



N.G.P Tobacco ApS

Industriparken 35
9610 Nørager
CVR No. 41201908

Annual report 2024

The Annual General Meeting adopted the
annual report on 30.06.2025

Arthur Emil Nielsen

Chairman of the General Meeting

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Entity details

Entity

N.G.P Tobacco ApS
Industriparken 35
9610 Nørager

Business Registration No.: 41201908
Registered office: Rebild
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Mark Slepkin
Jan Kerem
Arthur Emil Nielsen

Executive Board

Mark Slepkin
Arthur Emil Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of N.G.P Tobacco ApS for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Nørager, 30.06.2025

Executive Board

Mark Slepkin

Arthur Emil Nielsen

Board of Directors

Mark Slepkin

Jan Kerem

Arthur Emil Nielsen

Independent auditor's report

To the shareholders of N.G.P Tobacco ApS

Opinion

We have audited the financial statements of N.G.P Tobacco ApS for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board 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 financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

Aalborg, 30.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Mikkel Hede Olsen

State Authorised Public Accountant

Identification No (MNE) mne47791

Management commentary

Financial highlights

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---------|---------|---------|---------|---------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| Key figures | | | | | |
| Gross profit/loss | 68,724 | 38,934 | 24,888 | 9,391 | 3,641 |
| Operating profit/loss | 20,140 | 9,154 | 6,766 | 889 | 1,549 |
| Net financials | (579) | 731 | (125) | (156) | (65) |
| Profit/loss for the year | 15,165 | 7,599 | 5,330 | 590 | 1,158 |
| Total assets | 71,726 | 47,966 | 30,146 | 16,208 | 8,432 |
| Investments in property, plant and equipment | 8,436 | 2,756 | 3,798 | 3,669 | 1,135 |
| Equity | 29,882 | 14,716 | 7,117 | 1,788 | 1,198 |
| Cash flows from (used in) operating activities | 4,193 | 551 | 4,881 | 3,214 | 434 |
| Cash flows from (used in) investing activities | (8,436) | (2,756) | (3,798) | (2,929) | (1,207) |
| Cash flows from (used in) financing activities | 7,446 | 1,492 | 73 | (21) | 847 |
| Ratios | | | | | |
| Return on equity (%) | 68.01 | 69.61 | 119.71 | 39.52 | 96.66 |
| Equity ratio (%) | 41.66 | 30.68 | 23.61 | 11.03 | 14.21 |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The company's primary activities are to sell, produce, and develop non-smoke nicotine and tobacco products.

Development in activities and finances

The financial year shows a profit after tax of t.DKK 15,165 against last year's profit after tax of t.DKK 7,599.

The management considers the year's result satisfactory and in line with expectations. During the year, the company underwent a major relocation to a new factory facility, which resulted in significant downtime. Despite these challenges, the company was able to keep up with incoming orders, thanks to a skilled team of employees and strong collaboration with our dedicated partners.

During the year, the company successfully completed a planned expansion of the production capacity at the new facility. In addition, several strategic initiatives were implemented during the year to ensure and enhance product quality. Notably, the establishment of an in-house laboratory represents a significant step towards continuously safeguarding product safety and maintaining high-quality standards in our products.

The financial year shows an equity of t.DKK 29,882 against last year's equity of t.DKK 14,716. The Management considers the development of equity to be highly positive, as it continues to reflect strong capital generation and effective equity leverage in a currently turbulent global market.

Profit/loss for the year in relation to expected developments

The financial year shows a profit after tax of t.DKK 15,156 against last year's profit after tax of t.DKK 7,599.

The management considers the year's result satisfactory and in line with expectations.

Outlook

The company anticipates continued positive growth in its activities, primarily driven by the expansion of the market for smoke-free nicotine products across Europe and international markets. Furthermore, substantial market potential is identified in regions that have not yet adopted smoke-free nicotine products, particularly among consumers seeking alternatives to conventional nicotine products.

