

Horizons A/S

Annual Report for the year 2023

The Annual General Meeting adopted the Annual Report on 10.04.2024

Chairman of the General Meeting

Name Claus H. Hejlesen

Horizons A/S
Nytov 5
1450 Copenhagen K
Denmark

Reg. no. 11 15 33 80

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Statement by the Board of Directors and Management

Horizons A/S (Company) is a subsidiary of Kilroy International A/S (Parent Company) which is an international travel company with headquarters in Denmark.

The Board of Directors and the Managing Director have today discussed and approved the Annual Report for the financial year January 1 - December 31, 2023 for the Company.

The Annual Report has been prepared in accordance to the Danish Financial Statements Act.

It is our opinion that the Financial Statement gives a fair and true view of the company's assets, liabilities and financial position at December 31, 2023 and of the result of the Company's operations for the financial year January 1 - December 31, 2023.

In our opinion, the Management Report gives a fair review of the development in the Company's activities and financial conditions, of the results for the year and of the Company's financial position.

The Annual Report is sent for approval for the annual general meeting.

Copenhagen, April 10, 2024

Managing Director:

Henrik Kaltoft

The Board of Directors:

Claus H. Hejlesen
Chairman

Henrik Kaltoft

Rasmus Lang Berthels

Henrik Møller Nielsen

Mikkel Winther Andersen

Independent Auditor's Report

To the shareholder of Horizons A/S

Opinion

We have audited the financial statements of Horizons A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, for the Company. The financial statements are prepared under 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 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 Financial Statements" section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 Report

Management is responsible for Management's Report.

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

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

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

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

Copenhagen, April 10, 2024

Grant Thornton

Godkendt Revisionspartnerselskab

CVR-no. 34 20 99 36

Michael Beuchert

State Authorised Public Accountant

mne32794

Management Report

Company information

Horizons A/S

Nytorv 5

1450 Copenhagen K

Phone: 70 15 40 15 / 70 20 19 15

Web: www.kilroy.dk / www.jr.dk

CVR-no.: 11 15 33 80

Founded: September 2 1987

Registered in: Copenhagen K.

Accounting year: January 1 - December 31

Board of Directors:

Claus H. Hejlesen (Chairman)

Henrik Kaltoft

Rasmus Lang Berthels

Henrik Møller Nielsen

Mikkel Winther Andersen

Managing Director:

Henrik Kaltoft

Auditors:

Grant Thornton

Godkendt Revisionspartnerselskab

Stockholmsgade 45

2100 Copenhagen

Annual General Meeting:

The annual general meeting will take place on 10.04.2024 at the Company's office at Nytorv 5, 1450 Copenhagen K.

Keyfigures

	2023	2022	2021	2020	2019	
Profit & Loss Accounts (mDKK)						
Turnover	769	667	168	-56	658	
EBITDA	44	45	-8	-75	24	
Ordinary operating profit (EBIT)	44	45	-9	-76	23	
Net financial income	3	-1	-1	0	2	
Profit before income tax (EBT)	47	44	-10	-75	25	
Net profit for the year	37	34	-8	-59	20	
Balance Sheet (mDKK)						
Non-current assets	2	2	21	19	3	
Current assets	272	211	103	133	168	
Total assets	274	212	124	152	171	
Share capital	6	6	5	5	5	
Equity	53	17	-48	-40	37	
Current liabilities	171	129	105	64	134	
Investments in tangible assets	1	0	0	0	0	
Key Figures						
EBITDA - Margin (%)	EBITDA / Turnover	6	7	N/A	N/A	4
Return on assets (%)	EBIT / total assets	16	21	-7	-50	14
Return on equity (%)	Net profit / average equity	105	N/A	N/A	N/A	58
Liquidity ratio (%)	Current assets / current liabilities	159	163	98	208	125
Equity ratio (%)	Equity / total assets	19	8	N/A	N/A	21
Average number of full-time employees (FTE)		160	121	69	109	137

Management Report

Main activities

The main activity of the Company is to carry out sale of travel related services under the two brands, Jysk Rejsebureau and KILROY.

Sales are conducted from nine shops in larger cities in Denmark and online channels.

