

Schlumberger Danmark ApS

CVR No 17 37 14 44

Tværkaj 2, DK-6700 Esbjerg

Annual Report for 1 January - 31 December 2023

The Annual Report was presented and adopted at
the Annual General Meeting of the Company on
31 May 2024

Peng Peng Loh
Chair of the meeting

Contents

	Page(s)
Management's Statement	2
Independent Auditor's Report	3
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	16
Balance Sheet 31 December	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

Management's Statement

The Executive Board have today considered and adopted the Annual Report of Schlumberger Danmark ApS for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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.

Esbjerg, 31 May 2024

Executive Board

Peng Peng Loh

Executive Board

Independent Auditor's Report

To the Shareholders of Schlumberger Danmark ApS

Opinion

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.

We have audited the Financial Statements of Schlumberger Danmark ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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 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 Financial 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.

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.

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.

(continued)

Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements (continued)

- 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.

Hellerup, 31 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Alexander

State Authorised Public Accountant

mne42824

Frederik Tvedeskov Jantzen

State Authorised Public Accountant

mne47815

Company Information

The Company

Schlumberger Danmark ApS

Tværkaj 2

DK-6700 Esbjerg

CVR No: 17 37 14 44

Financial period: 1 January - 31 December

Municipality of reg. office: Esbjerg

Executive Board

Peng Peng Loh

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

Financial Highlights

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

	<u>2023</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK
Key figures					
Profit/loss					
Revenue	791,554	500,676	241,122	179,765	369,031
Profit/(loss) before financial income and expenses	45,359	4,052	24,508	(23,247)	3,934
Net financials	845	5,875	(2,304)	(1,694)	3,438
Net profit/(loss) for the year	46,204	9,927	22,204	(24,940)	5,190
Balance sheet					
Balance sheet total	335,652	247,586	249,083	202,325	323,414
Equity	143,226	107,790	101,137	79,174	104,114
Investment in property, plant and equipment	135,900	53,725	2,208	11,058	4,859
Number of employees	154	109	76	84	90
Ratios					
Gross margin	32.4%	25.1%	41.1%	39.1%	28.7%
Profit margin	5.7%	0.8%	11.2%	-12.9%	1.1%
Return on assets	13.5%	1.6%	9.8%	-11.5%	1.2%
Solvency ratio	44.6%	43.6%	40.6%	39.1%	32.2%
Return on equity	28.2%	6.4%	24.4%	-27.2%	5.1%

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.

Management's Review

Key activities

Schlumberger Danmark ApS provides products and services to the oil & gas industry.

The portfolio of services the company provides includes:

Digital & Integration - combines SLB's industry-leading digital solutions and data products with its integrated offering of Asset Performance Solutions ("APS"). This Division enables greater performance for our customers by reducing cycle times and risk, accelerating returns, increasing productivity, and lowering costs and carbon emissions.

Reservoir Performance - consists of reservoir-centric technologies and services that are critical to optimizing reservoir productivity and performance. Reservoir Performance develops and deploys innovative technologies and services that help customers understand their subsurface assets and maximize their value through evaluation, intervention, and stimulation.

Well Construction - combines the full portfolio of products and services to optimize well placement and performance, maximize drilling efficiency, and improve wellbore assurance. Well Construction provides operators and drilling rig manufacturers with services and products related to designing and constructing a well.

Production Systems - develops technologies and provides expertise that enhance production and recovery from subsurface reservoirs to the surface, into pipelines, and to refineries. Production Systems provides a comprehensive portfolio of equipment and services including subsurface production systems, subsea and surface equipment and services, and midstream production systems.

Schlumberger Danmark ApS is a SLB Group Company.

No particular recognition and measurement uncertainties are considered to have an impact on the recognition of the Company's assets and liabilities.

Development in the year

The Income Statement of the Company for 2023 shows a gain of TDKK 35,436 and the Balance Sheet of the Company as at 31 December 2023 shows equity of TDKK 143,226.

The past year and follow-up on development expectations from last year

In 2023, the Company's revenue amounted to TDKK 791,554 against TDKK 500,676 last year. The income statement for 2023 shows a gain of TDKK 35,436 against TDKK 6,653 last year, and the balance sheet as at 31 December 2023 shows equity of TDKK 143,226.

The Company had expected 2023 revenues and activity to be increase compared to 2022. The higher revenue in 2023 compared to 2022 are mainly due to increase of revenue from INEOS E&P A/S and TotalEnergies contracts. The company has new contract with INEOS E&P A/S which the new contract was commence in 2023.

