

# **WZ Packaging ApS**

**C/O Advokat Niels Grove Jensen, Ny Østergade 3, 4., 2100 København Ø**

**Company reg. no. 44 34 56 76**

## **Annual report**

**3 October 2023 - 31 December 2024**

The annual report was submitted and approved by the general meeting on the 7 July 2025.

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**Niels Grove Jensen**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance GBP 146.940 means the amount of GBP 146,940, and that 23,5 % means 23.5 %.

## **Management's statement**

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Today, the Managing Director has approved the annual report of WZ Packaging ApS for the financial year 3 October 2023 - 31 December 2024.

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

I consider the chosen accounting policy to be appropriate, and in my 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 31 December 2024, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 3 October 2023 – 31 December 2024.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 30 June 2025

**Managing Director**

Zhi Wei Wang

## **Independent auditor's report**

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### **To the Shareholders of WZ Packaging ApS**

#### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of WZ Packaging ApS for the financial year 3 October 2023 to 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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 31 December 2024, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 3 October 2023 - 31 December 2024 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 Consolidated Financial Statements and the Parent Company 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.

#### **Management's Responsibilities for the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company 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.

## **Independent auditor's report**

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### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Group's and 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.

## **Independent auditor's report**

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- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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 Financial Statements Act.

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

Copenhagen, 30 June 2025

### **Grant Thornton**

Certified Public Accountants  
Company reg. no. 34 20 99 36

Steen K. Bager  
State Authorised Public Accountant  
mne28679

## **Company information**

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**The company**

WZ Packaging ApS  
C/O Advokat Niels Grove Jensen, Ny Østergade 3, 4.  
2100 København Ø

Company reg. no. 44 34 56 76

Financial year: 3 October 2023 - 31 December 2024

**Managing Director**

Zhi Wei Wang

**Auditors**

Grant Thornton, Godkendt Revisionspartnerselskab  
Lautrupsgade 11  
2100 København Ø

**Subsidiary**

WZ PACKAGING LTD, LTD, UK

## Consolidated financial highlights

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GBP in thousands.

2023/24**Income statement:**

Gross profit	5.231
Profit from operating activities	2.560
Net financials	-103
Net profit or loss for the year	2.061

**Statement of financial position:**

Balance sheet total	10.211
Equity	2.337

**Key figures in %:**

Acid test ratio	337,0
Solvency ratio	22,9
Return on equity	176,4

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

**Acid test ratio**  $\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$

**Solvency ratio**  $\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$

**Return on equity**  $\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$

## **Management's review**

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### **Description of key activities of the company**

The principal activity of the company is the manufacturing and sale of aluminium, paper and film based flexible packaging materials.

The annual report comprises the first financial year and hence comparative figures are not available.

### **Uncertainties about recognition or measurement**

There is no uncertainties.

### **Unusual circumstances**

There is no unusual circumstances.

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

The gross profit for the parent company for the year totals GBP . Income or loss from ordinary activities after tax totals GBP -55.360. Management considers the net profit or loss for the year satisfactory.

The gross profit for the group for the year totals GBP 5.231.306. Income or loss from ordinary activities after tax totals GBP 2.061.235. Management considers the net profit or loss for the year satisfactory.

### **Expected developments**

The group is expecting an operating profit for 2025 in line with the results for 2024 with an estimated range of GBP 2.100k - 2.400.

### **Research and development activities**

The group continues to invest into Research and Development to maintain and enhance its reputation within the industry. The packaging industry is one of the most dynamic and competitive industries, and one which requires continuing development in order to adapt to changes to environmental or marketing requirements, including meeting challenges in food hygiene regulations, convenience of packaging and ever-increasing standards of the industry.

### **Events occurring after the end of the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

## Income statement

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All amounts in GBP.

<u>Note</u>	Parent 3/10 2023 - 31/12 2024	Group 3/10 2023 - 31/12 2024
<b>Gross profit</b>	<b>0</b>	<b>5.231.306</b>
Administration expenses	-55.362	-2.670.964
<b>Operating profit</b>	<b>-55.362</b>	<b>2.560.342</b>
Other financial income	117	54.909
Other financial expenses	-115	-157.529
Financing, net	2	-102.620
<b>Pre-tax net profit or loss</b>	<b>-55.360</b>	<b>2.457.722</b>
Tax on net profit or loss for the year	0	-396.487
<b>3 Net profit or loss for the year</b>	<b>-55.360</b>	<b>2.061.235</b>

**Balance sheet**

All amounts in GBP.