Development in activities, finances, and other events during the year

In the first part of 2023, the Company experienced a continued increased customer appetite for travel. Consequently, retention and recruitment of staff have been some of the biggest challenges in 2023.

In 2023 the Company had a satisfactory turnover of DKK 768 million compared to the expectations that were in the range of DKK 765-770 million and a turnover in 2022 of DKK 667 million. The Company had a very satisfactory operating profit (EBITDA) of DKK 44 million compared to the expectations that were in the range of DKK 30-35 million and a profit in 2022 of DKK 45 million. The improvement in operating profit was mainly driven by a strong start of the year. Equity amounts to DKK 53 million on 31 December 2023.

Capital resources

After some challenging years, during and post-pandemic, the Company is fully operational and in a satisfying position with an equity considered as long-term sustainable.

Uncertainty relating to recognition and measurement

Recognition and measurement have not been subject to uncertainty in the financial statements.

Risk assessment

Operating globally, the travel industry is by nature affected by numerous risks. Many of these are beyond our control, such as war, terror, natural disasters, disease, and political unrest. The pandemic was a prime example of an exceptional and uncontrollable event.

Every link in the value chain is constantly challenged, either by traditional suppliers, new players or by the customers themselves. As in many other industries, the prevalence of online trading has fostered a mindset that "direct trading is cheapest". We address this challenge by constantly focusing on internal training and customer service, and by making value-addition tangible and apparent to our customers.

The financial risk of doing business in multiple countries and currencies is reduced through cautious execution by the Kilroy Group's cash management function. Policies are established to ensure that currency exposure is mitigated to the extent possible.

The Kilroy Group only hedges commercial exposures. The primary financial instruments include currency forward contracts.

Corporate Social Responsibility (CSR)

In accordance with the Danish Financial Statements Act §99a information on Horizons A/S' Corporate Social Responsibility policy can be found in the Annual Report of the Parent Company Kilroy International A/S and on the website kilroygroup.net/csr.

Management Report

Statement on gender composition

Overview of the status of target figures for the underrepresented gender

	Status 2023	Target %	Target Year
<u>Board of Directors</u>			
Number of members, excluding employee-elected members	3		
Underrepresented gender	0%	33%	2027
<u>Executive Management</u>			
Number of members	3		
Underrepresented gender	0%	33%	2027

The Company currently does not fulfil the gender balanced representation as described in section 99 b of the Danish Financial Statements Act.

The overall policy is to hire or promote the candidates with the most suitable skills and competencies as they are deemed as the most important appointing criteria for the Company and its operations. New board members have been appointed and skills and competencies of the available candidates led to an inequality in the gender composition of the current board as all three members of the board are male. The target for the representation of the underrepresented gender has not been met.

Data ethics

The Company works actively with secure data handling and data ethics, and will continue this work in the future. There is no formal data ethics policy, but internal work is performed effectively with reference to current legislation such as the GDPR legislation.

Guidance for 2024

Looking ahead, we again anticipate a challenging year with volatile market conditions, mainly driven by external factors such as continued pressure on consumer spending, foreign exchange rate developments and geopolitical tension and uncertainty.

Artificial intelligence is anticipated to further enhance its growing influence on the travel industry. Nonetheless, at the Kilroy Group, we maintain our belief that we have a crucial role to play, particularly when it comes to navigating complex routes or destinations that are off the beaten path and outside mainstream travel circuits.

Despite the challenges, it is expected that the momentum from 2023 and the introduction of new product lines will continue in the first half of 2024, while more uncertainty is predicted for the second half of the year.

Consequently, the outlook for 2024 is that turnover will grow with 10-15%, while EBITDA is expected to decline with 15-20%. Hence, turnover is expected in the range of DKK 845-880 million and EBITDA in the range 30-35 million.

The Company has fully recovered operationally from the pandemic; however, it still carries long-term loans that are maturing and need to be serviced in the upcoming years.

At the time of the approval of the 2023 accounts, the market shows moderately strong signals. Thus, management remain optimistic about achieving the target.

The wars in Ukraine, Gaza and the concerning unrest in nearby regions have so far had limited impact on the Company. Still, the economic challenges deriving from these areas are assessed to impact the global financial outlook negatively, and the Company.

