depreciation at 30 June	4.368	53	4.421
Carrying amount at 30 June	473	68	541

Notes to the Financial Statements

	Parent company	
	2022	2021
	TDKK	TDKK
6 Investments in subsidiaries		
Cost at 1 July	9.248	9.248
Cost at 30 June	9.248	9.248
Value adjustments at 1 July	39.091	39.998
Exchange adjustment	106	232
Net profit/loss for the year	15.902	14.684
Dividend to the Parent Company	-12.640	-15.823
Value adjustments at 30 June	42.459	39.091
Equity investments with negative net asset value amortised over receivables	1.092	0
Carrying amount at 30 June	52.799	48.339

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
DSHwood GmbH	Wietze, Germany	EUR 700.000	100%
DSHwood UK Ltd	Inverness, Scotland	GBP 50.000	100%
DSHwood Impex Private Limited	Mumbai, India	INR 1.600.000	100%
DSHwood France SAS	Villefranche Sur Saone, France	EUR 50.000	100%

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
7 Investments in associates				
Cost at 1 July	0	0	0	0
Additions for the year	40	0	40	0
Cost at 30 June	40	0	40	0
Value adjustments at 1 July	0	0	0	0
Net profit/loss for the year	-30	0	-30	0
Value adjustments at 30 June	-30	0	-30	0
Carrying amount at 30 June	10	0	10	0

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Dansk Skovcertificering ApS	Slagelse	80.000	50%

8 Other fixed asset investments

	Group	Parent company
	Other receivables	Other receivables
	TDKK	TDKK
Cost at 1 July	4.172	4.172
Additions for the year	2.643	2.643
Cost at 30 June	6.815	6.815
Carrying amount at 30 June	6.815	6.815

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and travel.

Notes to the Financial Statements

	Group		Parent company	
	2021/22	1/1-30/6 2021	2021/22	1/1-30/6 2021
	TDKK	TDKK	TDKK	TDKK
10 Distribution of profit				
Proposed dividend	4.000	8.000	4.000	8.000
Reserve for net revaluation under the equity method	0	0	15.901	14.685
Retained earnings	12.969	6.742	-2.932	-7.943
	16.969	14.742	16.969	14.742

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
11 Provision for deferred tax				
Provision for deferred tax at 1 July	44	21	0	0
Amounts recognised in the income statement for the year	-199	23	0	0
Provision for deferred tax at 30 June	-155	44	0	0

The recognised tax asset mainly comprises deferred taxes on Property, plant and equipment.

Notes to the Financial Statements

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	1.406	2.531	1.406	2.531
Long-term part	<u>1.406</u>	<u>2.531</u>	<u>1.406</u>	<u>2.531</u>
Within 1 year	7.904	5.827	1.125	1.125
Other short-term debt to credit institutions	21.476	10.093	21.476	10.093
Short-term part	<u>29.380</u>	<u>15.920</u>	<u>22.601</u>	<u>11.218</u>
	30.786	18.451	24.007	13.749
Lease obligations				
Between 1 and 5 years	213	269	0	0
Long-term part	<u>213</u>	<u>269</u>	<u>0</u>	<u>0</u>
Within 1 year	231	145	0	0
	<u>444</u>	<u>414</u>	<u>0</u>	<u>0</u>
Payables to group enterprises				
Between 1 and 5 years	5.000	0	5.000	0
Long-term part	<u>5.000</u>	<u>0</u>	<u>5.000</u>	<u>0</u>
Other short-term debt to group enterprises	3.076	2.500	13.576	7.123
	<u>8.076</u>	<u>2.500</u>	<u>18.576</u>	<u>7.123</u>
Other payables				
Between 1 and 5 years	750	2.152	750	2.152
Long-term part	<u>750</u>	<u>2.152</u>	<u>750</u>	<u>2.152</u>
Other short-term payables	15.804	11.558	6.581	6.870
	<u>16.554</u>	<u>13.710</u>	<u>7.331</u>	<u>9.022</u>

Notes to the Financial Statements

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

14 Cash flow statement - adjustments

	Group	
	2021/22 TDKK	1/1-30/6 2021 TDKK
Financial income	-120	-90
Financial expenses	1.958	964
Depreciation, amortisation and impairment losses, including losses and gains on sales	567	207
Income from investments in associates	30	0
Tax on profit/loss for the year	7.762	6.552
Other adjustments	115	232
	10.312	7.865

15 Cash flow statement - change in working capital

	Group	
	2021/22 TDKK	1/1-30/6 2021 TDKK
Change in inventories	-22.850	4.016
Change in receivables	-28.704	-13.117
Change in trade payables, etc	34.778	-9.395
	-16.776	-18.496

16 Contingent assets, liabilities and other financial obligations

Charges and security

The parent company has issued letter of indemnity (company charge) of TDKK 35,000, which grants a charge on the company's and DSHwood GmbH's assets with a carrying value of TDKK 83,877.

The following assets have been placed as security with banks and others:

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations (continued)

The parent company has provided a bank guarantee of TDKK 500 to a third party. The related debt at 30 June 2022 has been booked at TDKK 0.

The parent company has provided a bank guarantee of TDKK 3,551 to a third party. The related debt at 30 June 2022 has been booked at TDKK 2,018.

The parent company has provided a bank guarantee of TDKK 8,927 to DSHwood France.

The parent company has issued a guarantee of payment of maximum TDKK 33.000 for subsidiaries' balances with credit institutions.

Contingent liabilities

The group has entered lease contracts of TDKK 2,018 in the non-cancellable period.

The group has entered into operating lease with total lease payments of TDKK 312.

The parent company has agreements to deliver wood in the coming period. The value of these agreements in terms of money does not exceed DKK 143.1 million. The agreements, which are in accordance with standard practice, are expected to be profitable to the contribution margin.

Notes to the Financial Statements

17 Related parties

	Basis
Controlling interest	
Dansk Skovforening Amalievej 20 1875 Frederiksberg C	Sole shareholder of DSHwood A/S
Other related parties	
DSHwood GmbH	100% owned subsidiary
DSHwood UK Ltd	100% owned subsidiary
DSHwood Impex Private Limited	100% owned subsidiary
DSHwood France SAS	100% owned subsidiary
Rasmus Grønberg Bak	CEO
Mogens Aaby	Chairman of the Board of Directors
Kristian Østerling Eriknauer	Member of the Board of Directors
Henning Kruse Lorentzen	Member of the Board of Directors
Frank Hjortekjær-Jensen	Member of the Board of Directors

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

All transactions in the financial year were made on an arm's length basis.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of DSHwood A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DSHwood A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

18 Accounting Policies (continued)

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise. Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Notes to the Financial Statements

18 Accounting Policies (continued)

Income Statement

Revenue

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Brandnames are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	20-50 years
Other fixtures and fittings, tools and equipment	2-8 years
Leasehold improvements	4 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

18 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of other receivables.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Notes to the Financial Statements

18 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. The Parent Company applies the exemption clause of the Danish Financial Statements Act and consequently, a cash flow statement is prepared at Group level only.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$