BEIERHOLM
VI SKABER BALANCE

Kontrapunkt Group A/S

Nikolaj Plads 2, 4 sal, 1067 København K

CVR no. 10 17 92 38

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 02.05.24

Flemming Mortensen
Dirigent

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Group information etc.

The company

Kontrapunkt Group A/S
Nikolaj Plads 2, 4 sal
1067 København K
Tel.: 33 93 18 83
Registered office: København
CVR no.: 10 17 92 38
Financial year: 01.01 - 31.12

Executive Board

Johan Lawaetz

Board of Directors

Simon Gareth Bolton
Bo Jul Linnemann
Philip Linnemann
Rasmus Michaelis Christensen
Rafael Adrian Müllener Cifuentes
Mari Lea Louekari Randsborg
Nanna Knudsen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Kontrapunkt Group A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.23 and of the results of the group's and parent's activities for the financial year 01.01.23 - 31.12.23.

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

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

Copenhagen, April 16, 2024

Executive Board

Johan Lawaetz

Board of Directors

Simon Gareth Bolton Chairman	Bo Jul Linnemann	Philip Linnemann
Rasmus Michaelis Christensen	Rafael Adrian Müllener Cifuentes	Mari Lea Louekari Randsborg
Nanna Knudsen		

To the Shareholder of Kontrapunkt Group A/S

Opinion

We have audited the consolidated financial statements and financial statements of Kontrapunkt Group A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies for the group as well as for the parent company. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.23 and of the results of the group's and the company's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and financial statements” section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management’s review

Management is responsible for the management’s review.

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

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

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

Management's responsibilities for the consolidated financial statements and financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting in preparing the consolidated financial statements and financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Køge, April 16, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Simon Boye Andersen

State Authorized Public Accountant
MNE-no. mne45864

Primary activities

Kontrapunkt Group A/S is a strategic creative lead agency working across strategy, design, storytelling, and technology to create movements. We work globally from offices in Copenhagen and Tokyo.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit of DKK 2,669,062 against t.DKK 1,044 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 9,621,574.

The management considers the net profit for the year to be satisfactory.

Significant events occurring after the end of the financial year

No important events have occurred after the end of the financial year.

Income statement

Note		Group 2023 DKK	Group 2022 t.DKK '000	Parent 2023 DKK	Parent 2022 t.DKK '000
	Gross profit	**38,097,813**	**35,202**	**34,484,810**	**32,979**
1	Staff costs	-33,334,411	-31,971	-31,990,556	-30,099
	Profit before depreciation, amortisation, write-downs and impairment losses	**4,763,402**	**3,231**	**2,494,254**	**2,880**
2	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-567,210	-1,535	-537,626	-1,503
	Operating profit	**4,196,192**	**1,696**	**1,956,628**	**1,377**
3	Income from equity investments in group enterprises	0	0	1,510,273	211
	Financial income	49,554	36	49,208	36
	Financial expenses	-498,139	-371	-498,162	-371
	Profit before tax	**3,747,607**	**1,361**	**3,017,947**	**1,253**
4	Tax on profit for the year	-1,078,545	-317	-348,885	-209
	Profit for the year	**2,669,062**	**1,044**	**2,669,062**	**1,044**

Proposed appropriation account

	Group 2023 DKK	Group 2022 t.DKK '000	Parent 2023 DKK	Parent 2022 t.DKK '000
Reserve for net revaluation according to the equity method	0	0	1,510,273	210
Proposed dividend for the financial year	2,000,000	2,000	2,000,000	2,000
Retained earnings	669,062	-956	-841,211	-1,166
Total	**2,669,062**	**1,044**	**2,669,062**	**1,044**

