

Momondo A/S
Løvstræde 1, 1.
1152 København K
Business Registration No
20181397

Annual report 2018

The Annual General Meeting adopted the annual report on 12.06.2019

Chairman of the General Meeting

Name: Daniel Stephen Hafner

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	8
Balance sheet at 31.12.2018	9
Statement of changes in equity for 2018	11
Cash flow statement 2018	12
Notes	13
Accounting policies	18

Entity details

Entity

Momondo A/S
Løvstræde 1, 1.
1152 København K

Central Business Registration No (CVR): 20181397

Founded: 14.04.1997

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Phone: +4533378080

Website: www.momondo.dk

E-mail: info@momondo.dk

Board of Directors

Daniel Stephen Hafner

Peer d'Artagnan Büller

Tore Pein Jensen

Executive Board

Tore Pein Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Momondo A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 12.06.2019

Executive Board

Tore Pein Jensen

Board of Directors

Daniel Stephen Hafner

Peer d'Artagnan Büller

Tore Pein Jensen

Independent auditor's report

To the shareholder of Momondo A/S

Opinion

We have audited the financial statements of Momondo A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the 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 Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' 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. 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 12.06.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Christian Sanderhage
State Authorised Public Accountant
Identification No (MNE) mne23347

Management commentary

	2018	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	261.714	153.698	55.615	58.693	50.572
Operating profit/loss	104.588	(1.998)	(43.402)	(18.344)	(785)
Net financials	(584)	(3.706)	(3.185)	(798)	(1.317)
Profit/loss for the year	107.749	(30.134)	(35.954)	(15.714)	(1.884)
Total assets	229.080	155.665	188.269	138.508	79.963
Investments in property, plant and equipment	2.324	2.232	5.973	1.391	1.195
Equity	147.037	(103.301)	(73.166)	(37.212)	(21.499)
Average numbers of employees	205	229	177	120	87
Ratios					
Return on equity (%)	492,7	66,8	53,5	9,2	763,6
Equity ratio (%)	64,2	(66,4)	(38,9)	(26,9)	(26,9)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

As specified on page 22, the accounting policies on recognition of indirect production costs related to fixed assets have been changed from recognition as part of cost of fixed assets to recognition in the income statement when incurred. The comparative figures for the second, third and fourth comparative year have not been restated. A restatement of the comparatives would imply an increase in the results, value of fixed assets (completed development projects and development projects in progress) and equity.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activity is to conduct internet business.

Development in activities and finances

Booking Holdings Inc. (NASDAQ: BKNG) acquired ownership of Momondo Group Holdings Limited through its wholly owned subsidiary, Priceline.com International Limited, in July 2017 following the receipt of applicable regulatory approvals. Following the acquisition, Momondo A/S has been managed by KAYAK, a subsidiary of Booking Holdings Inc.

In 2018, under the leadership of KAYAK, Momondo A/S remained committed to growing its international footprint and expanding on its product portfolio and mobile offerings.

Momondo A/S's operating results improved in 2018 mainly due to an increase in gross profit. Staff costs increased by 27,2m DKK from 2017 to 2018. Offsetting the increase in staff costs was a decrease of 25,7m DKK in Depreciation, amortization and impairment losses as 2017 included a one-time write-down of 25,8m DKK on intangibles related to the acquisition of Momondo. The write-down was mainly due to synergies in sharing common platforms and technologies on a wider scale following the acquisition by KAYAK.

As of the end of 2018, Momondo A/S's capitalization was increased by a capital contribution from the parent company and profit for the year. Equity end of the year is 147m DKK.