<u>Note</u>	<u>Parent</u> <u>31/12 2024</u>	<u>Group</u> <u>31/12 2024</u>
<b>Assets</b>		
<b>Non-current assets</b>		
4 Plant and machinery	0	121.338
5 Other fixtures, fittings, tools and equipment	0	3.238.952
Total property, plant, and equipment	<u>0</u>	<u>3.360.290</u>
6 Investments in group enterprises	1	0
Total investments	<u>1</u>	<u>0</u>
<b>Total non-current assets</b>	<b><u>1</u></b>	<b><u>3.360.290</u></b>
<b>Current assets</b>		
7 Manufactured goods and goods for resale	0	3.721.680
Total inventories	<u>0</u>	<u>3.721.680</u>
Trade receivables	0	1.296.051
Other receivables	0	223.132
8 Prepayments	0	440.076
Total receivables	<u>0</u>	<u>1.959.259</u>
Cash and cash equivalents	0	1.169.887
<b>Total current assets</b>	<b><u>0</u></b>	<b><u>6.850.826</u></b>
<b>Total assets</b>	<b><u>1</u></b>	<b><u>10.211.116</u></b>

**Balance sheet**

All amounts in GBP.

<u>Note</u>	<u>Parent</u> 31/12 2024	<u>Group</u> 31/12 2024
<b>Equity and liabilities</b>		
<b>Equity</b>		
Contributed capital	9.244	9.244
Retained earnings	-220.635	2.327.288
<b>Total equity</b>	<b>-211.391</b>	<b>2.336.532</b>
<b>Provisions</b>		
9 Provisions for deferred tax	0	443.572
<b>Total provisions</b>	<b>0</b>	<b>443.572</b>
<b>Liabilities other than provisions</b>		
10 Lease liabilities	0	63.880
11 Payables to shareholders and management	0	5.334.466
Total long term liabilities other than provisions	0	5.398.346
Trade payables	9.459	1.386.078
Payables to subsidiaries	201.933	0
Other payables	0	646.588
Total short term liabilities other than provisions	211.392	2.032.666
<b>Total liabilities other than provisions</b>	<b>211.392</b>	<b>7.431.012</b>
<b>Total equity and liabilities</b>	<b>1</b>	<b>10.211.116</b>
<b>1 Subsequent events</b>		
<b>2 Employee issues</b>		
<b>12 Contingencies</b>		

**Consolidated statement of changes in equity**

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All amounts in GBP.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 3 October 2023	9.244	266.053	275.297
Retained earnings for the year	0	2.061.235	2.061.235
	<b>9.244</b>	<b>2.327.288</b>	<b>2.336.532</b>

## Statement of changes in equity of the parent

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All amounts in GBP.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>
Equity 3 October 2023	9.244	-165.275	-156.031
Retained earnings for the year	<hr/> 0	<hr/> -55.360	<hr/> -55.360
	<hr/> <b>9.244</b>	<hr/> <b>-220.635</b>	<hr/> <b>-211.391</b>

## Statement of cash flows

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All amounts in GBP.

	Group 3/10 2023 - 31/12 2024
Net profit or loss for the year	2.061.235
13 Adjustments	762.253
14 Change in working capital	<u>-1.033.554</u>
Cash flows from operating activities before net financials	1.789.934
Interest received, etc.	213.146
Interest paid, etc.	<u>-157.529</u>
Cash flows from ordinary activities	<u>1.845.551</u>
<b>Cash flows from operating activities</b>	<b><u>1.845.551</u></b>
Purchase of property, plant, and equipment	<u>-701.813</u>
<b>Cash flows from investment activities</b>	<b><u>-701.813</u></b>
Loan	<u>-2.849.431</u>
<b>Cash flows from financing activities</b>	<b><u>-2.849.431</u></b>
<b>Change in cash and cash equivalents</b>	<b>-1.705.693</b>
Cash and cash equivalents at 3 October 2023	<u>2.875.580</u>
<b>Cash and cash equivalents at 31 December 2024</b>	<b><u>1.169.887</u></b>
<b>Cash and cash equivalents</b>	
Cash and cash equivalents	<u>1.169.887</u>
<b>Cash and cash equivalents at 31 December 2024</b>	<b><u>1.169.887</u></b>

### 1. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

## Notes

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All amounts in GBP.

	Parent 3/10 2023 - 31/12 2024	Group 3/10 2023 - 31/12 2024
<b>2. Employee issues</b>		
Salaries and wages	0	3.111.294
Pension costs	0	83.191
Other costs for social security	0	311.479
	<u>0</u>	<u>3.505.964</u>
Executive board and board of directors	0	273.520
Average number of employees	0	76
		Parent 3/10 2023 - 31/12 2024
<b>3. Proposed distribution of net profit</b>		
Allocated from retained earnings		<u>-55.360</u>
<b>Total allocations and transfers</b>		<u><b>-55.360</b></u>

## Notes

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All amounts in GBP.

