DS Smith Packaging Denmark A/S

Åstrupvej 30
8500 Grenaa
CVR No. 21153702

Annual report 01.05.2023. – 30.04.2024.

The annual General Meeting adopted the annual report on 31.10.2024.

Connie Rasmussen
Chairman of the General Meeting

Contents

Entity details

Entity
DS Smith Packaging Denmark A/S
Åstrupvej 30
8500 Grenaa

Business Registration No.: 21153702
Registered office: Norddjurs
Financial year: 01.05.2023.-30.04.2024.

Board of Directors
Gustav Thorbjörn Sagerström, chairman
Connie Rasmussen, deputy chairman
Helena Birgitta Redmo
Dan Johannessen
Frits Thorvald Hillebrecht
Asger Bjerre Terkelsen

Executive Board
Dan Johannessen

Auditors
EY Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DS Smith Packaging Denmark A/S for the financial year 01.05.2023.-30.04.2024.

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 30.04.2024. and of the results of its operations and cash flows for the financial year 01.05.2023.-30.04.2024.

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

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

Grenaa, 31.10.2024.

Executive board

Dan Johannessen

Board of Directors

Gustav Thorbjörn Sagerström chairman	**Connie Rasmussen** deputy chairman
Helena Birgitta Redmo	**Dan Johannessen**
Frits Thorvald Hillebrecht	**Asger Bjerre Terkelsen**

Independent auditor’s report

To the shareholders of DS Smith Packaging Denmark A/S

Opinion

We have audited the financial statements of DS Smith Packaging Denmark A/S for the financial year 1 May – 30 April 2023/24, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 financial position of the Company at 30 April 2024 and of the results of the Company's operations and cash flows for the financial year 1 May – 30 April 2023/24 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Aarhus, 31.10.2024.
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lone Nørgaard Eskildsen State Authorised Public Accountant mne32085	Simon M. Laursen State Authorised Public Accountant mne45894

Management’s review

Financial highlights

	2023/24 DKK'000	2022/23 DKK'000	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000
Key figures					
Revenue	1.261.523	1.506.137	1.369.407	1.160.196	1.200.458
Gross profit/loss	290.790	257.239	202.762	257.195	259.653
Operating profit/loss	35.313	(2.654)	(43.502)	27.501	9.571
Net financials	(26.484)	(15.888)	(7.059)	(9.299)	(11.619)
Profit/loss for the year	4.712	(16.036)	(41.012)	13.309	(5.711)
Total assets	855.066	922.969	881.387	807.456	802.474
Investments in property, plant and equipment	40.984	53.660	22.159	55.682	33.593
Equity	150.606	145.856	161.789	202.755	189.635
Cash flows from (used in) operating activities	84.930	(12.826)	(65.950)	26.410	81.381
Cash flows from (used in) investing activities	(42.635)	(55.830)	(22.323)	(52.981)	(33.360)
Cash flows from (used in) financing activities	(43.678)	66.841	87.150	28.997	(47.970)
Average number of full-time employees	669	698	666	659	669

Ratios	2023/24 DKK'000	2022/23 DKK'000	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000
Gross margin (%)	23,05	17,08	14,81	22,17	21,63
EBIT margin (%)	2,80	(0,18)	(3,18)	2,37	0,80
Net margin (%)	0,37	(1,06)	(2,99)	1,15	(0,48)
Return on equity (%)	3,18	(10,43)	(22,50)	6,78	(2,97)
Equity ratio (%)	17,61	15,80	18,36	25,11	23,63

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

Gross margin (%):

Gross profit/loss *100
Revenue

EBIT margin (%):

Operating profit/loss *100
Revenue

Net margin (%):

Profit/loss for the year *100
Revenue

Return on equity(%):

Profit/loss for the year *100
Average equity

Equity ratio(%):

Equity*100
Total assets

Primary activities

DS Smith Packaging Denmark A/S offers innovative sustainable packaging and display solutions primarily made of corrugated paper.

Since 2012, DS Smith Denmark has been part of the DS Smith Group, which is a leading provider on the international market for innovative sustainable packaging solutions. The Group operates in more than 30 countries and employs more than 30,000 employees.

Sustainability is at the heart of our business model and forms the basis of our goal 'Redefining Packaging for a Changing World'. Our wish is to help our customers through a strategic partnership around our innovative sustainable packaging solutions and through the strategic support we offer our customers throughout their value chain.

Development in activities and finances

This report covers our 2023/24 period, which is from 1 May 2023 – 30 April 2024.

The market for corrugated paper across industries has been flat throughout the period 2023/24 and is still affected by fierce competition from domestic as well as foreign producers. DS Smith Denmark’s market share is unchanged in this period.

The macroeconomic conditions in Europe were challenged again in 2023/24 leading to uncertain customer behavior and fluctuated demand.

The development in raw material prices of paper has always a significant importance on the financial result, this applies also in the fiscal year 2023/24 where paper prices throughout the year have been falling leading to pressure in sales prices. A strong control of conversion costs has a positive financial impact, all contribute to a positive net result.

Profit/loss for the year in relation to expected development

During the entire financial year 2023/24 we continued to meet our customer’s needs through innovative and sustainable packaging solutions. We managed to increase gross profit margins compared to 2022/23 leading to improvement of operating profit. The financial year 2023/24 was closed with a profit of DKK 4,7 mill. which is considered satisfactory and meet last year’s expectation.

Outlook

The unstable economic conditions in Europe are expected to continue and influence the financial result also in the year 2024/25. Market conditions in Denmark are characterized by strong competition and significant price pressure. This is also expected for 2024/25. The objective is to maintain the current market shares and market positions to meet Group strategic requirements.

Higher paper prices are expected in the year 2024/25 influencing the financial result negatively. However, we continue to focus on growth of both top and bottom lines driven by increased value creation for our customers, a development of earnings on each customer as well as a continuous adjustment of capacity and costs levels.

Based on this year paper price cycle pre-tax profit for 2024/25 is expected to be in the range of DKK -10 to -30 mill.

Basis of earnings
External environment
The Company as well as the DS Smith Group have focus on and pay attention to the external environment. All environmental conditions are attempted to be improved on a continuous basis.