In response to these market dynamics, the company has invested in additional production facilities and capacity expansions to effectively meet the growing demand. Additionally, the management maintains a strategic focus on the recruitment and training of its skilled personnel to support and strengthen sustainable growth. Based on these initiatives, the management anticipates a substantial increase in gross profit for the forthcoming financial year.

The company's activity and financial performance may be impacted by changes in national regulations governing nicotine products, although such regulatory changes generally involve a defined legislative process and implementation period. The management considers this regulatory development to be favorable, as it has the potential to reduce illegal cross-border trade and counterfeit products, thereby promoting a harmonized market for all participants.

Management expects a profit after tax for the forthcoming financial year in the range t.DKK 20,000 - 40,000.

Income statement for 2024

| | Notes | 2024 DKK | 2023 DKK |
|--|-------|-------------------|-------------------|
| Gross profit/loss | | 68,724,072 | 38,933,731 |
| Staff costs | 1 | (45,994,178) | (27,105,932) |
| Depreciation, amortisation and impairment losses | | (2,589,962) | (2,674,245) |
| Operating profit/loss | | 20,139,932 | 9,153,554 |
| Other financial income | | 462,593 | 937,816 |
| Other financial expenses | | (1,041,799) | (207,018) |
| Profit/loss before tax | | 19,560,726 | 9,884,352 |
| Tax on profit/loss for the year | | (4,395,493) | (2,285,117) |
| Profit/loss for the year | 2 | 15,165,233 | 7,599,235 |

Balance sheet at 31.12.2024

Assets

| | Notes | 2024 DKK | 2023 DKK |
|--|-------|-------------------|-------------------|
| Plant and machinery | | 4,114,061 | 5,443,794 |
| Other fixtures and fittings, tools and equipment | | 5,401,698 | 0 |
| Leasehold improvements | | 677,559 | 1,236,442 |
| Property, plant and equipment in progress | | 2,326,987 | 0 |
| Property, plant and equipment | 3 | 12,520,305 | 6,680,236 |
| Deposits | | 900,361 | 419,969 |
| Financial assets | 4 | 900,361 | 419,969 |
| Fixed assets | | 13,420,666 | 7,100,205 |
| Raw materials and consumables | | 33,132,514 | 24,660,104 |
| Work in progress | | 2,016,916 | 1,785,895 |
| Manufactured goods and goods for resale | | 5,508,910 | 73,488 |
| Prepayments for goods | | 528,097 | 0 |
| Inventories | | 41,186,437 | 26,519,487 |
| Trade receivables | | 10,331,316 | 9,980,285 |
| Other receivables | | 1,950,598 | 2,599,591 |
| Prepayments | 5 | 852,101 | 985,151 |
| Receivables | | 13,134,015 | 13,565,027 |
| Cash | | 3,984,668 | 780,994 |
| Current assets | | 58,305,120 | 40,865,508 |
| Assets | | 71,725,786 | 47,965,713 |

Equity and liabilities

| | Notes | 2024 DKK | 2023 DKK |
|--|--------------|---------------------|---------------------|
| Contributed capital | | 40,000 | 40,000 |
| Retained earnings | | 29,841,727 | 14,676,494 |
| Equity | | 29,881,727 | 14,716,494 |
| Deferred tax | 6 | 772,595 | 189,156 |
| Provisions | | 772,595 | 189,156 |
| Other payables | | 0 | 455,035 |
| Non-current liabilities other than provisions | | 0 | 455,035 |
| Lease liabilities | | 417,672 | 543,813 |
| Prepayments received from customers | | 306,716 | 0 |
| Trade payables | | 26,042,938 | 26,509,737 |
| Tax payable | | 3,753,454 | 2,314,661 |
| Other payables | 7 | 10,550,684 | 3,236,817 |
| Current liabilities other than provisions | | 41,071,464 | 32,605,028 |
| Liabilities other than provisions | | 41,071,464 | 33,060,063 |
| Equity and liabilities | | 71,725,786 | 47,965,713 |
| Unrecognised rental and lease commitments | 9 | | |
| Related parties with controlling interest | 10 | | |
| Non-arm's length related party transactions | 11 | | |

