



Momondo A/S

Løvstræde 1, 1.
1152 København K
CVR No. 20181397

Annual report 2019

The Annual General Meeting adopted the
annual report on 22.07.2020

Daniel Stephen Hafner

Chairman of the General Meeting

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Entity details

Entity

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

CVR No.: 20181397
Registered office: København
Financial year: 01.01.2019 - 31.12.2019

Statutory reports on the entity's website

Statutory report on corporate social responsibility: <https://www.bookingholdings.com/corporate-responsibility/>

Board of Directors

Tore Pein Jensen
Daniel Stephen Hafner
Peer d'Artagnan Büller

Executive Board

Tore Pein Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Momondo A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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, 22.07.2020

Executive Board

Tore Pein Jensen

Board of Directors

Tore Pein Jensen

Daniel Stephen Hafner

Peer d'Artagnan Büller

Independent auditor's report

To the shareholders of Momondo A/S

Opinion

We have audited the financial statements of Momondo A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 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:

- 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.

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, 22.07.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Christian Sanderhage

State Authorised Public Accountant
Identification No (MNE) mne23347

Jacob Medard Frederiksen

State Authorised Public Accountant
Identification No (MNE) mne44110

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Revenue	703,468	662,034	772,348	603,622	425,794
Gross profit/loss	349,600	261,714	153,698	55,615	58,693
Operating profit/loss	208,165	104,588	(1,998)	(43,402)	(18,344)
Net financials	192	(584)	(3,706)	(3,185)	(798)
Profit/loss for the year	163,380	107,749	(30,134)	(35,954)	(15,714)
Total assets	384,936	229,080	155,665	188,843	138,508
Investments in property, plant and equipment	1,086	2,324	2,232	5,973	1,391
Equity	310,417	147,037	(103,301)	(73,166)	(37,212)
Average number of employees	159	205	229	177	120
Ratios					
Gross margin (%)	49.70	39.53	19.90	9.21	13.78
Net margin (%)	23.22	16.28	(3.90)	(5.96)	(3.69)
Return on equity (%)	71.48	492.72	N/A	N/A	N/A
Equity ratio (%)	80.64	64.19	(66.36)	(38.74)	(26.87)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The Company's primary activity is to conduct internet business, web solutions for travel search and development in relation thereof.

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 acquisition, Momondo A/S has been managed by KAYAK, a subsidiary of Booking Holdings Inc. In 2019, under the leadership of KAYAK, Momondo A/S remained committed to growing its international footprint and expanding on its product portfolio and mobile offerings. Equity end of the year is 310m DKK.

Profit/loss for the year in relation to expected developments

Momondo A/S's operating results improved in 2019 as the company managed to increase revenues and saw an increase in gross profit. Staff costs decreased by 15,1m DKK from 2018 to 2019. Depreciation, amortization and impairment losses decreased from 3,1m DKK to 2,5m DKK.

Outlook

The COVID-19 pandemic and the resulting economic conditions and government orders have resulted in an unprecedented decline in travel activities and consumer demand for related services. The Company's financial results and prospects are almost entirely dependent on the sale of such travel services. As a result, the Company's results for the quarter ended March 31, 2020 have been significantly and negatively impacted as compared to the corresponding period in 2019. Looking forward, due to the value of our platform, our cost structure and strong liquidity, we expect to emerge from this crisis in a strong position.

Environmental performance

Momondo A/S is part of the Bookings Holding group and its CSR policies, which is why we refer to the 2019 Annual Corporate Responsibility Group CSR Report, which can be found here <https://www.bookingholdings.com/corporate-responsibility/>

Statutory report on corporate social responsibility

Momondo A/S is part of Bookings Holding and follows its CSR policies, which is why we refer to the 2019 Annual Corporate Responsibility Report, which can be found here <https://www.bookingholdings.com/corporate-responsibility/>

Statutory report on the underrepresented gender

As part of Booking Holdings, Momondo A/S is committed through continued efforts to create a welcoming workplace. During 2019, we have reviewed and updated job descriptions in an effort to eliminate unintended gender bias, hired a new head of Diversity and Inclusion and participated in industry events such as Women Impact Tech and Wonder Women Tech. We continue to participate in the Booking Holdings Women in Leadership program which aims to evolve women's leadership skills and join a network of other women leaders across Booking Holdings. We also continue to conduct gender pay equity studies every 2 years to ensure that there is no disparity in pay based on gender. Across KAYAK, which Momondo A/S is managed by, our workforce is 56% male and 40% female (4% other), as of Q4 2019.* We also expect to add a female director to the board of Momondo A/S during the next fiscal year.