Market risks
The sometimes very considerable fluctuations in paper prices and other production costs may entail a market risk which may affect earnings in the short term.

Foreign exchange risks
The majority of the Company's transactions are effectuated in DKK or EUR, and the Company's foreign exchange risks are considered to be minimal. The Company does not enter foreign exchange positions for speculative purposes.

Interest rate risks
The net interest-bearing debt is mainly intra-group debt, and the interest rate is adjusted on an ongoing basis. The Company does not enter into interest rate agreements to hedge against interest rate exposures.

Credit risks
The Company is not exposed to any major risks from a single customer or business partner. All major customers and other business partners are credit rated on a regular basis.

Statutory report on corporate social responsibility
DS Smith Packaging Denmark A/S' reporting on corporate social responsibility cf. §99a is the text in the management review. Besides this DS Smith Packaging Denmark wants to inform of work done on Group level.

The business model of DS Smith Packaging Denmark A/S can be found in the management review on page 1 under primary activities.

DS Smith aims to develop the business in a responsible and sustainable way, which is a testament of our approach to corporate responsibility. We pay special attention to:

- Health and safety
- Our employees and their development
- Environment, sustainability, and the circular economy

DS Smith Denmark complies with the DS Smith Plc Group's policies and initiatives relating to CSR, ESG and sustainability. Those areas are explained on the Group's website under the heading: 'Sustainability', which shows the Group's sustainability strategy 'For Now and for Next':
http://www.dssmith.com/company/sustainability

The sustainability strategy was launched in September 2020. Several targets have been met at group level and again 297 million units of plastic replaced with recyclable alternatives, bringing the total to 762 million since 2020/21.

The DS Smith Plc Group has provided a total overview of targets and all targets met in the Sustainability Report – the most recent edition from June 2024:
https://www.dssmith.com/sustainability/reporting-hub/sustainabilityreport

ESG data is as well acquired on Group level:
https://www.dssmith.com/sustainability/reporting-hub

Health and safety Policy

At DS Smith, health (both physical and mental) and safety is an integral and key part of our business activities. We strive to ensure that no employees or visitors are injured on the job or otherwise burdened unnecessarily either mentally or physically. At Group level, a target for health and safety has been set in accordance with DS Smith's concept 'Vision zero' with the purpose of preventing situations that give rise to actual accidents. In addition, "near misses" are monitored to prevent situations that cause actual accidents. In the area of safety, improvements are continuously being made, which is why all employees must report safety observations monthly, as it must be safe to go to work at DS Smith Denmark.

Actions and achievements

In 2023/24, we made significant progress and improvements across our sites in Denmark and as result there were no occupational accidents which caused absence in DS Smith Denmark, we are incredibly proud of this result, and have done several activities to ensure this result in 2023/24 – find below.

Leadership in action

As a fundamental part of the health and safety work at DS Smith, we have reorganized the safety organisation in DS Smith Danmark, instead of one responsible person for the Health & Safety agenda, the official responsibility is now placed with our Site Managers on our sites in Denmark. This reorganization is to maintain safety as a top priority in all production-related operations and not a staff function.

Thorough anchoring and implementation of the safety tools: "Observation & Dialogue", "Safety Rounding", "Take 5" and "LOTOTO" are still maintained. These systems and ways of working with safety must ensure an understanding of the risks of technical solutions and that employees display correct behavior when working with or maintaining machines.

Engagement and culture drivers

In 2023/24, we held our Company-wide Health and Well-being Week in September. Over 7 events were held across the business in Denmark aimed at enhancing nutrition, physical activity, mental health, and piloting innovative ideas, such as sleep seminars, manual handling training and on-demand webinars and courses. We plan to execute several wellbeing activities – mainly focusing on mental wellbeing as we want to educate chosen employees to become “Mental First Aiders” – throughout this financial year.

Safety investments

In addition, a significant upgrade has been done to separate driving and walking traffic on our production areas, fences and gates have been put up to secure pedestrian traffic, as both transfer cars and forklifts drives in the area, markings has been painted as well.

To support safety in highs we have made a safety improvement in the outside area of our biggest site in Grenaa. We have mounted a permanent ladder with safety locks on. That means only authorized people can use the ladder and get to the roof. The implementation continues throughout our sites in 24/25.

Our employees – Employee development

In the financial year 2023/24, we have continued our focus on employee recognizing, diversity, equity and inclusion and our managers' development, as well as the opportunity to support the individual colleague in developing in our organization.

Actions and achievements

Employee Recognizing program

We have relaunched our global employee program "The Smithies", where it has been possible for all employees to nominate other colleagues for a particularly good effort. Here, many Danish colleagues have been recognized for their efforts and celebrated by colleagues in the past year. This year a Danish team went all the way to the global DS Smith Award show and won the title in the category "Best Team Improvement".

Managers Training

We have continued our focus on management through continuous training of our managers. On the training courses, managers have been given the necessary tools for use in their everyday life, where we, among other things, adhere to our "Management Standards", which all managers at DS Smith adhere to in their daily lives. We consider that "Management Standards" are a major driving force for strengthening our managers' skills to ensure a common strategic direction for the benefit of the company and the employees' motivation and well-being. As a supplement, all managers regularly can participate in webinars and training, which, among other things, gives managers the opportunity to constantly develop their skills and ensure that you follow the DS Smith process for talent development in your team.

Recruitment – Fair Recruitment focus

We have implemented Workday Recruitment & Onboarding in Denmark. This will drive consistency and standardisation for the hiring process and improve candidate experience across the business. As well have we facilitated "Fair Recruitment" webinars to develop our hiring managers into the DEI area related to recruitment.

Diversity, Equity & Inclusion (DEI)

As with the Fair Recruitment training, we are committed to building and maintaining the diversity of our workforce to better reflect the communities we operate in. Together we are building an inclusive environment where everyone can realise their potential and thrive. This is fundamental for any successful company today and crucial to our strategic goal 'to realise the potential of our people'.

On top of the concrete actions within our recruitment process we have as well the third time celebrated Pride at all sites in Denmark. The internal communication campaign involved several activities like webinars for all employees, flags on sites and a competition where employees could submit their ideas around building a more inclusive workplace.