Statement of changes in equity for 2024

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year | 40,000 | 14,676,494 | 14,716,494 |
| Profit/loss for the year | 0 | 15,165,233 | 15,165,233 |
| Equity end of year | 40,000 | 29,841,727 | 29,881,727 |

Cash flow statement for 2024

| | Notes | 2024 DKK | 2023 DKK |
|---|-------|--------------------|--------------------|
| Operating profit/loss | | 20,139,932 | 9,153,554 |
| Amortisation, depreciation and impairment losses | | 2,589,962 | 2,674,245 |
| Working capital changes | 8 | (14,654,589) | (10,752,235) |
| Payment of deposits | | (480,392) | 0 |
| Cash flow from ordinary operating activities | | 7,594,913 | 1,075,564 |
| Financial income received | | 7,558 | 937,817 |
| Financial expenses paid | | (719,904) | (207,018) |
| Taxes refunded/(paid) | | (2,689,661) | (1,255,320) |
| Cash flows from operating activities | | 4,192,906 | 551,043 |
| Acquisition etc of property, plant and equipment | | (8,435,526) | (2,755,904) |
| Cash flows from investing activities | | (8,435,526) | (2,755,904) |
| Free cash flows generated from operations and investments before financing | | (4,242,620) | (2,204,861) |
| Loans raised | | 7,572,435 | 1,491,815 |
| Reduction of lease commitments | | (126,141) | 0 |
| Cash flows from financing activities | | 7,446,294 | 1,491,815 |
| Increase/decrease in cash and cash equivalents | | 3,203,674 | (713,046) |
| Cash and cash equivalents beginning of year | | 780,994 | 1,494,040 |
| Cash and cash equivalents end of year | | 3,984,668 | 780,994 |
| Cash and cash equivalents at year-end are composed of: | | | |
| Cash | | 3,984,668 | 780,994 |
| Cash and cash equivalents end of year | | 3,984,668 | 780,994 |

Notes

1 Staff costs

| | 2024 | 2023 |
|---------------------------------------|-------------------|-------------------|
| | DKK | DKK |
| Wages and salaries | 42,837,252 | 25,953,025 |
| Pension costs | 2,432,918 | 744,691 |
| Other social security costs | 724,008 | 408,216 |
| | 45,994,178 | 27,105,932 |
| Average number of full-time employees | 89 | 52 |

Remuneration to management is not disclosed, see Danish Financial Statements Act § 98 b stk. 3 nr. 2.

2 Proposed distribution of profit and loss

| | 2024 | 2023 |
|-------------------|-------------------|------------------|
| | DKK | DKK |
| Retained earnings | 15,165,233 | 7,599,235 |
| | 15,165,233 | 7,599,235 |

3 Property, plant and equipment

| | Plant and machinery DKK | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK | Property, plant and equipment in progress DKK |
|---|-------------------------------|--|----------------------------------|---|
| Cost beginning of year | 7,657,100 | 0 | 3,033,009 | 0 |
| Transfers | (3,017,576) | 1,771,130 | 1,095,952 | 149,577 |
| Additions | 1,553,870 | 4,649,674 | 54,568 | 2,177,410 |
| Disposals | (921,411) | 0 | (3,049,625) | 0 |
| Cost end of year | 5,271,983 | 6,420,804 | 1,133,904 | 2,326,987 |
| Depreciation and impairment losses beginning of year | (2,213,306) | 0 | (1,796,566) | 0 |
| Transfers | 1,075,931 | (313,656) | (752,592) | 0 |
| Depreciation for the year | (480,542) | (705,450) | (271,071) | 0 |
| Depreciation and impairment losses on assets disposed of | (461,416) | 0 | (685,742) | 0 |
| Reversal regarding disposals | 921,411 | 0 | 3,049,626 | 0 |
| Depreciation and impairment losses end of year | (1,157,922) | (1,019,106) | (456,345) | 0 |
| Carrying amount end of year | 4,114,061 | 5,401,698 | 677,559 | 2,326,987 |
| Recognised assets not owned by entity | 0 | 495,795 | 0 | 0 |