The revenue growth in 2023 is about 58% which is within our expectation 50-70%

Management's Review (continued)

Special risks - operating risks and financial risks

Demand for the majority of our services depends substantially on the level of expenditures by the oil and gas industry for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on the industry's view of future oil and natural gas prices and are sensitive to the industry's view of future economic growth and the resulting impact on demand for oil and natural gas. Since 2021, oil and gas prices have increased significantly resulting in higher global demand. In recent years:

The prices for oil and natural gas have historically been volatile and can be affected by a variety of factors, including:

- Demand for hydrocarbons, which is affected by general economic and business conditions;
- The ability or willingness of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels for oil;
- Oil and gas production levels by non-OPEC countries;
- The level of excess production capacity;
- Political and economic uncertainty and geopolitical unrest;
- The level of worldwide oil and gas exploration and production activity;
- Access to potential resources;
- Governmental policies and subsidies;
- The costs of exploring, producing and delivering of oil and gas;
- Technological advances affecting energy consumption; and
- Weather conditions.

There can be no assurance that the demand or pricing for oil and natural gas will follow historic patterns or recover in the near term. Continued or worsening conditions in the oil and gas industry could adversely affect our financial condition, results of operations and cash flows.

External environment

Quality, Health, Safety, Environment (QHSE) remains a constant priority for the Company. A number of policies and procedures have been developed to secure a consistent approach to QHSE throughout the organisation. The Company continually trains and develops personnel in the field of QHSE.

The main objective of the environmental work is concentrated on preventing harmful discharges.

Statement on social responsibility in accordance to ÅRL § 99 a

Description of the enterprise's business model.

Schlumberger Danmark ApS is a service provider to the Oil & Gas sector with focus on Danish part of the North Sea, offering a wide-ranging of service packages including personnel & hardware, chemicals technology, software solutions and engineering primarily to the Operators in the Danish sector. Furthermore, our North Sea simulation vessel support are managed by the onshore technical department in Esbjerg. The Company currently employs 154 persons.

Ethically: In Schlumberger Group, we take great pride in our integrity and ethical business conduct. Although we work in more than 100 countries, each of which has different laws and definitions of acceptable behaviour, we consider all employees, regardless of where they are located, to be accountable for their actions and to conduct themselves in compliance with our standards. These standards can be found in the Schlumberger Code of Ethics, which is designed to guide decision-making and help handle business situations ethically and professionally. Schlumberger Danmark ApS is applying the group's standards.

Safely: The safety of our people is paramount in Schlumberger and an integral part of our culture. In addition to policies and standards related to safe operations, we focus on individual well-being and on equipping our employees with the necessary training to prevent accidents both within and outside the workplace.

Management's Review (continued)

Getting It Right the First Time, Every Time: We believe that delivering flawless execution will be our next major competitive advantage. Therefore, at the end of 2007 Schlumberger launched a major program called Excellence in Execution. The program's underlying goal is to achieve a step change in the quality of everything we do—from improving the reliability of our products and services to delivering exceptional service to our customers. As part of this program we require all employees to strive to get it right the first time, every time, regardless of their responsibilities, and to ensure they are complying with our quality system management standards and processes.

Information on CSR risks.

Catastrophic events offshore - the industry, albeit heavily regulated and with an extreme focus on safety and HSE, is continuously at risk for accidents that can cause great harm to people, environment and equipment. Although accidents rarely happen, the impact of an accident is so severe that it will always constitute a business risk. To this point, the company is following a strict HSE program to prevent any accidents and/or other injuries, to ensure that we work in a safe and compliant work environment.

IT security - with SLB Group being a technology driven company in the forefront of the oil service business, the risk of cyber-attack is ever-present and is something that we take seriously. Every employee, and especially employees holding managerial or other key positions, will be potential targets of a phishing attack, and the Company run regular drills to prepare the staff and training them to spot such attempts and subsequently report them.

Anti-Corruption - bribery and corruption are a continuous threat within a large multi-national business environment containing multiple different companies on both client and supplier's side. Schlumberger has taken a conscious and clear standing with regards to anti-corruption, including a robust anti-corruption program that is introduced and reinforced to every employee on regular basis. The Company has zero-tolerance for bribes and corruptive behaviour of any kind, and expect the same from any customer, supplier or business partner.

Information on application of non-financial KPIs relating to CSR. Our Purpose, Culture and Values: The founders, Conrad and Marcel Schlumberger instilled three core values that exist today. They serve as the foundation of our culture and guide everything we do.