Onboarding – New digital solution

We have designed and implemented improvements to our onboarding experience to ensure new employees feel engaged and are enabled to be productive in their new roles, as quickly as possible. These improvements include a redesigned onboarding process, onboarding e-learning and an onboarding hub, in which individuals can access all the key information, processes and tools they need as a new starter. We have also introduced an onboarding survey for all newly hired to set our employees up for success and to ensure continuous improvements in this area.

Employee Listening approach

Finally, it is important to mention, that we in October 2023 rolled up our bi-yearly Employee Survey targeting all employees with a participation rate of 73%. Listening to employee feedback is a critical part of our engagement strategy. Lots of insights were gained, which resulted in dialogue and focus groups across the company as well as with the management, where task forces work across departments with concrete measures that emerged in the dialogue. Several activities in our local areas can be mentioned here, such as free access to sports activities, participation in exercise runs and various free activities at our locations. This has caused positive feedback from the employees. It's planned to follow up with an Employee Pulse survey for focus sites in October 2024 to measure progress.

Main risks - Social and Employee Relations

The material risk for the Group is primarily associated with various hazards. At DS Smith Packaging Denmark A/S, health (both physical and mental) and safety is an integral and key part of our business activities. DS Smith Packaging Denmark A/S most material risk is safety, both physical and mental safety.

We strive to control hazards using a risk-based approach, with a hierarchy of measures. We aim to continuously improve proactive mitigation. Any observations or raised concerns are addressed openly and promptly. To track and observe the develop in DS Smith Denmark we constantly focus on our Whistleblower service – SpeakUp.

Environment, sustainability, and circular economy

The world is changing rapidly. Consumers are increasingly demanding more and more from the products and services they buy from us. At the same time, there is an expectation that all organizations and companies will radically reduce their impact on the environment. And where possible, seek to make a positive impact for people and for our planet.

Our business model is based on sustainability by providing packaging that is fully recyclable. We work actively to have a circular business model and focus on continuously optimizing the company's energy use, reducing emissions of CO_2 in our production and training our employees to understand and comply with the principles of the circular economy.

Actions and achievements

In 2023/24, the group has continued the spread of the circular economy with the objectives from the sustainability strategy "For Now. And for Next" with the aim of continuing to focus on the circular economy in the industry and creating the foundation to support our customers in developing innovative approaches to packaging design, manufacturing, reuse and recycling, and to make the most of our resources and raw materials. "The Circular Design Model" has been a central part of this work. It is a tool where we can evaluate and compare different packaging designs, new and old, and in all kinds of materials. We do this using eight different indicators, such as biodegradability, recycled content, material utilization, etc. The Circular Design Model provides a clear identification of a packaging's environmental impact and focuses on what should be developed in collaboration with our customers. The model was developed in collaboration with the Ellen MacArthur Foundation and is based on "Cradle to gate".

Furthermore, in the past financial year, a permanent partnership between the NGO "Klimatræ" and DS Smith Denmark was further developed. The partnership deals with specific measures to plant trees, where DS Smith continuously buys trees every time a new colleague joins - 10 trees for each new colleague. We are also working on how the collaboration can be developed over the coming years.

In addition, we work with as high a degree of recycling as possible in the company's products, which is why most paper raw materials come from recycled paper. At the same time, all paper waste from the production processes is collected, after which it is forwarded to the DS Smith Group's recycling centers in Europe or alternatively local Danish recycling suppliers, where it is recycled and processed into new paper. This was also done in the financial year 2023/24 for DS Smith Packaging Denmark A/S.

As part of this, we have also completed a project over the past year, where we have been working on further integration of our FSC certification into our general work processes (internal and for our customers/collaborators) to ensure the responsible use of our raw materials is in line with the general standards that are set up in the FSC certification. This has been implemented successfully throughout the organization.

As part of DS Smith's global multi-site certificate, DS Smith Denmark is ISO 50001 energy certified. This means that throughout the DS Smith Group we work together to optimize energy utilization and reduce CO_2

emissions. The DS Smith Group sets clear targets for sustainable production and reduction of CO_2. As corrugated cardboard production is energy-intensive, there is a particular focus on switching to sustainable energy sources. It can be wind and solar energy or CO_2 neutral solutions.

Main risks related to climate and environmental issues in DS Smith’s supply chain

DS Smith Group has been on a multi-year journey to implement the recommendations set out by the Task Force on Climate-related Financial Disclosures, improving how we communicate climate-related financial information.

DS Smith Packaging Denmark A/S primary risk within climate is the negative impact in the form of CO2 emission due to our production.

On Group level find below the top 4 climate related issues/risks.

Increased spend on carbon taxes

In the short term, there is a risk that new carbon taxes could be introduced, or existing carbon taxes could be extended as a policy tool to incentivise decarbonization.

Increased cost of raw materials or threat to supply

In the medium to long term, there is a risk that raw materials could become more expensive or difficult to acquire due to disruption or market dynamic shifts caused by climate change.

Increased severity of extreme weather events

In the medium to long term, there is a risk that the frequency and severity of extreme weather events could increase, causing damage and disruption in our own operations or the value chain.

Increased likelihood of water stress

In the long term, there is a risk that competition for water could increase in the river basins from which we withdraw water, increasing the chance that supply constraints could be imposed.

DS Smith's contribution to charity and good causes

Community Engagement

In the financial year 2023/24, DS Smith has donated DKK 100,000 in connection with the annual Christmas donation, where all DS Smith's customers and business partners have had the opportunity to vote on how the donation should be distributed between three predefined organizations. In the past year, the distribution was as follows: Klimatræ: 20.000 DKK., Make A Wish: 67.000 DKK. & Vild Med Vilje: 13.000 DKK.

In this financial year, DS Smith has also donated packaging to the "Kreakasserne" in collaboration with the SMIL Foundation. In addition, this year we are again distributing the Christmas donation 2023 to selected charitable causes that are in line with the group's strategy and policies.

PPWR – Our local process to meet the targets together with our customers and partners

In November 2022 the European Commission published its draft proposal for a new Packaging and Packaging Waste Regulation (PPWR). The Regulation sets out the practical means by which the EU could meet the Commission’s target of ensuring that all plastic packaging is reusable or recyclable by 2030, with a focus on reducing the amount of packaging placed on the EU market and preventing the generation of packaging waste. The proposal introduces, for the first time, waste reduction targets for Member States, and a series of new measures on recycled content, packaging minimisation and reuse and refill, as well as bans on certain types of single-use packaging.