Outlook

Management continues to focus on international growth and accelerating technology innovation to best serve the global user base. With synergy effects from the acquisition and continued investment in marketing and product, management looks forward to a positive result for 2019.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		261.714.454	153.697.627
Staff costs	1	(154.076.107)	(126.923.729)
Depreciation, amortisation and impairment losses	2	<u>(3.050.377)</u>	<u>(28.772.388)</u>
Operating profit/loss		104.587.970	(1.998.490)
Other financial income	3	1.887.304	0
Impairment losses on financial assets		0	(324.167)
Other financial expenses	4	<u>(2.471.712)</u>	<u>(3.382.130)</u>
Profit/loss before tax		104.003.562	(5.704.787)
Tax on profit/loss for the year	5	<u>3.745.529</u>	<u>(24.429.500)</u>
Profit/loss for the year	6	<u>107.749.091</u>	<u>(30.134.287)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Completed development projects		0	0
Acquired intangible assets		0	86.646
Acquired rights		0	0
Development projects in progress		0	0
Intangible assets	7	0	86.646
Other fixtures and fittings, tools and equipment		3.448.267	3.626.368
Leasehold improvements		1.410.456	1.871.616
Property, plant and equipment	8	4.858.723	5.497.984
Other receivables		3.789.111	3.569.618
Deferred tax	10	9.957.575	0
Fixed asset investments	9	13.746.686	3.569.618
Fixed assets		18.605.409	9.154.248
Trade receivables		32.730.019	66.135.520
Receivables from group enterprises		105.809.719	5.498.423
Other receivables		638.921	1.426.318
Prepayments	11	12.712.705	18.181.943
Receivables		151.891.364	91.242.204
Cash		58.583.434	55.268.549
Current assets		210.474.798	146.510.753
Assets		229.080.207	155.665.001

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	12	1.672.600	1.672.600
Retained earnings		<u>145.364.890</u>	<u>(104.973.241)</u>
Equity		<u>147.037.490</u>	<u>(103.300.641)</u>
Other provisions	13	<u>8.773.584</u>	<u>866.890</u>
Provisions		<u>8.773.584</u>	<u>866.890</u>
Prepayments received from customers		1.892.517	2.093.492
Trade payables		18.377.895	28.889.177
Payables to group enterprises		13.139.355	187.646.934
Income tax payable		4.088.709	3.641.590
Other payables		<u>35.770.657</u>	<u>35.827.559</u>
Current liabilities other than provisions		<u>73.269.133</u>	<u>258.098.752</u>
Liabilities other than provisions		<u>73.269.133</u>	<u>258.098.752</u>
Equity and liabilities		<u>229.080.207</u>	<u>155.665.001</u>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Transactions with related parties	17		
Group relations	18		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.672.600	(104.973.241)	(103.300.641)
Increase of capital	0	142.589.040	142.589.040
Profit/loss for the year	0	107.749.091	107.749.091
Equity end of year	1.672.600	145.364.890	147.037.490

Cash flow statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Operating profit/loss		104.587.971	(1.998.490)
Amortisation, depreciation and impairment losses		3.050.377	28.772.388
Other provisions		7.906.694	(7.729.884)
Working capital changes	14	<u>28.892.978</u>	<u>4.575.075</u>
Cash flow from ordinary operating activities		144.438.020	23.619.089
Financial income received		1.887.304	0
Financial expenses paid		(2.471.712)	(3.382.130)
Income taxes refunded/(paid)		<u>(5.764.927)</u>	<u>4.579</u>
Cash flows from operating activities		138.088.685	20.241.538
Acquisition etc of intangible assets		0	(72.670)
Acquisition etc of property, plant and equipment		(2.324.470)	(2.231.586)
Acquisition of fixed asset investments		<u>(219.495)</u>	<u>(65.691)</u>
Cash flows from investing activities		(2.543.965)	(2.369.947)
Incurrence of debt to group enterprises		(33.499.082)	12.272.076
Incurrence of receivable from group enterprises		<u>(98.730.753)</u>	<u>(7.078.966)</u>
Cash flows from financing activities		(132.229.835)	5.193.110
Increase/decrease in cash and cash equivalents		3.314.885	23.064.701
Cash and cash equivalents beginning of year		<u>55.268.549</u>	<u>32.203.848</u>
Cash and cash equivalents end of year		58.583.434	55.268.549

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	146.605.176	119.163.050
Pension costs	6.059.716	5.973.378
Other social security costs	1.411.215	1.787.301
	<u>154.076.107</u>	<u>126.923.729</u>
Average number of employees	<u>205</u>	<u>229</u>

Information on remuneration to management has been omitted with reference to the Annual Accounts Act, section 98b, paragraph. 3.