People: Our people thrive on the challenge to excel in any environment. Their dedication to safety and customer service worldwide is our greatest strength.

Technology: Our commitment to technology and quality is the basis of our competitive advantage.

Profits: Our determination to produce superior profits is the cornerstone of our future independence of action and growth. The roots of our corporate values can be traced back to the Schlumberger family values, which steadfastly insisted on the importance of learning and education, and which later took form in the belief that one must always keep a close eye on the customer's needs and the company's greater purpose in the world. Conrad and Marcel Schlumberger believed in the idea of driving their company's future success by re-investing profits in the business, particularly in research and development. In addition, the brothers introduced some simple global principles that form the backbone of our personnel principles such as establishing English as the corporate language, and an international mobile population who perpetuate and transmit the culture of our company.

Information about result achieved during 2023.

As our Danish business unit is fully ISO 14001 environmental certified by DNV for over 10 years without any non-conformances and all our chemical solutions are managed with full upfront approvals from Danish Authorities. Furthermore, all aspects of the environment are managed within the Danish law and following the international requirements as we have maintained all permits from Danish regulators Authorities.

We have no record of any violation or any other aspects regarding the employee relations or human rights. Social plan for downsizing the Danish workforce is managed in cooperation with Danish Unions and Authorities without any issues.

The Company has a robust mechanism of reporting corruption and bribery, including a whistle-blower program. During 2023, there were no reported incidents for corruption or bribery.

Information on any due diligence processes concerning CSR.

SLB Groupworks diligently across various functions to ensure compliance related to our Corporate Social Responsibilities. The Company has introduced a detailed due diligence of any agent or critical supplier according to our Agent Standard, which includes a wide questionnaire, legal department scrutinization, and a contract based on Schlumberger terms and conditions, containing all critical provisions relevant to CSR.

Management's Review (continued)

SLB Group further communicates a strict zero-tolerance to any unethical behaviour, including but not limited to abuse of dominance in the market, bribery (including facilitation payments), conflict of interests and discrimination of any kind. These points, and more, are communicated both internally to all employees, and externally to anyone working with Schlumberger. It is in our employment contracts as well as our customer- and supplier contracts. The Legal Department works continuously to enforce a strict adherence to our Ethics & Compliance Program, through training and communication, including Legal Alerts, integrity Days and internal audits of facilities and/or product lines. These audits can be driven by the local team, or a global team from the Schlumberger Limited Group.

The Company advocates a non-retaliation principle. Through this, the Company encourages any and all Schlumberger employee, and also anyone else working for or with Schlumberger, to come forward with their good faith concerns without fear of retaliation. This is communicated as a vital instrument to ensure that relevant members of management are made aware of non-conformance that needs attention. Further to this, the Company allows for reports to be made through various channels; direct management, upper management, via designated functions (HR or Legal), via online reporting tools or through an anonymous phone service called Ethics Line.

In case of an alleged non-conformance, the Company has a designated Ethics & Compliance team that will review and delegate the investigation based on the content of the allegation. Thereafter, an internal investigation will be ordered that shall culminate in a report including any remedial actions applicable. The designated investigator(s) will be a someone with enough distance to the matter, to ensure a non-biased and objective investigation.

Information on policies on social and staff matters.

Equal Opportunity-No Discrimination One of our greatest strengths is the diversity of our workforce. Employees of many nationalities and backgrounds work together to achieve common objectives. As a global company, we encourage fair employment practices and offer equal opportunities to all our employees. This policy will continue being of high priority in the coming years.

Fair Wages

Compensation paid to workers must comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and benefits. The basis on which workers are being paid is clearly conveyed to them in a timely manner. We offer competitive compensation and benefits packages, and we require our suppliers to comply with all applicable wage laws wherever we work.

Social Responsibility

SLB Group contributes to the social development of its communities by supporting initiatives that improve youth education and living conditions. We foster the economic development of these communities by recruiting, hiring and training where we work, promoting from within and complying with national regulations and rules.

SLB policy follows and encourages non-discriminatory employment practices worldwide. All decisions and actions regarding employment matters, including such things as hiring, development, compensation, promotion, transfer and termination must be taken in an objective, honest and non-discriminatory manner. We realize that business decisions should include family considerations whenever possible. Respect for each individual must be maintained and everyone must be able to work in an environment free from sexual or any other form of harassment. Each employee must be secure in confronting issues without fear of retaliation.

SLB is an international organization operating throughout the world. It is expected that all employees work together in the spirit of equality and mutual respect.