DS Smith Denmark welcomes the PPWR as a fundamental measure to increase packaging circularity in Denmark, and an important part of the EU's Circular Economy Action Plan. DS Smith Group has worked closely with our trade associations in Brussels to establish a constructive dialogue with the EU institutions throughout the process and ensure that the new legislation ensures that recycling and reuse are seen as complementary parts of the future regulatory landscape. As we reach the end of the process, we look forward to working with our partners and customers in ensuring a successful implementation of the legislation and continue to lead the way in packaging sustainability in Europe.

Actions and achievements

To lead and support our Danish customers and partners to meet the PPWR-targets, we have arranged several activities among other things, we have facilitated events at our sites in Taastrup and Vejle with 140 local customers and partners to inform about targets within EPR (extended producer responsibility). We have on top executed internal webinars for all employees around EPR, and as well taken part in the Loop forum and concrete meetings with customers. Among other things, our strategic and scalable innovation cases are, among other things, to meet the new agenda when it comes to PPWR and lead the way in sustainability in the industry.

Ethical business conduct, incl. human rights and anti-corruption and bribery policy

Like the rest of the Group, DS Smith Denmark is committed to respecting and supporting existing human rights and preventing any form of corrupt activity. Our Anti-bribery and Anti-Corruption policy outlines our principles on preparing employees to comply with the rules against bribery and other corrupt conduct that apply to the DS Smith Group, its Employees and Third Parties. This applies to internal affairs as well as employees, and towards external cooperative partners and the local areas where DS Smith Denmark has activities. We want to conduct an ethical business, which is expressed in the Group's Code of Conduct. The Code of Conduct sets out, among other things, that neither DS Smith nor any employee may make or receive illegal or improper payments or bribes. We refrain from engaging in any form of corrupt business conduct. The Code of Conduct sets out that neither DS Smith nor any employee may breach our human right policy.

DS Smith is committed to complying with applicable anti-corruption laws in all countries in which it operates and ensuring that opportunities for corruption and bribery are reduced to the lowest practicable level of risk. If any employees are aware of any circumstances which are or may be in breach of this anti-corruption police, the employee should promptly report the breach through the secure speak up channels, Group Legal or Group General Counsel & Company Secretary.

The most material risk for DS Smith Packaging Denmark A/S regarding anti-corruption is bribery in the supply chain.

For further description of our anti-corruption policy see below link:

http://www.dssmith.com/investors/corporate-governance/policies/anti-corruption-policy

Actions and main risks

In the future, we will continue to work on mitigating potential breaches of anti-corruption and we have evaluated where the most significant risk of impacting anti-corruption is.

We have evaluated that no corrupt activities have been noted throughout our value chain and we will continue to work in the future on mitigating potential breaches of anti-corruption.

To ensure knowledge of and compliance with the Code of Conduct, new administrative employees must complete electronic training in compliance with the Code of Conduct as part of their onboarding. The relevant employees in DS Smith Packaging Denmark A/S completed the compliance training in 2023/24.

For further details on DS Smith's policies in this area, please refer to the Group's website under "Code-of

Conduct" and "Our People”:
http://www.dssmith.com/people/culture/code-of-conduct
http://www.dssmith.com/company/sustainability/our-people

Actions and achievements

To ensure knowledge of and compliance with the Code of Conduct, new administrative employees must complete electronic training in compliance with the Code of Conduct as part of their onboarding.

Ethical business conduct is also a requirement for all our suppliers, which is described in the Group's Global Supplier Standards.

https://www.dssmith.com/company/sustainability/our-business/supplier-standards

In the coming year, we will continue to focus on monitoring current guidelines throughout the company.

Human Rights Policy

At DS Smith we believe everyone deserves to be treated with fairness, respect, and dignity. We are committed to conducting our business in a responsible manner, respecting the human rights of our workers and everyone we come into contact with. This policy helps us ensure this and is overseen by the Modern Slavery and Human Rights Committee.

https://www.dssmith.com/investors/corporate-governance/policies/human-rights-policy

Actions and achievements

It is the Company's assessment that in the past financial year there have been no violations of the applicable guidelines relating to human rights, corruption and bribery.

Gifts & Hospitality Policy

The DS Smith Group recognises that the act of giving and accepting gifts can be part of building normal business relationships. However, some gifts and hospitality can create improper influence and conflicts of interests. In some instances they can be viewed as bribes that could damage the DS Smith Group’s reputation or even break the law.

Actions and main risks

We recognise that the act of giving and accepting gifts can be part of building normal business relationships, which presents a risk for the company.

Employees are required to report any circumstances which are in breach of our Gifts and Hospitality Policy. Every year as we approach the festive season, we remind all colleagues about the Gifts & Hospitality (G&H) Policy. Before giving or receiving G&H, depending on the value, all colleagues may need to seek approval from their line manager and the Group General Counsel & Company Secretary. They may also need to record it on your local G&H register.

https://www.dssmith.com/investors/corporate-governance/policies/gifts--hospitality-policy

Data ethics including private policy cf. §99d Danish Financial Statement Act

Like the rest of the Group, DS Smith Denmark is committed to respecting and supporting ethical and responsible use of data in connection with all conceivable scenarios of the company’s operations. This applies to internal matters and data about employees and to external business partners, customers, and candidates for vacant positions.

DS Smith Packaging Denmark A/S have updated all Employee and Data Privacy policies to reflect the GDPR Regulations introduced in 2018. A central resource in DS Smith Packaging Denmark A/S has been appointed as GDPR responsible with the responsibility for the business area's registers and with the responsibility to support the business areas in complying to the Data Privacy policies. A Group GDPR person has been appointed, with the tasks to maintain our GDPR system documentation and to perform internal audits. We have trained our employees on what GDPR means to their daily work and on what action to take if there is a personal data breach.

Our policy on data ethics is focused on GDPR, which is the primary data we work with. Moreover, we ensure that all employees are trained in the policy through e-learning.