* Please note percentages were rounded to maintain consistency and as a result, may not total 100 percent. Due to global privacy laws, the majority of this data is self-reported.

Events after the balance sheet date

As our global travel revenue has declined significantly due to the COVID-19 crisis, Momondo A/S has implemented a number of initiatives in February 2020 to reduce cost, such as a hiring freeze and reducing discretionary spending. Given the state of the business and the expected prolonged impact of the crisis, Momondo A/S has also reduced the size of the team. This decision was made to ensure Momondo A/S will emerge from the crisis with strength and continue to serve travelers globally.

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

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Revenue	2	703,467,597	662,033,503
Other external expenses	3	(353,867,962)	(400,319,049)
Gross profit/loss		349,599,635	261,714,454
Staff costs	4	(138,966,494)	(154,076,107)
Depreciation, amortisation and impairment losses	5	(2,468,579)	(3,050,377)
Operating profit/loss		208,164,562	104,587,970
Other financial income	6	472,874	1,887,304
Other financial expenses	7	(281,001)	(2,471,712)
Profit/loss before tax		208,356,435	104,003,562
Tax on profit/loss for the year	8	(44,976,807)	3,745,529
Profit/loss for the year	9	163,379,628	107,749,091

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Acquired intangible assets		0	0
Intangible assets	10	0	0
Other fixtures and fittings, tools and equipment		2,092,464	3,448,267
Leasehold improvements		1,356,381	1,410,456
Property, plant and equipment	11	3,448,845	4,858,723
Other receivables		3,842,700	3,789,111
Deferred tax	13	4,362,830	9,957,575
Other financial assets	12	8,205,530	13,746,686
Fixed assets		11,654,375	18,605,409
Trade receivables		30,820,855	32,730,019
Receivables from group enterprises		294,912,425	105,809,719
Other receivables		1,126,566	638,921
Prepayments	14	1,694,538	12,712,705
Receivables		328,554,384	151,891,364
Cash		44,727,736	58,583,434
Current assets		373,282,120	210,474,798
Assets		384,936,495	229,080,207

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital	15	1,672,600	1,672,600
Retained earnings		308,744,518	145,364,890
Equity		310,417,118	147,037,490
Other provisions	16	17,054,440	8,773,584
Provisions		17,054,440	8,773,584
Other payables		3,436,368	0
Non-current liabilities other than provisions	17	3,436,368	0
Prepayments received from customers		812,206	1,892,517
Trade payables		17,747,993	18,377,895
Payables to group enterprises		2,559,174	13,139,355
Income tax payable		8,243,274	4,088,709
Other payables		24,665,922	35,770,657
Current liabilities other than provisions		54,028,569	73,269,133
Liabilities other than provisions		57,464,937	73,269,133
Equity and liabilities		384,936,495	229,080,207
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Transactions with related parties	21		
Group relations	22		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,672,600	145,364,890	147,037,490
Profit/loss for the year	0	163,379,628	163,379,628
Equity end of year	1,672,600	308,744,518	310,417,118

Cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		208,164,562	104,587,970
Amortisation, depreciation and impairment losses		2,468,579	3,050,377
Other provisions		8,280,856	7,906,694
Working capital changes	18	3,061,107	28,892,978
Cash flow from ordinary operating activities		221,975,104	144,438,019
Financial income received		472,874	1,887,304
Financial expenses paid		(281,001)	(2,471,712)
Income taxes refunded/(paid)		(35,227,497)	(5,764,927)
Cash flows from operating activities		186,939,480	138,088,684
Acquisition etc of property, plant and equipment		(1,085,514)	(2,324,470)
Sale of property, plant and equipment		26,812	0
Acquisition of fixed asset investments		(53,589)	(219,494)
Cash flows from investing activities		(1,112,291)	(2,543,964)
Change in debt to group enterprises		(10,580,181)	(33,499,082)
Change in receivables from group enterprises		(189,102,706)	(98,730,753)
Cash flows from financing activities		(199,682,887)	(132,229,835)
Increase/decrease in cash and cash equivalents		(13,855,698)	3,314,885
Cash and cash equivalents beginning of year		58,583,434	55,268,549
Cash and cash equivalents end of year		44,727,736	58,583,434
Cash and cash equivalents at year-end are composed of:			
Cash		44,727,736	58,583,434
Cash and cash equivalents end of year		44,727,736	58,583,434

Notes

1 Events after the balance sheet date

As our global travel revenue has declined significantly due to the COVID-19 crisis, Momondo A/S has implemented a number of initiatives in February 2020 to reduce cost, such as a hiring freeze and reducing discretionary spending. Given the state of the business and the expected prolonged impact of the crisis, Momondo A/S has also reduced the size of the team. This decision was made to ensure Momondo A/S will emerge from the crisis with strength and continue to serve travelers globally.