Information on anti-corruption and anti-bribery policies.

Supply Chain Management

SLB Group works with suppliers in a socially responsible and ethical manner. We have zero tolerance for corruption of any kind, and we expect the same from our contractors and suppliers. To meet our industry requirements, suppliers must adhere to responsible social, environmental, and economic practices, including avoiding the use of conflict minerals in our source activities. Our suppliers are selected and retained in alignment with our health, safety, and environmental stewardship standards and Code of Conduct.

Management's Review (continued)

Employee Whistle Blower Protection

Employees who believe that a violation of Our Code of Conduct has occurred must report concerns to management using any available channel of communication. Schlumberger will not tolerate retaliation against anyone who raises a concern in good faith. Employees are required to report known and suspected violations of the Code of Conduct and applicable national laws. However, employees who intentionally report false information are subject to disciplinary action. We will continue The Whistle Blower law will continue being set in place in the coming years.

Conflicts of Interest

Conflicts between personal interests and the interests of Schlumberger or its customers may arise when personal, social, financial, political, or other interests interfere. To avoid such conflicts of interest, employees must not hold financial stakes in companies that do business with Schlumberger. They must put Schlumberger business interests first, disclose all conflicts of interest, and avoid situations that create the appearance of a conflict of interest. If such a conflict exists, the affected employee must obtain written approval from an appropriate Schlumberger controller before continuing to work.

Stock Transactions

Our Insider Trading Standard prohibits employees from releasing material, non-public information about Schlumberger, such as financial results, changes in dividends and earnings, mergers and acquisitions, and business strategies. Employees are required to keep such information confidential, including all non-public and insider information that relates to Schlumberger or its financial position. Also, employees may not buy or sell Schlumberger Limited stock or publicly traded derivatives until the information becomes public, nor may they act to acquire or sell stocks and derivatives of companies with which Schlumberger does business until the information is public knowledge.

Gifts and Entertainment

Accepting or giving business gifts or hospitality must never influence business decisions. Items or benefits for which the recipient does not pay fair market value, including meals, entertainment, or tickets to sporting events worth more than a nominal value cannot be offered to or accepted from any individual or organization that wishes to do business with Schlumberger.

Antibribery

No employee may offer or accept bribes in any form or under any circumstance, including bribes related to charitable contributions. We avoid facilitation payments, making them only in very limited circumstances, such as when an individual's health or safety is at risk and only when we have obtained proper approval and documentation according to Schlumberger requirements. In addition, payments to government officials are forbidden. Schlumberger is politically neutral and does not make political contributions and will continue keeping this standpoint in the future.

Fair and Ethical Business Practices

SLB Group does not win business or maintain customer relationships by acting illegally or unethically. We do not enter into agreements that can restrict full and fair competition. We do not share pricing or bidding information with competitors or with anyone outside of the Company. We do not use Company funds or assets for political purposes. We may engage in dialogue with public policy decision makers, but we do not use lobbyists or seek to bring about particular outcomes or decisions. We compete aggressively, but fairly.

Trade Compliance

SLB Group provides products and services in many countries worldwide. Nearly all the countries in which we operate have customs laws, and many have additional trade controls that govern the import, temporary import, export or re-export of Schlumberger products, services, technology, software, and finances. Wherever we do business, we comply with all customs and trade control laws and regulations that apply to us, and we are especially mindful of technology transfers.

Business and Financial Transparency

SLB Group keeps honest and accurate business records. Employees must not hide, alter, falsify or disguise the true nature of any business transaction. Schlumberger complies with accounting and financial reporting standards and requires employees to follow internal financial approval guidelines. We retain and destroy business records in accordance with local laws and Schlumberger requirements.

Management's Review (continued)

Conflict Minerals

SLB Group recognizes that human rights abuses can exist in the extraction, transportation, and trade of minerals in some countries including the Democratic Republic of the Congo and its adjoining countries. We do not knowingly contribute to the conflict in our sourcing activity in the covered countries. Schlumberger does not tolerate corruption of any kind and we expect our suppliers to adhere to the same standard. We have also developed a Conflict Minerals Position Statement.

We have not received any notification on corruption or bribery cases for Denmark in year 2023.

Information on environmental and climate related policies

Operations integrity means that every employee commits to doing the job right the first time, every time. We do this to protect our people, our communities, and the environment, and to deliver flawless quality to our customers. To help make continuous quality improvements, we participate in all required audits and periodic assessments. We also help improve quality by addressing customer feedback in a timely and appropriate manner.