Moreover, all managers and union representatives in DS Smith Denmark have participated in a GDPR webinar on how sensitive personal information is handled in everyday life and how we ensure that we comply with the rules, and quarterly samples are taken with a view to storage of sensitive personal data without objective reason.

For business partners and customers, only data used to be able to deliver, invoice and contact in connection with purchases is collected. For further information on data processing and private policy, see:
https://www.dssmith.com/da/packaging/om-os-/om-ds-smith/privatpolitik

Main risks

A materiality and risk analysis has been prepared at group level, showing the areas where the Group can have the greatest impact on the surrounding community. The main areas were considered to be; human rights, anti-corruption risks, health and safety, fiber sourcing, supplier standards and the environmental impact of packaging in relation to recycling. We handle the risk of negative impact through our policies and actions described above.

Cyber Security focus

In the world around us, and within DS Smith we all have a responsibility, and play a key role, in helping to protect the business, customers and colleagues from cybercrime. Cyber security continues to be a hot topic for us at DS Smith. As a large organisation, we have a responsibility to be vigilant against these risks.

Actions

To ensure knowledge of and compliance to protect DS Smith against cyberattacks, new administrative employees must complete electronic training and as well employees in general on a continuous basis. We have scaled up the information level around the topic throughout the internal communication agenda and strategy, and plan to deploy a local cyber security campaign in September 2024 for all employees around phishing, protecting passwords and DS Smith data (related to the AI agenda).

Statutory report on the underrepresented gender in management

In continuation of our great focus on diversity and inclusive leadership (DEI) over the past years, the Company has a goal that both genders are well-represented on the Company's Board of Directors and Top Management Team. It is also part of the Company’s recruitment policy that gender is not considered when recruiting new staffs internally as well as externally, but that positions are always filled based on competencies, this is a fundamental part of our fair recruitment principles.

The Board of Directors consists of six members of whom four are appointed at the Company’s general meeting, whilst the additional two members are employee representatives. Among these four members, there are two females and two males, which constitutes an equal gender composition.

DS Smith Packaging Denmark A/S Top Management Team currently consists of 11 members, with five females and six males, which is considered as a strong gender representation at management level to comply with and support the policy for diversity and inclusive leadership.

The Top Management Team includes the first level of management, executive board and the second level of management level includes persons with managerial responsibility, (e.g., those who handle the day-to-day operations, department managers, team leaders - depending on the company's managerial structure), who refer directly to the executive board.

On DS Smith Packaging Denmark A/S's Gender, we aim to meet a stronger split between males and females in the coming financial year 24/25. At the current stage males are overrepresented.

Actions

There are a number of actions in place to meet a more balanced gender split, some of them are listed above "Diversity, Equity & Inclusion (DEI)" and "Recruitment – Fair Recruitment focus".

Thus, we have achieved an equal gender distribution in DS Smith Packaging Denmark A/S's Top Management Team and as well in The Board of Directors.

The Board of Directors split between males and females in total

Year	Male	Female	Total	Male %	Female %	Total %
2024	2	2	4	50,0	50,0	100,0
2023	2	2	4	50,0	50,0	100,0
2022	2	2	4	50,0	50,0	100,0
2021	2	2	4	50,0	50,0	100,0
2020	2	2	4	50,0	50,0	100,0

The table only include members appointed at the Company's general meeting.

The Company's Top Management Team split between males and females in total

Year	Male	Female	Total	Male %	Female %	Total %
2024	6	5	11	54,5	45,5	100,0
2023	7	5	12	58,3	41,7	100,0
2022	7	5	12	58,3	41,7	100,0
2021	8	3	11	72,7	27,3	100,0
2020	8	3	11	72,7	27,3	100,0

The Company's Gender split between males and females in total

Year	Male	Female	Total	Male %	Female %	Total %
2024	455	143	598	76,1	23,9	100,0
2023	526	155	681	77,2	22,8	100,0
2022	519	147	666	77,9	22,1	100,0
2021	482	131	613	78,6	21,4	100,0
2020	488	137	625	78,1	21,9	100,0

Events after the balance sheet date

No significant subsequent events occurred after balance sheet date.

Income statement for 2023/24

	Notes	2023/24 DKK '000	2022/23 DKK '000
Revenue	2	1.261.523	1.506.137
Production costs	3, 4	(970.733)	(1.248.898)
Gross profit/loss		**290.790**	**257.239**
Distribution costs	3, 4	(149.917)	(159.731)
Administrative expenses	3, 4, 5	(105.560)	(100.162)
Operating profit/loss		**35.313**	**(2.654)**
Income from investments in group enterprises	12	1.758	305
Other financial income	6	110	15
Other financial expenses	7	(28.352)	(16.208)
Profit/loss before tax		**8.829**	**(18.542)**
Tax on profit/loss for the year	8	(4.117)	2.506
Profit/loss for the year	9	**4.712**	**(16.036)**

Balance sheet at 30.04.2024.

Assets	Notes	2023/24 DKK '000	2022/23 DKK '000
Acquired licences		2.985	3.303
Goodwill		88.297	95.488
Development projects in progress		149	312
Intangible assets	10	**91.431**	**99.103**
Land and buildings		140.612	142.940
Plant and machinery		237.941	211.924
Other fixtures and fittings, tools and equipment		7.977	9.715
Leasehold improvements		0	0
Property, plant and equipment in progress		8.487	39.575
Property, plant and equipment	11	**395.017**	**404.154**
Investments in group enterprises		64.618	62.822
Deposits		4.257	2.338
Financial asset	12	**68.875**	**65.160**
Fixed assets		**555.323**	**568.417**
Raw materials and consumables		56.413	63.007
Work in progress		3.457	3.198
Manufactured goods and goods for resale		44.968	43.542
Inventories		**104.838**	**109.747**
Trade receivables		170.527	220.583
Receivables from group enterprises	13	7.358	5.370
Other receivables		11.373	12.932
Prepayments	14	4.957	3.847
Receivables		**194.215**	**242.732**
Cash		**690**	**2.073**
Current assets		**299.743**	**354.552**
Assets		**855.066**	**922.969**