Events after the balance sheet date

No material events have occurred since the balance sheet date that would affect the assessment of the Annual Report for 2023.

Profit & Loss Account January 1 to December 31, 2023

	Notes	2023 '000 DKK	2022 '000 DKK
Turnover	1	768.528	667.060
Other operating income	2	0	227
Cost of products		-593.404	-523.323
Gross profit		<u>175.124</u>	<u>143.964</u>
Salaries and other personnel expenses	3	-80.420	-60.568
Other operating expenses		-50.370	-37.946
		<u>-130.790</u>	<u>-98.514</u>
Operating profit before depreciation and amortisation (EBITDA)		44.334	45.450
Depreciations and amortizations		-594	-597
Operating profit before net financials (EBIT)		43.740	44.853
Financial income		3.576	0
Financial expenses		-377	-942
Net financial income / expenses	4	<u>3.199</u>	<u>-942</u>
Profit before income tax (EBT)		46.939	43.911
Tax on profit for the year	5	-10.137	-9.874
Profit for the year	6	<u>36.802</u>	<u>34.037</u>

Balance Sheet as at 31 December 2023

Assets:	Notes	2023 '000 DKK	2022 '000 DKK
Land and buildings		543	575
Leasehold improvements		839	759
IT hardware and other equipments		878	237
Total property, plant and equipment	7	2.260	1.571
Total non-current assets		2.260	1.571
Inventories		549	505
Trade receivables		54.845	37.850
Amounts due from group entities		93.763	89.778
Deferred tax	8	9.061	8.755
Other receivables		3.185	7.763
Prepaid expenses	9	5.443	19.989
Total Receivables		166.297	164.135
Cash and cash equivalents		104.793	46.048
Total current assets		271.639	210.688
Total assets		273.899	212.259
Equity:			
Share capital		5.500	5.500
Retained earnings		47.763	10.962
Total equity		53.263	16.462
Long-term liabilities:			
Long-term debt	10	37.193	54.430
Total long-term liabilities		37.193	54.430
Short-term liabilities:			
Short-term debt	10	12.398	12.457
Total short-term liabilities		12.398	12.457
Current liabilities:			
Tax payable		5.341	0
Trade creditors		125.161	97.484
Other payables		17.532	12.804
Prepayments received		23.011	18.622
Total current liabilities		171.045	128.910
Total liabilities		220.636	195.797
Total equity and liabilities		273.899	212.259
Contingent liabilities	11		
Related parties	12		

Statement of changes in Equity

Equity

	Share capital	Retained earnings	Total equity
	'000 DKK	'000 DKK	'000 DKK
Equity 1.1.2023	5.500	10.962	16.462
Transferred over the profit appropriation	0	36.802	36.802
Equity 31.12.2023	<u>5.500</u>	<u>47.763</u>	<u>53.263</u>

The share capital of the Company is DKK 5,500,000 divided into shares of DKK 1 each or any multiples thereof.

During 2022 share classes A and B were merged in a 1:1 ratio. Furthermore the Company's share capital was increased from DKK 5,177,193 by DKK 322,807 to DKK 5,500,000 at a subscription price of 9,293.48 by cash payment of DKK 30,000,000.

Notes

1. Turnover

With reference to the exemption-on-prejudice provision in section 96(1) of the Danish Financial Statements Act the Company has omitted to provide segment information.

2. Other operating income

The Company's income was in 2022 affected by final settlement of income from government aid and compensation schemes as a result of Covid-19 in the amount of tDKK 227. No Covid-19 income has been registered in 2023.

3. Salaries and other personnel expenses

	2023	2022
	'000 DKK	'000 DKK
Wages and salaries	69.776	54.327
Pensions	5.353	3.230
Other social security costs	1.247	945
Total salaries and related expenses	76.376	58.502
Other personnel expenses	4.044	2.066
Total salaries and other personnel expenses	80.420	60.568
Average number of employees (full year equivalents)	160	121

Remuneration for key personnel is contained in above figures. Remuneration for the Board of Directors and registered management was tDKK 220, which is included in the administration fee (under other operating expenses) (2022: tDKK 220).