Protecting the Environment

Our advanced technologies enable our customers to lower their environmental impact while optimizing the recovery of non-renewable resources. By combining our technology advantage with increased engagement in the communities where we work, we are lowering emissions, decreasing water usage, and reducing unplanned releases.

Addressing Climate Change

As a global technology leader, we believe that our ability to address climate change issues with new technologies and increased operational performance is integral to the energy industry's global initiative to reduce its carbon footprint. As being a service provider to the Oil & Gas sector, there are risks of being a part of the high emissions within the industry. SLB Group technologies are already directly and indirectly helping our customers reduce or avoid emissions, lower water usage, improve chemistry applications, and increase oil and gas production by using fewer resources, which are initiatives we want to continue with in the future. Our corporate strategy includes the development of advanced technologies for faster drilling, reduced surface and subsurface footprint, and improved reservoir recovery and production—all of which contribute to lowering resource requirements and creating fewer emissions per hydrocarbon unit produced.

Environmental Management

Our HSE management system has encompassed environmental quality management for more than 18 years. This system has been independently reviewed for conformance to the ISO 14001 Environmental Management System standard, and for conformance to environmental standards of the International Finance Corporation. We will continue using the HSE management system in the coming years.

Our commitment to sound principles of corporate governance and ethics sets the foundation of our sustainability program. Furthermore, our reputation for integrity and fair dealing is vitally important in winning and retaining the trust of our stakeholders. When we are clearly seen to behave in an ethical manner, we enhance our reputation, which helps us attract and retain customers and employees.

Management's Review (continued)

Information on human rights policies

SLB Group employees represent more than 140 nationalities who live and work in more than 100 countries around the globe. Which raises the risk of human rights related issues. The risk of violation of human rights and involvement in corruption is primarily linked to our use of suppliers, or employees located in countries who potentially do not comply with applicable national legislation and international standards. Nevertheless, we are aware that even in countries like Denmark, where the standards are generally high, situations can arise that require extra attention.

SLB Group is committed to conducting business in a manner that preserves and respects human dignity. The Company obeys the employment laws of the countries in which it operates and does not engage in discrimination based on race, colour, gender, age, sexual orientation, ethnicity, disability, religion, union membership, or marital status in hiring and employment practices such as promotions, rewards, and access to training. Our employees are expected to treat one another professionally and with mutual respect. Schlumberger maintains zero tolerance for corruption of any kind, and we expect the same from our contractors, suppliers, and agents. They are required to comply with the laws of the countries in which they operate, and to act in a socially responsible and ethical manner, consistent with The Blue Print in Action. All suppliers, contractors, and agents must be approved and managed in accordance with internal requirements. We believe these initiatives strengthens our business, and we will continue following these internal policies in the coming years.

SLB Group respects the principles in The International Bill of Human Rights, including Child Labor Discrimination; Fair Wage and Collective Bargaining; Freedom of Association; Human Rights; and Modern Slavery and Human Trafficking.

Immigration and Employment Laws

Because our business involves frequent international movement of employees, we ensure that the travel, transfer, employment, and residence of all personnel complies with applicable immigration and employment laws. This requirement extends to dependents of our employees and contractor personnel. Schlumberger has visa and immigration compliance programs to assist in this effort, but we expect all employees to take responsibility for their own immigration status.

Child Labor

Hiring children is strictly prohibited. Our internal personnel policy defines a child labour as any working person who is, (1) under the age of 15, (2) under the age for completing compulsory education, or (3) under the minimum age for employment in the country.

We have not received any notifications through our QUEST reporting program pertaining to human rights violations.

Management's Review (continued)

Statement on gender composition in accordance to ÅRL § 99 b

The ultimate parent company, Schlumberger Limited has determined the following policy applicable within the Schlumberger Group: "We must attract and retain top performers worldwide from the full depth of the talent pool and address the evolving needs of our workforce in terms of quality of life and dual career expectations. By creating a variety of perspectives - gender and culture - that stimulate productive creativity and innovation - we maintain our competitive edge.

Looking forward, our goal is to continually increase the percentage of women we recruit worldwide, ensure proper career development for high-performing women, and increase our organizational flexibility to accommodate a wider range of personal situations."

Schlumberger Danmark ApS overall gender composition has not changed in 2023 where 9.5% were women. At management level 61.8% were women. The Company aims to be a workplace of equal opportunities. To work towards achieving the goal of increasing the number of the underrepresented gender on other management levels, Schlumberger Danmark ApS focuses on following the policy, when there is to be a replacement. Active work has been done in 2023 with the policy through employment and promotion practices, to increase the share of the underrepresented gender in the coming years. Effective 1 of January 2024, two new female managers have started in the company. Therefore we are compliant with the ERSTS as of 2024.