	Parent 31/12 2024	Group 31/12 2024
<b>4. Plant and machinery</b>		
Cost 3 October 2023	0	1.593.321
Additions during the year	0	116.127
Disposals during the year	0	-22.000
<b>Cost 31 December 2024</b>	<b>0</b>	<b>1.687.448</b>
Depreciation and write-down 3 October 2023	0	-1.567.409
Amortisation and depreciation for the year	0	-20.701
Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	22.000
<b>Depreciation and write-down 31 December 2024</b>	<b>0</b>	<b>-1.566.110</b>
<b>Carrying amount, 31 December 2024</b>	<b>0</b>	<b>121.338</b>
Lease assets are recognised at a carrying amount of	0	45.900
<b>5. Other fixtures, fittings, tools and equipment</b>		
Cost 3 October 2023	0	3.509.256
Additions during the year	0	585.686
<b>Cost 31 December 2024</b>	<b>0</b>	<b>4.094.942</b>
Depreciation and write-down 3 October 2023	0	-549.605
Amortisation and depreciation for the year	0	-306.385
<b>Depreciation and write-down 31 December 2024</b>	<b>0</b>	<b>-855.990</b>
<b>Carrying amount, 31 December 2024</b>	<b>0</b>	<b>3.238.952</b>
Lease assets are recognised at a carrying amount of	0	77.218

## Notes

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All amounts in GBP.

### 6. Investments in group enterprises

Additions during the year	1	0
<b>Carrying amount, 31 December 2024</b>	<b>1</b>	<b>0</b>

### Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, WZ Packaging ApS
WZ PACKAGING LTD, UK	100 %	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>
			Parent 31/12 2024	Group 31/12 2024
<b>7. Manufactured goods and goods for resale</b>				
Finished goods and goods for resale			0	3.721.680
			<b>0</b>	<b>3.721.680</b>
<b>8. Prepayments</b>				
Other prepayments/deferred income 1			0	440.076
			<b>0</b>	<b>440.076</b>
<b>9. Provisions for deferred tax</b>				
Provisions for deferred tax 3 October 2023			0	47.085
Deferred tax relating to the net profit or loss for the year			0	396.487
			<b>0</b>	<b>443.572</b>
The following items are subject to deferred tax:				
Accelerated capital allowances			0	590.194
Tax losses			0	-145.029
Short term timing differences			0	-1.593
			<b>0</b>	<b>443.572</b>

## Notes

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All amounts in GBP.

### 10. Lease liabilities

Total lease liabilities	0	26.299
Share of amount due within 1 year	0	37.581
	<u>0</u>	<u>63.880</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

### 11. Payables to shareholders and management

Total payables to shareholders and management	0	5.334.466
Share of amount due within 1 year	0	0
<b>Total payables to shareholders and management</b>	<u>0</u>	<u>5.334.466</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

### 12. Contingencies

#### Contingent liabilities

	31/12 2024
	GBP
Lessee	<u>4.402.562</u>
<b>Total contingent liabilities</b>	<u>4.402.562</u>

#### Lessee:

At the reporting end date the company had outstanding commitments for future minimum leases payments under non-cancellable leases, which fall due as follows:

Within one year	536,535
Between one and five years	2,291,027
In over five years	1,575,000

#### Sale and leaseback:

In June 2020, WZ Packaging sold its property at Halesfield 18 as part of a sale and leaseback transaction with Paloma Capital. WZ Packaging have entered into an agreement to leaseback the property for a lease term of 15 years with rent payable at £291,667 per annum June 2022 and £350,000 per annum for the remainder of the lease.

## Notes

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All amounts in GBP.

	Group 3/10 2023 - 31/12 2024
<b>13. Adjustments</b>	
Depreciation, amortisation, and impairment	327.086
Other financial income	-54.909
Other financial expenses	157.529
Tax on net profit or loss for the year	396.487
Other provisions	-63.940
	<u>762.253</u>
<b>14. Change in working capital</b>	
Change in inventories	-312.864
Change in receivables	-557.183
Change in trade payables and other payables	357.337
Other changes in working capital	-520.844
	<u>-1.033.554</u>

## **Accounting policies**

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The annual report for WZ Packaging ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The consolidated annual report for WZ Packaging Aps and WZ Packaging LTD UK has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C (Medium).

The annual report is presented in British pounds sterling (GBP). The annual report comprises the first financial year and hence comparative figures are not available.

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

## **Accounting policies**

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Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

### **The consolidated financial statements**

The consolidated income statements comprise the parent company WZ Packaging ApS and those group enterprises of which WZ Packaging ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

#### *Consolidation policies*

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%.

### **Income statement**

#### **Gross profit**

Gross profit comprises revenue, production costs, and other operating income.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

## **Accounting policies**

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Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. Direct and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Furthermore, production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Furthermore, provisions for losses on construction contracts are recognised in case of onerous contracts.

### **Administration expenses**

Administration expenses comprise expenses incurred during the year concerning management and administration, including expenses concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

### **Results from investments in subsidiaries**

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## **Statement of financial position**

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

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

## Accounting policies

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The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

### Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

### Investments

#### Investments in subsidiaries

Investments in subsidiaries are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

#### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

## **Accounting policies**

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If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

### **Inventories**

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

### **Prepayments**

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

## Accounting policies

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Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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

### Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

### Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

### Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

## **Accounting policies**

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### **Cash flows from financing activities**

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.