4. Financial income / expenses

	2023	2022
	'000 DKK	'000 DKK
Interest expenses from affiliated companies	1.972	-420
Other Financial income / expenses	1.227	-522
	3.199	-942

5. Tax on profit for the year

	2023	2022
	'000 DKK	'000 DKK
Actual tax	2.175	0
Joint tax contribution	3.166	0
Adjustment previous years	5.102	-596
Adjustment of deferred tax for the year	-306	10.470
	10.137	9.874

6. Appropriation of net profit

	2023	2022
	'000 DKK	'000 DKK
Proposed dividend	0	0
Retained earnings	36.802	34.037
	36.802	34.037

Notes, continued:

7. Property, plant and equipment

	buildings '000 DKK	own buildings '000 DKK	improvements '000 DKK	other equipment '000 DKK	Total '000 DKK
Cost at the beginning of 2023	1.796	278	6.284	1.664	10.022
Additions in year	0	0	430	852	1.282
Cost at the end of 2023	1.796	278	6.714	2.516	11.304
Depreciations at the beginning of 2023	1.220	278	5.525	1.427	8.450
Depreciations for the year	33	0	350	211	594
Depreciations at the end of 2023	1.253	278	5.875	1.638	9.044
Carrying amount at the end of 2023	543	0	839	878	2.260

8. Deferred tax

	2023 '000 DKK	2022 '000 DKK
Deferred tax at the beginning of year	8.755	19.225
Adjustment of deferred tax for the year	306	-10.470
Deferred tax at the end of year	9.061	8.755
Land and buildings	177	186
Leasehold improvements	417	378
IT hardware and other equipments	26	53
Deficit to carry forward	8.441	8.138
	9.061	8.755
Deferred tax asset		
Calculated tax asset	9.061	8.755
Carrying amount at the end of 2023	9.061	8.755

Deferred tax asset has been activated at 22% corresponding to the current tax rate.
Management believes that the tax asset will be used in future taxable income within 3-5 years.

9. Prepaid expenses and accrued income

Prepaid expenses consists of payments to suppliers that relate to the following year.

10. Short- and long-term liabilities

Short- and long-term liabilities consist of loans to the Danish Travel Guarantee Foundation obtained as a direct consequence of Covid-19.

	2023 '000 DKK	2022 '000 DKK
Short-term liabilities within 1 year	12.398	12.457
Long-term liabilities between 1 and 5 years	37.193	49.660
Long-term liabilities after 5 years	0	4.771
	49.590	66.887

Notes, continued:

11. Contingent assets, liabilities and secured debt

The Company is a member of Rejsegarantifonden and Kilroy International A/S has through the bank issued a bank guarantee tDKK 5.250 as security.

The Company has made a number of rental agreements with variable unbreakable tenures.

	2023	2022
	'000 DKK	'000 DKK
Rent and lease obligations within 1 year	6.964	4.743
Rent and lease obligations between 1 and 10 years	14.443	11.464
	<u>21.407</u>	<u>16.207</u>

As a subsidiary to Kilroy International A/S, the Company operates under joint taxation along with other Danish companies in the Kilroy Group.

The current Danish corporation tax is allocated among the jointly-taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). The Danish companies are jointly and severally liable for the joint taxation.

12. Related parties

Horizons A/S' related parties comprise the following:

Eignarhaldsfélagið KILROY ehf, Laugavegur 182, 105 Reykjavik
SSTS A/S, Nytorv 5, 1450 Copenhagen K
BENNS A/S, Nytorv 5, 1450 Copenhagen K
Kilroy International A/S, Nytorv 5, 1450 Copenhagen K
KILROY Belgium BVBA, Sint-Pietersnieuwstraat 105, 9000 Gent
OY KILROY Finland AB, Kaivokatu 10 A, 00100 Helsinki
KILROY Iceland ehf., Ármúla 10, 108 Reykjavik
KILROY Netherlands B.V., Nobelstraat 117-119, 3512EM Utrecht
KILROY Norway AS, Sandakerveien 114A, 0484 Oslo
KILROY Poland Sp. Z o.o., Inflancka 4A, 00189 Warszawa
KILROY Sweden AB, Drottninggatan 83, 111 60 Stockholm
JR Travel A/S, Nytorv 5, 1450 Copenhagen K
KILROY Travels UK Limited, 43 Queens Road Clifton, Bristol BS8 1QQ
Winberg Travel AB, Norra Vallgatan 60, 211 22 Malmö