Diversity in the Board of Directors

At the moment, there's only one board member in Schlumberger Danmark ApS, a woman.

Since there is only one member of the highest management level/Board of Directors, Schlumberger Danmark ApS is exempted from setting a target for underrepresented gender, aligning with the ERSTS requirements.

	2023	2024	2025	2026	2027
Board of Directors					
Total number of members	1				
Underrepresented gender in pct.	N/A				
Target in pct.	N/A				
Year of achieving target	N/A				
Other management levels					
Total number of members	10				
Underrepresented gender in pct.	33,3%				
Target in pct.	40%				
Year of achieving target	2026				

Sustainability

The Group Sustainability Report may be obtained at the following address: <https://www.slb.com/sustainability>

Outlook

2024 revenue is anticipated to decline around 13% in revenue driven by less activity in our Reservoir Performance division from overall Denmark revenue of TDKK 791,554 in 2023 to TDKK 650 000 - 750 000 in 2024. Profitability is expected to maintain relatively flat at plus minus 5-7% YoY.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the following:

Foreign exchange risk

The Company is exposed to foreign exchange risk, primarily with respect to turnover in US Dollars. The Company enters into various financial instruments such as foreign currency hedging to mitigate this risk.

Management's Review (continued)

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The Company's credit risk is primarily attributable to cash and cash equivalents. The amounts presented in the balance sheet under trade and other debtors are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identifiable event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Company minimizes this credit risk by entering into transactions with high-quality counterparties and performing ongoing credit evaluation of its customers' financial condition. Credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Interest rate risk

The Company incurs interest rate risk on interest-bearing receivables and interest-bearing non-current and current liabilities. Most interest on these balances is at indexed floating rates and the Company manages the asset and liability mix optimally.

Capital risk

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Statement on data ethics in accordance to ÅRL § 99 d

The swift digitalization of global supply chains, along with the expanded sharing of customer and partner data and the heightened scrutiny over corporate data misuse or protection failures, has significantly elevated the importance of responsible data management. Schlumberger Danmark ApS has a strong focus on IT security and works continuously to ensure that the company's systems and data are protected against cyber threats. Through a comprehensive approach to IT security, systems are implemented and updated continuously, and several security measures have been introduced to prevent the risk of compromising our IT security. Schlumberger Danmark ApS has a careful approach to data handling, where data is stored securely and is only accessible to authorized personnel.

Our success depends in part on our ability to provide effective data security protection in connection with our digital technologies and services. We rely on information technology networks and systems for internal purposes, including secure data storage, processing, and transmission, as well as in our interactions with our business associates, such as customers and suppliers. We also develop software and other digital products and services that store, retrieve, manipulate, and manage our customers' information and data, external data, personal data, and our own data.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Revenue	1	791,554	500,676
Other operating income		30,582	28,761
Expenses for raw materials and consumables		(396,620)	(344,580)
Other external expenses		(169,195)	(59,267)
Gross profit		<u>256,321</u>	<u>125,590</u>
Staff expenses	2	(192,398)	(113,105)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(18,564)	(8,433)
Profit before financial income and expenses		<u>45,359</u>	<u>4,052</u>
Finance income	3	15,676	18,188
Finance expenses	4	(14,831)	(12,313)
Profit before tax		<u>46,204</u>	<u>9,927</u>
Tax on profit for the year	5	(10,768)	(3,274)
Profit for the year		<u>35,436</u>	<u>6,653</u>