2 Revenue

	2019	2018
	DKK	DKK
Airline	442,541,951	459,962,530
Hotel	124,579,687	100,004,893
Car	11,092,209	6,148,272
Packages	12,220,231	5,271,274
Advertising	113,033,519	90,646,535
Total revenue by activity	703,467,597	662,033,504

3 Fees to the auditor appointed by the Annual General Meeting

	2019	2018
	DKK	DKK
Statutory audit services	239,000	194,000
Other services	22,100	21,100
	261,100	215,100

4 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	129,466,232	143,378,831
Pension costs	5,345,888	6,059,716
Other social security costs	1,264,107	1,411,215
Other staff costs	2,890,267	3,226,345
	138,966,494	154,076,107

Average number of full-time employees	159	205
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Information on remuneration to management has been omitted with reference to the Annual Accounts Act, section 98b, paragraph 3.

5 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Amortisation of intangible assets	0	86,646
Depreciation of property, plant and equipment	2,495,392	2,963,731
Profit/loss from sale of intangible assets and property, plant and equipment	(26,813)	0
	2,468,579	3,050,377

6 Other financial income

	2019	2018
	DKK	DKK
Other interest income	4,866	2,146
Exchange rate adjustments	468,008	1,885,158
	472,874	1,887,304

7 Other financial expenses

	2019	2018
	DKK	DKK
Other interest expenses	88,483	437,271
Exchange rate adjustments	192,518	2,034,441
	281,001	2,471,712

8 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	39,382,062	8,338,709
Change in deferred tax	5,594,745	(9,957,575)
Adjustment concerning previous years	0	(2,126,663)
	44,976,807	(3,745,529)

9 Proposed distribution of profit and loss

	2019	2018
	DKK	DKK
Retained earnings	163,379,628	107,749,091
	163,379,628	107,749,091

10 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	150,966
Cost end of year	150,966
Amortisation and impairment losses beginning of year	(150,966)
Amortisation and impairment losses end of year	(150,966)
Carrying amount end of year	0

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	6,852,664	2,568,159
Additions	476,766	608,748
Cost end of year	7,329,430	3,176,907
Depreciation and impairment losses beginning of year	(3,404,397)	(1,157,703)
Depreciation for the year	(1,832,569)	(662,823)
Depreciation and impairment losses end of year	(5,236,966)	(1,820,526)
Carrying amount end of year	2,092,464	1,356,381

12 Financial assets

	Other receivables DKK	Deferred tax DKK
Cost beginning of year	3,789,111	9,957,575
Additions	53,589	0
Disposals	0	(5,594,745)
Cost end of year	3,842,700	4,362,830
Carrying amount end of year	3,842,700	4,362,830

13 Deferred tax

	2019 DKK	2018 DKK
Intangible assets	7,629	33,302
Property, plant and equipment	456,477	373,630
Receivables	146,747	0
Provisions	3,751,977	1,930,188
Tax losses carried forward	0	7,620,455
Deferred tax	4,362,830	9,957,575

	2019 DKK	2018 DKK
Changes during the year		
Recognised in the income statement	(5,594,745)	9,957,575
End of year	(5,594,745)	9,957,575

The deferred tax assets is expected to be realized over the next 3-5 years.

14 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

15 Share capital

	Number	Par value DKK	Nominal value DKK
Stocks	16,726	100	1,672,600
	16,726		1,672,600

16 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.

17 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	3,436,368
	3,436,368

18 Changes in working capital

	2019 DKK	2018 DKK
Increase/decrease in receivables	12,439,686	39,662,136
Increase/decrease in trade payables etc	(9,378,579)	(10,769,158)
	3,061,107	28,892,978

19 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	12,168,550	19,464,659

20 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.

21 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 in an arm's length basis.

22 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 (large).

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

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.

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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

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

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis 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 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.

Deferred tax

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

Operating leases

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

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 receivable or payable 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, and 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.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and 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.