
Kantar A/S

Rådhuspladsen 45, DK-1550 Copenhagen V

Annual Report for 1 January - 31 December 2021

CVR No 11 94 51 98

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /5 2022

Keld Lunda Nielsen
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Kantar A/S for the financial year 1 January - 31 December 2021.

The Annual Report is 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 at 31 December 2021 of the Company and of the results of the Company operations and cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 4 May 2022

Executive Board

Henrik Jørgen Hansen
Chief Executive Officer

Berit Raith Juul Puggaard

Irene Iversen

Board of Directors

Keld Lunda Nielsen
Chairman

Henrik J. Hansen

Paul Francis Cherry

Independent Auditor's Report

To the Shareholder of Kantar A/S

Opinion

We have audited the Financial Statements of Kantar A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 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 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 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.

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Independent Auditor's Report

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

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

Copenhagen, 4 May 2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Eskild Nørregaard Jakobsen

statsautoriseret revisor

mne11681

Company Information

The Company

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Rådhuspladsen 45
DK-1550 Copenhagen V
E-mail: kontakt@kantargallup.dk
Website: kantargallup.dk

CVR No: 11 94 51 98
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Keld Lunda Nielsen , Chairman
Henrik J. Hansen
Paul Francis Cherry

Executive Board

Henrik Jørgen Hansen
Berit Raith Juul Puggaard
Irene Iversen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	178.953	176.120	202.320	213.254	176.238
Gross profit/loss	104.475	104.774	123.531	131.406	98.289
Operating profit/loss	22.638	17.552	25.559	25.348	18.641
Net financials	-812	84	-812	-772	-400
Net profit/loss for the year	17.362	13.667	19.077	19.132	13.580
Balance sheet					
Balance sheet total	119.240	232.210	170.824	147.879	88.377
Equity	22.962	29.449	24.736	24.791	19.114
Cash flows					
Cash flows from:					
- operating activities	12.680	35.452	44.132	7.794	11.558
- investing activities	-509	-1.084	-1.421	-4.983	-519
- financing activities	-14.481	-94.458	8.363	-18.309	-9.173
Change in cash and cash equivalents for the year	-2.310	-60.090	51.074	-15.498	1.866
Number of employees	122	132	149	133	141
Ratios					
Gross margin	58,4%	59,5%	61,1%	61,6%	55,8%
Profit margin	12,7%	10,0%	12,6%	7,5%	10,6%
Solvency ratio	19,3%	12,7%	14,5%	16,8%	21,6%
Return on equity	66,3%	50,4%	77,0%	87,2%	80,3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with the merger in 2020, the comparative figures for 2017 have not been restated.

In connection with changes to accounting policies, the comparative figures for 2017 have not been restated. See the description under accounting policies.

Management's Review

Primary activities

In 2021, Kantar Gallup A/S, which is the Danish part of the Kantar Group, maintained its position on the market as the leading provider of market research in Denmark.

Development in activities and finances

The income statement of the Company for 2021 shows a profit of TDKK 17,362, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 22,962.

Revenue and results have been negatively impacted by COVID 19 and resulted in a decline in revenue and profit for the year.

Outlook

The Company's outlook for the future will be affected by the discontinue of a large contract.

The Management expects a 25% decline in revenue and result for 2022.

Particular risks

Financial exposure

The Company's results and cash flow are to a limited degree influenced by exchange rate fluctuations. Currency risks are partly hedged through opposing cash flows from the Company's activities. No currency transactions are entered into to further reduce the risks, nor are any speculative currency transactions entered into.

Changes in the interest rate levels have no significant impact on the earnings.

Research and development

The Company has no separate research and development activities.

Environmental performance

There are no material environmental impacts to take into consideration.

Intellectual capital resources

Kantar Gallup works constantly on maintaining and enhancing its position as the leading market research company in Denmark. To ensure this position, the Company's objective is to employ and retain well-educated and highly skilled employees.

Kantar Gallup is determined to remain a very attractive workplace with a strong and deeply embedded company culture.

Management's Review

Uncertainty relating to recognition and measurement

There are no material uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There are no unusual circumstances affecting recognition and measurement.