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.23 DKK	31.12.22 t.DKK '000	31.12.23 DKK	31.12.22 t.DKK '000
	Leasehold improvements	231,965	271	231,965	271
	Other fixtures and fittings, tools and equipment	1,008,953	1,177	823,444	954
	Total property, plant and equipment	**1,240,918**	**1,448**	**1,055,409**	**1,225**
5	Equity investments in group enterprises	0	0	2,363,785	996
	Deposits	1,003,661	932	765,386	657
	Total investments	**1,003,661**	**932**	**3,129,171**	**1,653**
	Total non-current assets	**2,244,579**	**2,380**	**4,184,580**	**2,878**
6	Work in progress for third parties	4,387,839	4,103	3,068,235	3,479
	Trade receivables	13,548,595	16,366	13,515,129	15,790
	Receivables from group enterprises	0	0	2,323,858	2,070
	Income tax receivable	282,000	636	282,000	636
	Other receivables	203,249	143	160,306	71
	Prepayments	861,671	701	792,187	598
	Total receivables	**19,283,354**	**21,949**	**20,141,715**	**22,644**
	Cash	**4,035,783**	**1,943**	**5,243**	**13**
	Total current assets	**23,319,137**	**23,892**	**20,146,958**	**22,657**
	Total assets	**25,563,716**	**26,272**	**24,331,538**	**25,535**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.23 DKK	31.12.22 t.DKK '000	31.12.23 DKK	31.12.22 t.DKK '000
	Share capital	1,025,775	1,026	1,025,775	1,026
	Reserve for net revaluation according to the equity method	0	0	2,069,445	702
	Foreign currency translation reserve	-242,676	-102	0	0
	Retained earnings	6,838,475	6,169	4,526,355	5,368
	Proposed dividend for the financial year	2,000,000	2,000	2,000,000	2,000
	Total equity	**9,621,574**	**9,093**	**9,621,575**	**9,096**
	Provisions for deferred tax	1,690,207	1,341	1,690,207	1,341
	Total provisions	**1,690,207**	**1,341**	**1,690,207**	**1,341**
7	Other payables	1,175,343	1,136	1,175,343	1,136
	Total long-term payables	**1,175,343**	**1,136**	**1,175,343**	**1,136**
	Payables to other credit institutions	227,803	1,481	227,803	1,481
6	Prepayments received from work in progress for third parties	5,783,978	6,991	5,783,978	6,801
	Trade payables	1,440,032	921	1,416,932	877
	Income taxes	661,400	104	0	0
	Other payables	4,963,379	5,205	4,415,700	4,803
	Total short-term payables	**13,076,592**	**14,702**	**11,844,413**	**13,962**
	Total payables	**14,251,935**	**15,838**	**13,019,756**	**15,098**
	Total equity and liabilities	**25,563,716**	**26,272**	**24,331,538**	**25,535**

8 Contingent liabilities
9 Charges and security

Statement of changes in equity

Figures in t.DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year
Group:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	1,025,775	0	-34,295	7,124,936	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	0	-67,210	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	0	0	-955,523	2,000,000
Balance as at 31.12.22	1,025,775	0	-101,505	6,169,413	2,000,000
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,025,775	0	-101,505	6,169,413	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	0	-141,171	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	0	0	669,062	2,000,000
Balance as at 31.12.23	1,025,775	0	-242,676	6,838,475	2,000,000

Statement of changes in equity

Figures in t.DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year
Parent:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	1,025,775	556,671	0	6,533,970	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	-65,996	0	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	210,881	0	-1,166,404	2,000,000
Balance as at 31.12.22	1,025,775	701,556	0	5,367,566	2,000,000
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,025,775	701,556	0	5,367,566	2,000,000
Foreign currency translation adjustment of foreign enterprises	0	-142,384	0	0	0
Dividend paid	0	0	0	0	-2,000,000
Net profit/loss for the year	0	1,510,273	0	-841,211	2,000,000
Balance as at 31.12.23	1,025,775	2,069,445	0	4,526,355	2,000,000