Equity and liabilities	Notes	2023/24 DKK '000	2022/23 DKK '000
Contributed capital	15	250.000	250.000
Reserve for development expenditure		2.328	2.576
Retained earnings		(101.722)	(106.720)
Equity		**150.606**	**145.856**
Deferred tax	16	36.268	31.774
Other provisions	17	2.970	475
Provisions		**39.238**	**32.249**
Payables to group enterprises		378.083	421.713
Other payables		30.005	30.053
Non-current liabilities other than provisions	18	**408.088**	**451.766**
Trade payables		105.733	118.964
Payables to group enterprises		55.397	75.462
Income tax payable		0	45
Other payables	19	96.004	98.627
Current liabilities other than provisions		**257.134**	**293.098**
Liabilities other than provisions		**665.222**	**744.864**
Equity and liabilities		**855.066**	**922.969**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	22		
Related parties with controlling interest	23		
Group relations	24		

Statement of changes in equity for 2023/24

	Contributed capital DKK '000	Reserve for development expenditure DKK '000	Retained earnings DKK '000	Total DKK '000
Equity beginning of year	250.000	2.576	(106.720)	145.856
Value adjustments	0	0	38	38
Transfer to reserves	0	(248)	248	0
Profit/loss for the year	0	0	4.712	4.712
Equity end of year	**250.000**	**2.328**	**(101.722)**	**150.606**

Cash flow statement for 2023/24

	Notes	2023/24 DKK '000	2022/23 DKK '000
Operating profit/loss		35.313	(2.654)
Working capital changes	20	17.507	(50.061)
Other adjustments	21	60.020	55.050
Cash flows from ordinary operating activities		**112.840**	**2.335**
Financial income received		110	15
Financial income paid		(28.352)	(16.208)
Taxes refunded/(paid)		332	1.032
Cash flows from operating activities		**84.930**	**(12.826)**
Acquisition etc of intangible assets		(218)	(2.437)
Acquisition etc of property, plant and equipment		(40.984)	(53.660)
Sale of property, plant and equipment		486	275
Acquisition of fixed asset investments		(1.919)	(70)
Sale of fixed asset investments		0	62
Cash flows from investing activities		**(42.635)**	**(55.830)**
Free cash flows generated from operations and investment before financing		**42.295**	**(68.656)**
Incurrence of debt to group enterprises		0	66.871
Repayment of debt to group enterprises		(43.630)	0
Other adjustments		(48)	(30)
Cash flows from financing activities		**(43.678)**	**66.841**
Increase/decrease in cash and cash equivalents		**(1.383)**	**(1.815)**
Cash and cash equivalents beginning of year		2.073	3.888
Cash and cash equivalents end of year		**690**	**2.073**
Cash and cash equivalents at year-end composed of:			
Cash		690	2.073
Cash and cash equivalents end of year		**690**	**2.073**

Notes

1. Events after the balance sheet date

No significant events have occurred after the balance sheet date to this date.

2. Revenue

	2023/24 DKK '000	2022/23 DKK '000
Home market	1.095.849	1.308.060
Export	165.674	198.077
Total revenue by geographical market	**1.261.523**	**1.506.137**
Corrugated paper and related products	1.261.523	1.506.137
Total revenue by activity	**1.261.523**	**1.506.137**

3. Staff costs

	2023/24 DKK '000	2022/23 DKK '000
Wages and salaries	322.078	325.249
Pension costs	30.795	27.361
Other social security costs	11.211	11.682
	364.084	**364.292**
Average number of employees	669	698

Management salaries has not been disclosed in accordance with section§ 98b, para. 3 in the Danish Financial Statement Act.

4. Depreciation, amortization and impairment losses

	2023/24 DKK '000	2022/23 DKK '000
Amortisation of intangible assets	7.890	8.089
Depreciation of property, plant and equipment	49.552	47.425
	57.442	**55.514**

5. Fees to the auditor appointed by the Annual General Meeting

	2023/24 DKK '000	2022/23 DKK '000
Statutory audit services	612	578
Other services	80	0
	692	**578**

6. Other financial income

	2023/24 DKK '000	2022/23 DKK '000
Other interest income	110	15
	110	**15**

7. Other financial expenses

	2023/24 DKK '000	2022/23 DKK '000
Financial expenses to group enterprises	19.965	10.697
Other interest expenses	8.387	5.511
	28.352	**16.208**

8. Tax on profit/loss for the year

	2023/24 DKK '000	2022/23 DKK '000
Change in deferred tax	4.494	(2.506)
Adjustment relating to previous years	(377)	0
	4.117	**(2.506)**

9. Proposed distribution of profit and loss

	2023/24 DKK '000	2022/23 DKK '000
Reserve for development expenditure	(248)	1.688
Retained earnings	4.960	(17.724)
	4.712	**(16.036)**

10. Intangible assets

	Acquired licences DKK '000	*Goodwill* DKK '000	*Development projects in progress* DKK '000
Cost beginning of year	72.576	638.778	312
Transfers	312	0	(312)
Additions	69	0	149
Disposals	0	0	0
Cost end of year	**72.957**	**638.778**	**149**
Amortisation and impairment losses beginning of year	(69.273)	(543.290)	0
Amortisation for the year	(699)	(7.191)	0
Reversal regarding disposals	0	0	0
Amortisation and impairment losses end of year	**(69.972)**	**(550.481)**	**0**
Carrying amount end of year	**2.985**	**88.297**	**149**

The capitalized development projects concern development to the company's existing IT platforms, including update system solutions for inventory and customer management. Management expects new IT systems to be taken in use in autumn 2024 and will make DS Smith Packaging Denmark A/S customer service even more smooth and efficient.