Subsequent events

Except for the effect of the discontinue of the above mentioned contract, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Revenue		178.953	176.120
Other external expenses		-74.478	-71.346
Gross profit/loss		104.475	104.774
Staff expenses	2	-72.089	-74.636
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-9.748	-12.586
Profit/loss before financial income and expenses		22.638	17.552
Financial income	4	3.159	4.809
Financial expenses	5	-3.971	-4.725
Profit/loss before tax		21.826	17.636
Tax on profit/loss for the year	6	-4.464	-3.969
Net profit/loss for the year		17.362	13.667

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Acquired licenses		0	580
Intangible assets	7	0	580
Leasing leasehold and cars		28.122	38.345
Other fixtures and fittings, tools and equipment		3.665	7.553
Property, plant and equipment	8	31.787	45.898
Deposits		189	189
Fixed asset investments	9	189	189
Fixed assets		31.976	46.667
Trade receivables		22.998	18.990
Contract work in progress	10	3.976	4.091
Receivables from group enterprises		36.878	139.030
Receivables from associates		531	11
Other receivables		97	368
Deferred tax asset		2.933	2.049
Corporation tax		1.157	0
Prepayments	11	33	33
Receivables		68.603	164.572
Cash at bank and in hand		18.661	20.971
Currents assets		87.264	185.543
Assets		119.240	232.210

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital	12	600	600
Retained earnings		5.000	5.000
Proposed dividend for the year		17.362	23.849
Equity		22.962	29.449
Lease liabilities		25.130	33.441
Provisions for pensions and similar liabilities		1.330	1.400
Long-term debt	14	26.460	34.841
Lease liabilities	14	4.508	5.387
Prepayments received from customers		15.970	15.304
Trade payables		2.249	5.004
Payables to group enterprises		12.572	95.085
Payables to associates		211	0
Corporation tax		0	132
Other payables	15	34.308	47.008
Short-term debt		69.818	167.920
Debt		96.278	202.761
Liabilities and equity		119.240	232.210
Subsequent events	1		
Distribution of profit	13		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	600	5.000	23.849	29.449
Ordinary dividend paid	0	0	-23.849	-23.849
Net profit/loss for the year	0	0	17.362	17.362
Equity at 31 December	600	5.000	17.362	22.962

Cash Flow Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Net profit/loss for the year		17.362	13.667
Adjustments	16	15.024	16.471
Change in working capital	17	-12.257	10.019
Cash flows from operating activities before financial income and expenses		20.129	40.157
Financial income		3.159	4.809
Financial expenses		-3.971	-4.725
Cash flows from ordinary activities		19.317	40.241
Corporation tax paid		-6.637	-4.789
Cash flows from operating activities		12.680	35.452
Purchase of property, plant and equipment		-509	-1.028
Fixed asset investments made etc		0	-56
Cash flows from investing activities		-509	-1.084
Loan receipts		100.728	50.744
Loan issued		-87.622	-130.647
Lease obligations incurred		-3.738	-5.601
Dividend paid		-23.849	-8.954
Cash flows from financing activities		-14.481	-94.458
Change in cash and cash equivalents		-2.310	-60.090
Cash and cash equivalents at 1 January		20.971	81.061
Cash and cash equivalents at 31 December		18.661	20.971
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		18.661	20.971
Cash and cash equivalents at 31 December		18.661	20.971

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	<u>2021</u> TDKK	<u>2020</u> TDKK
2 Staff expenses		
Wages and salaries	70.755	72.763
Pensions	154	169
Other social security expenses	869	1.124
Other staff expenses	311	580
	<u>72.089</u>	<u>74.636</u>
 Including remuneration to the Executive Board of: Executive Board	 <u>6.411</u>	 <u>6.744</u>
	<u>6.411</u>	<u>6.744</u>
 Average number of employees	 <u>122</u>	 <u>132</u>

The Executive Board and the Senior Officers at Kantar Gallup A/S are covered by a Group share option program. The programmes have no financial impact on these financial statements.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	580	660
Depreciation of property, plant and equipment	9.168	11.926
	<u>9.748</u>	<u>12.586</u>

4 Financial income

Interest income	3.159	4.809
	<u>3.159</u>	<u>4.809</u>

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
5 Financial expenses		
Interest expenses	2.876	4.349
Exchange adjustments, expenses	32	325
Interest expenses, lease liability	1.063	51
	<u>3.971</u>	<u>4.725</u>
6 Tax on profit/loss for the year		
Current tax for the year	5.343	5.132
Deferred tax for the year	-884	-1.137
Adjustment of tax concerning previous years	5	-26
	<u>4.464</u>	<u>3.969</u>
7 Intangible assets		Acquired licenses <u>TDKK</u>
Cost at 1 January		<u>3.239</u>
Cost at 31 December		<u>3.239</u>
Impairment losses and amortisation at 1 January		2.659
Amortisation for the year		580
Impairment losses and amortisation at 31 December		<u>3.239</u>
Carrying amount at 31 December		<u>0</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Leasing leasehold and cars <u>TDKK</u>	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 January	53.290	35.490
Additions for the year	0	509
Disposals for the year	<u>-5.452</u>	<u>-29</u>
Cost at 31 December	<u>47.838</u>	<u>35.970</u>
Impairment losses and depreciation at 1 January	14.945	27.937
Depreciation for the year	4.771	4.397
Impairment and depreciation of sold assets for the year	<u>0</u>	<u>-29</u>
Impairment losses and depreciation at 31 December	<u>19.716</u>	<u>32.305</u>
Carrying amount at 31 December	<u>28.122</u>	<u>3.665</u>