	Group		Parent	
	2023 DKK	2022 t.DKK '000	2023 DKK	2022 t.DKK '000

1. Staff costs

Wages and salaries	28,991,948	27,755	27,729,966	25,970
Pensions	2,628,348	2,262	2,546,476	2,175
Other social security costs	159,812	156	159,812	156
Other staff costs	1,554,303	1,798	1,554,302	1,798
Total	33,334,411	31,971	31,990,556	30,099
Average number of employees during the year	49	49	47	47

2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

Amortisation of intangible assets	0	953	0	953
Depreciation of property, plant and equipment	567,210	582	537,626	550
Total	567,210	1,535	537,626	1,503

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	1,510,273	211
Total	0	0	1,510,273	211

4. Tax on profit for the year

Current tax for the year	729,660	108	0	0
Adjustment of deferred tax for the year	348,885	209	348,885	209
Total	1,078,545	317	348,885	209

5. Equity investments in group enterprises

Name and registered office:	Ownership interest
Subsidiaries:	
Kabushiki Kaisha Kontrapunkt Japan, Aoyama, Tokyo	100%

	Group		Parent	
	31.12.23 DKK	31.12.22 t.DKK '000	31.12.23 DKK	31.12.22 t.DKK '000

6. Work in progress for third parties

	Group 31.12.23 DKK	Group 31.12.22 t.DKK '000	Parent 31.12.23 DKK	Parent 31.12.22 t.DKK '000
Work in progress for third parties	19,689,035	18,280	18,369,431	16,071
On-account invoicing	-21,085,174	-21,168	-21,085,174	-19,393
Total work in progress for third parties	-1,396,139	-2,888	-2,715,743	-3,322
Work in progress for third parties	4,387,839	4,103	3,068,235	3,479
Prepayments received from work in progress for third parties, short-term payables	-5,783,978	-6,991	-5,783,978	-6,801
Total	-1,396,139	-2,888	-2,715,743	-3,322

7. Long-term payables

	Outstanding debt after 5 years DKK	Total payables at 31.12.23 DKK	Total payables at 31.12.22 t.DKK '000
Group:			
Other payables	1,175,343	1,175,343	1,136
Total	1,175,343	1,175,343	1,136
Parent:			
Other payables	1,175,343	1,175,343	1,136
Total	1,175,343	1,175,343	1,136

8. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 6 months and total lease payments of t.DKK 1.150

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity of 6 months and total lease payments of t.DKK 965.

Guarantee commitments

The company has participated in a demerger as the receiving company with accounting effect from 01.01.18. The company is jointly and severally liable with the other companies in the demerger for the liabilities existing at the time of announcement of the demerger decision; however, such liability cannot exceed the value of the net assets contributed at this time. The company do not expect any liability to be realized.

8. Contingent liabilities - continued -

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company BJL ApS.

9. Charges and security

Group:

As security for the rent the parent company submitted bank guarantee nom. DKK 500.000.

For credit facility of max DKK 3.000.000 in the bank the parent company has made a companymortgage amounts DKK 6.000.000. The carrying amount of the mortgaged assets totals t.DKK 14.339.

Parent:

As security for the rent were submitted by bank guarantee nom. DKK 500.000

For credit facility of max DKK 3.000.000 in the bank the parent company has made a company mortgage amounts DKK 6.000.000. The carrying amount of the mortgaged assets totals t.DKK 14.339.

10. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

10. Accounting policies - continued -

CURRENCY

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

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

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

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

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement in line with completion of

10. Accounting policies - continued -

services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Other operating income

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

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value t.DKK '000
Goodwill	5	0
Leasehold improvements	5-7,5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

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

10. Accounting policies - continued -

and reassessed annually.

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

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Other net financials

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

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Goodwill

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

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

10. Accounting policies - continued -

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

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

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

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

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

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

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-

10. Accounting policies - continued -

amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

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

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

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

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

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

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

Receivables

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

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

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of

10. Accounting policies - continued -

work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

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

Cash

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

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

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

10. Accounting policies - continued -

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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

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

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

Payables

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

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