	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	86.646	179.255
Impairment losses on intangible assets	0	25.836.192
Depreciation of property, plant and equipment	2.963.731	2.756.941
	<u>3.050.377</u>	<u>28.772.388</u>

	2018	2017
	DKK	DKK
3. Other financial income		
Other interest income	2.146	0
Exchange rate adjustments	1.885.158	0
	<u>1.887.304</u>	<u>0</u>

	2018	2017
	DKK	DKK
4. Other financial expenses		
Other interest expenses	437.270	108.294
Exchange rate adjustments	2.034.442	3.273.836
	<u>2.471.712</u>	<u>3.382.130</u>

Notes

	2018	2017
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	8.338.709	3.646.169
Change in deferred tax	(9.957.575)	20.783.331
Adjustment concerning previous years	(2.126.663)	0
	(3.745.529)	24.429.500

	2018	2017
	DKK	DKK
6. Proposed distribution of profit/loss		
Retained earnings	107.749.091	(30.134.287)
	107.749.091	(30.134.287)

	Completed develop- ment projects DKK	Acquired intangible assets DKK	Acquired rights DKK	Develop- ment projects in progress DKK
7. Intangible assets				
Cost beginning of year	29.158.232	2.014.140	886.090	13.996.883
Disposals	(29.158.232)	(1.863.174)	(886.090)	(13.996.883)
Cost end of year	0	150.966	0	0
Amortisation and impairment losses beginning of year	(29.158.232)	(1.927.494)	(886.090)	(13.996.883)
Amortisation for the year	0	(86.646)	0	0
Reversal regarding disposals	29.158.232	1.863.174	886.090	13.996.883
Amortisation and impairment losses end of year	0	(150.966)	0	0
Carrying amount end of year	0	0	0	0

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8. Property, plant and equipment		
Cost beginning of year	6.498.584	2.517.983
Additions	2.274.294	50.176
Disposals	(1.920.214)	0
Cost end of year	6.852.664	2.568.159
Depreciation and impairment losses beginning of year	(2.872.216)	(646.367)
Depreciation for the year	(2.452.395)	(511.336)
Reversal regarding disposals	1.920.214	0
Depreciation and impairment losses end of year	(3.404.397)	(1.157.703)
Carrying amount end of year	3.448.267	1.410.456
	Other receivables DKK	Deferred tax DKK
9. Fixed asset investments		
Cost beginning of year	3.569.618	20.783.331
Additions	219.493	0
Disposals	0	(10.825.756)
Cost end of year	3.789.111	9.957.575
Impairment losses beginning of year	0	(20.783.331)
Reversal of impairment losses	0	20.783.331
Impairment losses end of year	0	0
Carrying amount end of year	3.789.111	9.957.575

Notes

	2018
	DKK
10. Deferred tax	
Intangible assets	33.302
Property, plant and equipment	373.630
Provisions	1.930.188
Tax losses carried forward	<u>7.620.455</u>
	<u>9.957.575</u>
Changes during the year	
Recognised in the income statement	<u>9.957.575</u>
End of year	<u>9.957.575</u>

11. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	Number	Par value DKK	Nominal value DKK
12. Contributed capital			
Stocks	<u>16.726</u>	100	<u>1.672.600</u>
	<u>16.726</u>		<u>1.672.600</u>

13. Other provisions

Other provisions comprise contractual liabilities regarding restricted stock units in Booking Holdings, Connecticut, US, acquired by employees and executives in Momondo A/S.

	2018	2017
	DKK	DKK
14. Change in working capital		
Increase/decrease in receivables	39.662.136	14.943.239
Increase/decrease in trade payables etc	<u>(10.769.158)</u>	<u>(10.368.164)</u>
	<u>28.892.978</u>	<u>4.575.075</u>

Notes

	2018	2017
	DKK	DKK
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>19.464.659</u>	<u>25.582.258</u>

16. Contingent liabilities

A business partner has in 2017 sued Momondo A/S for breach of licence agreement. The size of any claim for damages against the company has not yet been made more specific for which reason a provision for such claim has not been made in the financial statements apart from a provision for legal expenses related to the lawsuit.

17. Transactions with related parties

Only non-arm's-length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on an arm's length basis.

18. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Booking Holdings Inc., 800 Connecticut Avenue, Norwalk, CT 06854, United States.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Booking Holdings Inc., 800 Connecticut Avenue, Norwalk, CT 06854, United States.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets 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 as well as gains and losses from the sale of intangible assets as well as equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains payables and transactions in foreign currencies as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and 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, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling

Accounting policies

the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in form of indirect attributable staff costs and other external expenses used in the development process until 01.01.2016 are recognised in cost based on time spent on each project. After 01.01.2016 includes the cost of development projects only direct costs for external purchases and salaries.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 3 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 5 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	2-4 years
Leasehold improvements	5 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Receivables

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

Accounting policies

Deferred tax

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

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise contractual liabilities.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

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.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.