11. Property, plant and equipment

	Land and buildings DKK '000	*Plant and machinery* DKK '000	*Other fixtures and fittings, tools and equipment* DKK '000	*Leasehold improvements* DKK '000	*Property, plant and equipment in progress* DKK '000
Cost beginning of year	362.353	880.871	45.264	391	39.575
Transfers	7.296	30.683	790	0	(38.769)
Additions	2.107	30.216	980	0	7.681
Disposals	0	(27.869)	0	0	0
Cost end of year	**371.756**	**913.901**	**47.034**	**391**	**8.487**
Revaluations beginning of year	25.012	0	0	0	0
Revaluations end of year	**25.012**	**0**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(244.425)	(668.947)	(35.549)	(391)	0
Depreciation for the year	(11.731)	(34.313)	(3.508)	0	0
Reversal regarding disposals	0	27.300	0	0	0
Depreciation and impairment losses end of year	**(256.156)**	**(675.960)**	**(39.057)**	**(391)**	**0**
Carrying amount end of year	**140.612**	**237.941**	**7.977**	**0**	**8.487**

12. Financial assets

	Investments in group enterprises DKK '000	Deposits DKK '000
Cost beginning of year	80.045	2.338
Additions	0	1.919
Disposals	0	0
Cost end of year	**80.045**	**4.257**
Impairment losses beginning of year	(17.223)	0
Exchange rate adjustments	38	0
Share of profit/loss for the year	1.758	0
Impairment losses end of year	**(15.427)**	**0**
Carrying amount end of year	**64.618**	**4.257**

Investemenst in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK '000	Profit/loss DKK '000
DS Smith Recycling Ireland Limited	Dublin, Irland	Ltd.	100	64.618	1.758

13. Receivables from group enterprises

DS Smith Plc have made a cash-pool agreement with J.P. Morgan, where DS Smith Plc is the account holder and DS Smith Packaging Denmark A/S is a sub-account holder together with the group’s other subsidiaries.

The terms of the cash pool scheme confer on J.P. Morgan the right to settle withdrawals and deposits with each other, whereby only the net balance of the total cash pool accounts constitutes DS Smith Plc's balance with J.P. Morgan.

DS Smith Packaging Denmark A/S’ accounts in the cash pool scheme are recognized under receivables from group enterprises with the amount DKK K 260 as of 30 April 2024.

14. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and leasing etc..

15. Share capital

	Nominal value DKK '000
Contributed capital beginning of year	250.000
Contributed capital end of year	**250.000**

The contributed capital is composed of 100 shares of DKK K 500, 100 shares of DKK K 1.500 and 200 shares of DKK K 250.

16. Deferred tax

	2023/24 DKK '000	2022/23 DKK '000
Intangible assets	689	768
Property, plant and equipment	32.080	27.558
Inventories	4.039	3.714
Receivables	(244)	(416)
Other taxable temporary differences	(296)	150
Deferred tax	**36.268**	**31.774**
Changes during the year		
Beginning of year	31.774	34.280
Recognised in the income statement	4.494	(2.506)
End of year	**36.268**	**31.774**

17. Other provisions

Provisions for redundancy costs which amounts to DKK K 2.970 (2022/23: DKK K 475).

The whole provision is expected to mature within 1 year.

18. Non-current liabilities other than provisions

	Due after more than 12 months 2023/24 DKK '000
Payables to group enterprises	378.083
Other payables	30.005
	408.088

The long-term debt to group enterprises falls due for payment between 1 and 5 years after the balance sheet date.

Other payables falls due after 5 years of balance sheet date.

19. Other payables

	2023/24 DKK '000	2022/23 DKK '000
VAT and duties	12.294	8.999
Wages and salaries, personal income taxes, social security costs, etc payable	76.062	81.651
Other cost payable	7.648	7.977
	96.004	**98.627**

20. Changes in working capital

	2023/24 DKK '000	2022/23 DKK '000
Increase/decrease in inventories	4.909	2.204
Increase/decrease in receivables	48.517	(45.029)
Increase/decrease in trade payables etc	(35.919)	(7.236)
	17.507	**(50.061)**

21. Other adjustments

	2023/24 DKK '000	2022/23 DKK '000
Depreciation and write-downs on intangible and tangible assets	57.442	55.514
Profit on sale of fixtures and fittings	83	(239)
Adjustement in provisions for pension and restructuring for the year	2.495	(225)
	60.020	**55.050**

22. Unrecognized rental and lease commitments

	2023/24 DKK '000	2022/23 DKK '000
Liabilities under rental or lease agreements until maturity in total	**84.020**	**38.770**
The leasing obligations fall due for payment in the period of non-terminability as follows		
0 - 1 year	22.333	15.426
1 - 5 years	60.673	21.156
Over 5 years	1.014	2.188
	84.020	**38.770**

The company's operating leasing obligations at the balance sheet date comprises property rental contracts, leasing contracts on rolling stock and other obligations.

23. Related parties with controlling interest
DS Smith Packaging International B.V. Eerbeek, Netherland owns all shares in the company and thus has a controlling interest influence on this.

Related parties transaction overview:

	2023/24 DKK '000	2022/23 DKK '000
Sales to group companies	50.289	45.396
Purchase of materials from group companies	417.151	668.902
Income from recharge of service to group companies	12.885	6.836
Cost of purchase service from group companies	43.318	20.683
Royalty payaments to group	9.323	9.192
Financial expenses to group	19.965	10.697
Receivables from group enterprises - short term	7.358	5.370
Payables to group enterprises - long term	378.083	421.713
Payables to group enterprises - short term	55.397	75.462

24. Group relations
Copies of the consolidated financial statements of DS Smith Plc may be ordered at the following address: DS Smith Plc, Level 3, 1 Paddington Square, London, W2 1DL England.

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 (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

The Group Annual Report may be obtained at the following address:

DS Smith Plc
Level 3
1 Paddington Square
London
W2 1DL
England
Tel: +44 20 7756 1800
www.dssmith.com

Recognition and measurement
All revenues are recognized in the income statement as earned based on the following criteria:

- delivery has been made before year end,
- a binding sales agreement has been made,
- the sales price has been determined, and
- payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, revenues are recognized in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortized cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

Liabilities are recognized 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.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Business combinations
Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized in the consolidated income statement up to the time of their divestment or winding-up.

Acquisitions of enterprises, mergers, demergers, addition of assets and share exchanges etc. where the participating enterprises are under the Parent's control are accounted for applying the uniting-of-interests method, where the uniting of interests is considered implemented at the time of the acquisition without restating comparative figures. According to the uniting-of-interests method, the acquired company's assets and liabilities are recognized at carrying amounts adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquired enterprise is recognized in equity.

Foreign currency translation
Transactions in foreign currency (e.g., purchases/-sales) are translated into local currency at monthly average rates of exchange or at forward rates. The monthly average rates of exchange are used for practical reasons, as these reflect approximately the rates of exchange at the transaction date.