Balance Sheet 31 December

	Note	2023 DKK'000	2022 DKK'000
ASSETS			
Plant and machinery		83,302	48,949
Other fixtures and fittings, tools and equipment		2,358	3,465
Leasehold improvements		575	1,008
Property, plant and equipment in progress		3,152	2,642
Property, plant and equipment	6	<u>89,387</u>	<u>56,064</u>
Deposits		<u>250</u>	<u>222</u>
Fixed assets		<u>89,637</u>	<u>56,286</u>
Inventories			
	7	<u>51,492</u>	<u>27,489</u>
Trade receivables		94,582	57,973
Receivables from group enterprises		51,972	69,751
Other receivables		1,457	1,909
Current tax receivables		2	200
Prepayments	8	59	1,247
Deferred tax assets	11	-	-
Receivables		<u>148,072</u>	<u>131,080</u>
Cash at bank and in hand		<u>46,451</u>	<u>32,731</u>
Current assets		<u>246,015</u>	<u>191,300</u>
Assets		<u>335,652</u>	<u>247,586</u>
LIABILITIES AND EQUITY			
Share capital	9	20,001	20,001
Retained earnings		123,225	87,789
Equity		<u>143,226</u>	<u>107,790</u>
Trade payables		88,821	62,120
Credit institutions		-	5,714
Current tax liabilities		6,781	-
Payables to group enterprises		65,460	52,632
Deferred tax liabilities	11	2,382	1,104
Deferred income	12	13,777	9,252
Other payables		15,205	8,974
Short-term debt		<u>192,426</u>	<u>139,796</u>
Debt		<u>192,426</u>	<u>139,796</u>
Liabilities and equity		<u>335,652</u>	<u>247,586</u>

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2023	20,001	87,789	107,790
Net profit for the year	-	35,436	35,436
Equity at 31 December 2023	20,001	123,225	143,226

Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 DKK'000	2022 DKK'000
Cash flows from operating activities			
Profit before income tax		46,204	9,927
Adjustments for:			
– Depreciation	6	18,564	8,433
– Net loss/(gain) on disposal of property, plant and equipment		16	(1,670)
– Unrealised foreign exchange loss/(gain) (net)		358	(3,143)
– Net financial income		(1,355)	(111)
Cash generated from operations		63,787	13,436
Changes in working capital:			
– Inventories		(24,003)	(6,378)
– Trade and other receivables		(35,189)	(25,782)
– Receivables from group entities		18,353	80,987
– Trade and other payables		37,156	31,249
– Income tax paid		(2,511)	(3,422)
– Payables to group enterprises		13,362	4,210
Net cash inflow generated from operating activities		70,955	94,300
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(135,909)	(53,725)
Proceeds from sale of property, plant and equipment		84,006	6,463
Net cash outflow used in investing activities		(51,903)	(47,262)
Cash flows from financing activities			
Net financial income		1,355	111
Net cash inflow generated from financing activities		1,355	111
Net increase in cash and cash equivalents		20,407	47,149
Cash and cash equivalents at the beginning of the financial year		27,017	(22,171)
Effects of exchange rate changes on cash and cash equivalents		(973)	2,039
Cash and cash equivalents at end of year		46,451	27,017

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 Revenue

Revenue in all material respects is from Denmark or the North Sea Area.

Business divisions

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Digital and Integration	14,194	12,941
Reservoir Performance	262,211	264,898
Well Construction	320,627	201,945
Production Systems	<u>194,522</u>	<u>20,892</u>
	<u>791,554</u>	<u>500,676</u>

2 Staff expenses

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Wages and salaries	181,018	104,604
Pensions	<u>11,380</u>	<u>8,501</u>
	<u>192,398</u>	<u>113,105</u>
Average number of employees	<u>154</u>	<u>109</u>

In accordance with the Danish Financial Statements Act section 98 b, 3 (2), the Company has not disclosed any remuneration in respect of 2023 as there is only one member of the executive board.

3 Finance income

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Interest received from group enterprises	1,355	114
Exchange gains	<u>14,321</u>	<u>18,074</u>
	<u>15,676</u>	<u>18,188</u>

Notes to the Financial Statements (continued)

4 Finance expenses

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Interest paid to group enterprise	-	3
Exchange loss	<u>14,831</u>	<u>12,310</u>
	<u>14,831</u>	<u>12,313</u>

5 Tax on profit for the year

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Current tax for the year	7,246	874
Deferred tax for the year	3,493	1,506
Adjustment of tax concerning previous years	<u>29</u>	<u>894</u>
	<u>10,768</u>	<u>3,274</u>

Notes to the Financial Statements (continued)

6 Property, plant and equipment

	<u>Plant and machinery</u> DKK'000	<u>Other fixtures and fittings, tools and equipment</u> DKK'000	<u>Leasehold Improvements</u> DKK'000	<u>Property, plant and equipment in progress</u> DKK'000	<u>Total</u> DKK'000
Cost					
Cost at 1 January	72,654	12,403	7,468	2,642	95,167
Additions for the year	129,357	17	-	6,526	135,900
Adjustment for the year	118	-	-	-	118
Disposals for the year	(89,393)	(353)	-	-	(89,746)
Transfers	4,987	1,029	-	(6,016)	-
Cost at 31 December	<u>117,723</u>	<u>13,096</u>	<u>7,468</u>	<u>3,152</u>	<u>141,439</u>
Depreciation					
Depreciation at 1 January	23,705	8,938	6,460	-	39,103
Adjustment for the year	109	-	-	-	109
Depreciation for the year	16,144	1,987	433	-	18,564
Reversal of depreciation of sold assets	(5,537)	(187)	-	-	(5,724)
Depreciation at 31 December	<u>34,421</u>	<u>10,738</u>	<u>6,893</u>	<u>-</u>	<u>52,052</u>
Carrying amount at 31 December	<u>83,302</u>	<u>2,358</u>	<u>575</u>	<u>3,152</u>	<u>89,387</u>