4 Financial assets

| | Deposits DKK |
|------------------------------------|-----------------|
| Cost beginning of year | 419,969 |
| Additions | 480,392 |
| Cost end of year | 900,361 |
| Carrying amount end of year | 900,361 |

5 Prepayments

Prepayments consist of other prepaid costs, including insurance and leasing relating to the financial year 2025.

6 Deferred tax

| | 2024 DKK |
|-------------------------------|----------------|
| Property, plant and equipment | 329,996 |
| Financial assets | 17,187 |
| Inventories | 425,412 |
| Deferred tax | 772,595 |

| | 2024 | 2023 |
|------------------------------------|----------------|----------------|
| | DKK | DKK |
| Changes during the year | | |
| Beginning of year | 189,156 | 218,700 |
| Recognised in the income statement | 583,439 | (29,544) |
| End of year | 772,595 | 189,156 |

7 Other payables

| | 2024 | 2023 |
|---|-------------------|------------------|
| | DKK | DKK |
| Wages and salaries, personal income taxes, social security costs, etc payable | 1,146,565 | 1,571,878 |
| Holiday pay obligation | 210,380 | 173,124 |
| Other costs payable | 9,193,739 | 1,491,815 |
| | 10,550,684 | 3,236,817 |

Other costs payable consists of loans from related parties conducted on arm's length basis.

8 Changes in working capital

| | 2024 | 2023 |
|---|---------------------|---------------------|
| | DKK | DKK |
| Increase/decrease in inventories | (14,666,950) | (10,489,973) |
| Increase/decrease in receivables | 431,012 | (20,297,676) |
| Increase/decrease in trade payables etc | (418,651) | 20,035,414 |
| | (14,654,589) | (10,752,235) |

9 Unrecognised rental and lease commitments

| | 2024 | 2023 |
|--|------------------|------------------|
| | DKK | DKK |
| Liabilities under rental or lease agreements until maturity in total | 5,971,803 | 2,534,813 |

The Company has entered into rental and lease agreements with an annual payment of approx. DKK 5,591k. The agreements have a time to maturity of 1-26 months.

10 Related parties with controlling interest

Mark Slepkin, Estonia owns the majority of the shares in the Entity, thus exercising control.

11 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

The Entity has changed its accounting policies with regard to capitalisation of indirect production costs on inventories.

The change in accounting policies has led to an increase in gross profit and inventories of DKK 1,933,690 and DKK 1,933,690, respectively. Consequently, the total effect of the change in accounting policies is an increase in this year's pre-tax profit DKK 1,933,690. Tax for the year incumbent on the change in accounting policies, consisting of an adjustment of deferred tax, amounts to DKK 425,412, after which net profit for the year increases by DKK 1,508,278. The balance sheet total increases by DKK 1,933,690, while equity increases by DKK 1,508,278 at 31.12.2024.

The comparative figures have not been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Non-comparability

The company has utilised the exemption provisions in connection with the transition from accounting class B to C. As a result, indirect production costs have only been capitalised for the current financial year without adjusting the comparative figures.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Other operating income

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies and amortisation of financial assets etc.

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | Useful life |
|--|--------------------|
| Plant and machinery | 3-10 years |
| Other fixtures and fittings, tools and equipment | 3-10 years |
| Leasehold improvements | 2-10 years |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprise bank deposits.

Deferred tax

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

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease

payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.