The Company is a part of the consolidated Annual Report for Kilroy International A/S, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Kilroy International A/S can be found at www.kilroygroup.net

The Company is a part of the consolidated Annual Report of Eignarhaldsfélagið KILROY ehf, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Eignarhaldsfélagið KILROY ehf can be obtained by contacting the Company. Ultimate Parent Company Eignarhaldsfélagið KILROY ehf has at the date of this financial statement, not issued their financial statement for 2023.

Related party transactions

	2023	2022
	'000 DKK	'000 DKK
Sale of services to Group entities	13.016	1.077
Sale of services to Parent Company	24	0
Purchase of services from Group entities	-4.029	-4.519
Purchase of services from Parent Company	-18.999	-16.064
Total	<u>-9.988</u>	<u>-19.506</u>

Remuneration to the Management and Board of Directors is disclosed in note 3.

Intercompany balances with the Parent Company are disclosed in the balance sheet, and interest is disclosed in note 4.

Accounting Policies

General

The Annual Report for 2023 for Horizons A/S (the Company) is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class large-C companies.

Change of reporting class has not caused changes in accounting policies compared to previous years. The accounting policies applied, as described below, are consistent with those applied last year.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The cash flow statement is included in the consolidated cash flow statement for Kilroy International A/S.

Pursuant to section 96(3) of the Danish Financial Statements Act, fee paid to the Company's auditor appointed at the general meeting has not been disclosed. The information is disclosed in the financial statements for the Parent Company.

Foreign currency conversion

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement in cost of products.

Profit and Loss Account

Turnover

Turnover includes the year's sales of travel products and other services.

Turnover from individual-oriented products are recognised at the time of invoicing, regardless of departure date.

Upon receipt of a part (or full) payment, the individual products are booked with the supplier and travel documents are issued. Most flight tickets need to be issued immediately to guarantee availability and in most cases there are no changes to the itinerary before departure. As main part of the value increase is performed at the time of the sale and invoicing (e.g. the risk is transferred to the customer when the tickets are issued), the turnover is booked at invoicing.

Revenues from group travel products are booked in the accounting period that coincides with the departure date of the trip.

Turnover is measured at the fair value of the agreed remuneration excluding VAT. All discounts granted are included in turnover.

Cost of products

Cost of sales comprises invoiced and accrued cost of travel related products and other services incurred by generated revenue of the year.

Other operating income

Other income comprises items secondary to the activities of the Company. Government aid/compensation schemes related to COVID 19 are included in this item.

Other operating expenses

Other operating expenses include expenses related to premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Salaries and other personnel expenses

Personnel costs comprise expenses incurred during the year for all management, sales consultants and administrative staff.

Depreciations and amortizations

Amortisation and depreciation comprise amortisation and depreciation of property, plant and equipment.

Accounting Policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest and surcharges/allowances regarding tax.

Tax

The current Danish corporation tax is allocated among the jointly-taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses). Tax for the year comprises current tax, joint taxation and changes in deferred tax for the year, including adjustments to tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

The Company is part of a joint taxation arrangement with the Parent Company. The Parent Company is administrator for the joint taxation.

Balance Sheet

Property, plant and equipment

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

Cost comprises the purchase price and any direct costs directly attributable to the acquisition until the date on which the asset is available for use. The cost includes retirement obligations if it meets the conditions for recognition of provisions.

Depreciation is calculated on a straight-line basis of the cost according to the following guidelines, based on the estimated economic life of the asset:

- Buildings 33-50 years
- Leasehold improvements 5 years
- IT and other equipment 3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Inventories

Goods for resale are measured at cost price.

Write-downs are made according to obsolescence and other forms of value depreciation.

Deferred Tax assets and liabilities

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

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.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement or equity, respectively.

Accounting Policies

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Prepayments

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

Current tax payable or receivable

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

Liabilities other than provisions

Prepayments from customers, trade payables and other payables are measured at net realizable value.

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