9 Fixed asset investments

	<u>Deposits</u> TDKK
Cost at 1 January	<u>189</u>
Cost at 31 December	<u>189</u>
Carrying amount at 31 December	<u>189</u>

10 Contract work in progress

	<u>2021</u> TDKK	<u>2020</u> TDKK
Contract work in progress	7.296	8.316
Progress billings regarding contract work in progress	<u>-3.320</u>	<u>-4.225</u>
	<u>3.976</u>	<u>4.091</u>

11 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums and subscriptions.

Notes to the Financial Statements

12 Equity

The share capital consists of 600 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

With the merger between Kantar Gallup A/S and Millward Brown ApS in 2020 the share capital has increased by 66 shares of a nominal value of DKK 1.000. No other changes during the last 5 years.

The share capital has developed as follows:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Share capital at 1 January	600	534	534	534	534
Capital increase	0	66	0	0	0
Capital decrease	0	0	0	0	0
Share capital at 31 December	600	600	534	534	534

13 Distribution of profit

	2021 TDKK	2020 TDKK
Proposed dividend for the year	17.362	23.849
Retained earnings	0	-10.182
	17.362	13.667

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease liabilities

Between 1 and 5 years	25.130	33.441
Long-term part	25.130	33.441
Within 1 year	4.508	5.387
	29.638	38.828

Notes to the Financial Statements

14 Long-term debt (continued)

	2021	2020
	TDKK	TDKK
Provisions for pensions and similar liabilities		
Between 1 and 5 years	1.330	1.400
Long-term part	1.330	1.400
Within 1 year	0	0
	1.330	1.400

15 Other payables

VAT and duties	2.776	3.320
Wages and salaries, personal income taxes, social security costs, etc.	3.097	7.248
Holiday pay obligation	2.285	9.050
Other costs payable	26.150	27.390
	34.308	47.008

16 Cash flow statement - adjustments

Financial income	-3.159	-4.809
Financial expenses	3.971	4.725
Depreciation, amortisation and impairment losses, including losses and gains on sales	9.748	12.586
Tax on profit/loss for the year	4.464	3.969
	15.024	16.471

17 Cash flow statement - change in working capital

Change in receivables	-2.718	2.018
Change in other provisions	-70	-100
Change in trade payables, etc	-9.469	8.101
	-12.257	10.019

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company's bank has provided a guarantee to third parties in connection with rental agreement, the guarantees total of TDKK 6.259 per 31 December 2021.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are no other security and contingent liabilities at 31 December 2021.

19 Related parties

Controlling interest

Kantar Gallup A/S is 100 % owned by Taylor Nelson Sofres B.V., Laan op Zuid 167, 3072 DB Rotterdam, Netherland and is ultimately a 60% owned subsidiary of Bain Capital Investors LLC, 200 Clarendon Street Boston, MA 02116 United States.

Transactions

Transactions with related parties are conducted on market terms.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Kantar A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C with the option of higher accounting class and IFRS provisions (IFRS 15 and 16) for the revenue recognition and the recognition and measurement of lease assets and liabilities.

The Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

20 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of services is recognised in the income statement when performed. Revenue is recognised net of VAT, duties and sales discounts.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Notes to the Financial Statements

20 Accounting Policies (continued)

Staff expenses

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for company staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Financial income and expenses

Other financial income comprises interest income, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, net capital losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish subsidiaries of the Kantar Group. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Intangible assets

Intangible assets are measured at cost at less accumulated depreciation and impairment losses.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes to the Financial Statements

20 Accounting Policies (continued)

Property, plant and equipment	10 years
Tools, equipment and IT	1-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of Deposits.

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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 on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Lease liabilities:

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

Prepayments received from customers

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

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

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes

Notes to the Financial Statements

20 Accounting Policies (continued)

in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

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

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

Cash and cash equivalents

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$