The differences in exchange rates arising between the average monthly rate and the rate at the date of payment are stated in the income statement under production costs.

Receivables and creditors in foreign currency are translated into local currency at the exchange rates ruling at the balance sheet date or in some cases at forward rates. The difference between the rate of exchange at the balance sheet date (or the forward rate as the case may be) and the rate of exchange at the time when the debtor or the creditor was incurred is included in the income statement under production costs.

Tangible fixed assets purchased in foreign currency are translated into local currency at the rate of exchange at the date of transaction or at a forward rate, as the case may be.

Other realized and unrealized exchange rate adjustments are included in the income statement under production costs.

For the purpose of translating the financial statements of group enterprises, the income statements are translated at average exchange rates, while the balance sheet items are translated at the exchange rates as at the balance sheet date as the undertakings are considered independent foreign entities.

Exchange rate adjustments arising upon translation of the shareholders' equity of foreign undertakings at the beginning of the year and exchange rate adjustments arising as a result of the translation of the income statements of foreign undertakings at average exchange rates are taken directly to shareholders' equity.

Income statement

Revenue
The company has chosen IAS 18 as interpretation basis for revenue recognition.

Net sales comprise sales invoiced during the year less returned goods and discounts granted in connection with sales.

Segment information regarding revenue is presented in respect of business segments and geographical segments.

Production costs
Production costs include costs incurred to achieve the net sales of the year. Cost of sales includes raw materials, consumables, direct labour and production overheads such as maintenance and depreciation of production plant and operations, as well as administration and factory management.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including salaries for sales personnel, advertising and exhibition costs, depreciation, etc.

Administrative expenses
Administrative expenses comprise the costs of the administrative staff and management, including offices, salaries and depreciation, etc.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intragroup profits or losses.

Other financial income
Other financial income comprises dividends on interest income and allowances under the tax on account scheme.

Other financial expenses
Other financial expenses comprise interest expenses 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 the deferred tax for the year, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year.

Balance sheet

Goodwill
Goodwill is amortized straight line over its estimated useful life which is fixed based on the experience gained by Management for each business area.

The amortization period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortization period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise acquired licenses and development projects in progress.

Intangible assets are measured at cost less accumulated amortization and write-downs. Amortization is preceded according to the straight-line method based on the estimated useful lives of the asset which are 3-10 years for acquired licenses. The amortization period is determined on the basis of the management's experience within the company's business area. In the opinion of the management, it reflects the best estimate for the use-ful lives of the assets.

The amortization period is assessed on a continuous basis and write-down is recorded in the income statement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings are measured at cost with the addition of revaluations and less accumulated depreciation and impairment losses. Land is not depreciated.

Plant and machinery as well as fixtures, fittings and equipment are measured at cost less accumulated depreciation.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Investments in progress are measured at defrayed expenses.

Cost comprises acquisition price and expenses directly related to the acquisition as well as expenses for set-up.

Depreciation based on cost with the addition of revaluations and reduced by any scrap value is calculated on a straight-line basis over the expected useful lives of the assets which are:

	Use life Years
Buildings	20-40 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	4 years

Expected lifetimes and scrap values are reevaluated yearly.

Leasehold improvements are depreciated over the lifetime of the leasehold contract.

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

New acquisitions costing less than DKK 35,000 are fully expensed in the year of acquisition. Office equipment functioning as a whole is capitalized even if the purchase price of the Individual parts is less than the amount stated above.

Equipment subject to financial leasing arrangements is treated as if acquired by the company.

Investments in group enterprises
Investment in group enterprises is recognized and measured according to the equity method.

The Item "Income from investments in group enterprises" In the Income statement includes the share of enterprise's result for the year less amortization of goodwill.

The item "Investments in group enterprises" in the balance sheet includes the proportionate ownership share of the net asset value of the group enterprise's calculated according to the accounting policies of the parent company with deduction or addition of unrealized intercompany profits and losses and with addition or deduction of any remaining value of positive or negative goodwill.

Group enterprises with a negative net asset value are valued at DKK 0. If the parent company has a legal or actual liability to cover the negative equity of the company, a provision for this is set up.

Upon profit distribution, the total net revaluation of investments in group enterprises is allocated to a "reserve for net revaluation under the equity method" under shareholders' equity in the parent company.

When group enterprises are acquired, the difference between the cost and the net asset value of the subsidiary acquired is computed subsequent to adjustment of the individual assets and liabilities to fair value. Remaining positive differences are amortized on a straight-line basis in the income statement over 20 years.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired.

The amortization period of 20 years for goodwill on consolidation is determined on the basis of the management's experience within the company's business area. In the opinion of the management, it reflects the best estimate of the useful lives of the assets.

Investments In group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories of raw materials, consumables and goods for resale are measured at the cost price according to the FIFO principle or net realizable value if the latter is lower than the cost price.

Finished goods and semi-finished goods are measured at direct materials and labour costs involved as well as indirect production overheads such as maintenance and depreciation of production plant as well as operations, administration and management of the plants.

Provisions are made for slow moving and obsolete items.

Receivables
The company has chosen IAS 39 as interpretation basis for impairment write-down of financial receivables.

In the balance sheet receivables are measured at the lower of amortized cost and net realizable value, which usually corresponds to nominal value less provisions for bad debts. The provision is calculated based on an assessment of the individual debtors.

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

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

Cash
Cash comprises cash in hand and bank deposits. Cash on intra-group cash pool agreements are reclassified to receivables from group companies.

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable value, either as a set off against deferred tax liabilities or as net tax assets.

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

Pension commitments, which are not covered by insurance, are calculated and stated as the capitalized value of the actual pensions.

Other provisions are made to the extent that at the yearend unsettled claims remain from customers or risk of claims concerning actual matters. Moreover, amounts are provided for restructuring decided which have not yet been completed.

Operating leases
The company has chosen IAS 17 as interpretation basis for recognition of leases.

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other debt is recognized at cost at the time of contracting the debt. Subsequently, it is stated at amortized cost, which in respect of short and non-interest-bearing liabilities and of variable, interest bearing liabilities usually corresponds to the nominal value.

Cash flow statement
The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

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

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 flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payment of dividend to shareholders.

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

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