Notes to the Financial Statements (continued)

7 Inventories

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Raw materials and consumables	51,418	27,410
Finished goods and goods for resale	<u>74</u>	<u>79</u>
	<u>51,492</u>	<u>27,489</u>

8 Prepayments

Prepayments consist of prepaid expenses concerning rental fee.

9 Share Capital

The share capital consists of 20,001,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has not been changed in 5 years.

	<u>2023</u> DKK'000	<u>2022</u> DKK'000	<u>2020</u> DKK'000	<u>2019</u> DKK'000	<u>2018</u> DKK'000
Share capital at 1 January	<u>20,001</u>	<u>20,001</u>	<u>20,001</u>	<u>20,001</u>	<u>20,001</u>

10 Distribution of profit

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Retained earnings	<u>35,436</u>	<u>6,653</u>

Notes to the Financial Statements (continued)

11 Provision for deferred tax

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Provision for deferred tax at 1 January	1,104	(402)
Amounts recognised in the income statement for the year	3,493	1,506
Adjustment of tax concerning previous years	<u>(2,215)</u>	-
Provision for deferred tax at 31 December	<u>2,382</u>	<u>1,104</u>
Property, plant and equipment	<u>2,382</u>	<u>1,104</u>
	<u>2,382</u>	<u>1,104</u>

12 Deferred income

Deferred income comprises payments relating to sale which will not be recognised as income until in the subsequent financial year once the recognition criteria are satisfied.

13 Contingent assets, liabilities and other financial obligations

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
Contractual Commitments		
Other rent and lease liabilities	<u>6,512</u>	<u>5,578</u>

The Company has placed guarantees in relation to customer warranties and customs of total 10 thousand (2022: 1,625 thousand).

Notes to the Financial Statements (continued)

14 Related parties

Controlling interest

Schlumberger B.V.
Parkstraat 83 - 89, 2514 JG
The Hague, The Netherlands

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

All transactions with related parties have been carried through on normal terms.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Schlumberger B.V.
Parkstraat 83-89, 2514 JG
The Hague, The Netherlands

Consolidated Financial Statements

Schlumberger Ltd is the only entity within the group that consolidates the Schlumberger Danmark ApS figures in its financial reporting. No consolidation takes place at a lower level.

The Group Annual Report of Schlumberger Ltd. may be obtained at the following address:
<https://investorcenter.slb.com/financials/annual-reports-proxies>

15 Fee to auditors appointed at the general meeting

	<u>2023</u> DKK'000	<u>2022</u> DKK'000
PricewaterhouseCoopers		
Audit fee	<u>685</u>	<u>663</u>

Notes to the Financial Statements (continued)

16 Accounting policies

The Annual Report of Schlumberger Danmark ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Cash flow statement

Cash flows from operating activities are calculated based on the indirect method as profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received and corporation tax paid.

Cash flows for investing activities comprise payments in connection with acquisitions and disposals of businesses, intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as changes in balances with group entities and other related parties, the raising of loans, repayment of interest-bearing debt, including lease liabilities, as well as payment of dividend to shareholders.

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

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 finance income and expenses in the income statement.

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 finance income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements (continued)

16 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Information on business divisions and geographical lines based on the Company's risks and returns and its internal financial reporting system. Business divisions are regarded as the primary lines.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains on sale of fixed assets and renting out staff.

Finance income and expenses

Finance income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements (continued)

16 Accounting Policies (continued)

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.

Balance Sheet

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.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	2 - 8 years
Other fixtures and fittings, tools and equipment	4 - 8 years
Leasehold improvement	5 - 30 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

Every year, property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured in accordance with the weighted average cost.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Notes to the Financial Statements (continued)

16 Accounting Policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Share capital

Ordinary Shares are classified as equity.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

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 assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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 finance income and expenses.

Notes to the Financial Statements (continued)

16 Accounting Policies (continued)

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

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