BEIERHOLM
VI SKABER BALANCE

North-East Venture ApS

Brønnums Hus - Kgs. Nytorv
August Bournonvilles Passage 1, 2., 1055 København K
CVR no. 25 16 73 41

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 29.03.22

Lasse Dehn-Baltzer
Dirigent

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Company information etc.

The company

North-East Venture ApS
Brønnums Hus - Kgs. Nytorv
August Bournonvilles Passage 1, 2.
1055 København K
CVR no.: 25 16 73 41
Financial year: 01.01 - 31.12

Executive Board

Martin Lumbye Hansen

Board of Directors

Jan-Ole Hansen
Martin Lumbye Hansen
Lasse Dehn-Baltzer

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for North-East Venture ApS.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, March 29, 2022

Executive Board

Martin Lumbye Hansen

Board of Directors

Jan-Ole Hansen Chairman	Martin Lumbye Hansen	Lasse Dehn-Baltzer

To the capital owners of North-East Venture ApS

Opinion

We have audited the financial statements of North-East Venture ApS for the financial year 01.01.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.21 and of the results of the company's operations for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the 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, we conclude that management’s review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Soeborg, Copenhagen, March 29, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Morten Stener
State Authorized Public Accountant
MNE-no. mne32182

Primary activities

North-East Venture invests in early-stage companies working in sustainable lifestyle, and new technology. The focus is on innovative companies who technologically are in front and have ambitions to challenge their own category.
Today, North-East Venture's portfolio consists of 22 companies, and the team in North-East Venture has both participated in exits, stock exchange listing, and minor and major capital rounds.

In the last few years, we have experienced some radical changes in the general market conditions for venture capital. Due to COVID-19, parts of the world community have been on constant alert. These conditions have meant that as an investor and management in a portfolio company, we must make important decisions very quickly and be able to navigate in a very dynamic and changeable world.
Another significant change is the general competitive situation of investing in unlisted companies in general. Today, we see far more funds than when North-East Venture was established eight years ago. There are also far more large and small investors throwing themselves into the market for early-stage investments. The money that investors allocate to the unlisted market has never been higher,

The value of North-East Venture's portfolio in the published financial statements is recognized at cost deducted for write-downs. The portfolio, therefore, reflects a conservative valuation.
From a prudent point of view, North-East Venture has chosen to recognize the value of the portfolio companies at cost without the possibility of fair value revaluations. This method was chosen at the establishment of North-East Venture and the company's management has chosen to continue this practice, although application of fair value valuation models, e.g., IPEV valuation guidelines show a significant added value of the company's investments.

If fair value valuations were used, where the value is calculated based on valuation from benchmark analyzes, recent investment rounds, and ongoing negotiations, the value of the portfolio companies would mean that North-East Venture has generated approx. 25% in return per share each year (IRR) to the owners. Compared to others' first funds, the result is very satisfactory.

In 2021, North-East Venture experienced an impressive development in it's portfolio companies as measured by turnover and growth in the companies’ most important KPI's – the best result since establishment. Especially North-East Venture’s investments in new technology and impact have shown significant growth.

Nord.investments
NORD experienced tremendous growth in 2021 and managed to cement it's position in the market for digital asset managers and was also listed on the stock market. Among several

highlights can be mentioned:
INITIAL PUBLIC OFFERING (IPO): Raising approximately DKK 55 million from 2,357 investor accounts, whereof DKK 20.5 million was committed by the company's existing investors and fintech and bank-owned corporate venture capital investors.
IMPROVED PENSION OFFERING: Launch of version 2.0 of our pension onboarding flow with integration to pensionsinfo.dk data, making it simpler for customers to transfer existing pension pots to NORD's solution.
ASSETS UNDER MANAGEMENT: Approx. 750m DKK in 2020 with guidance between 1,7bn and 2,0bn for 2021.

Rokoko
Rokoko has continued it's high growth in 2021. Through a bottom-up go-to-market strategy, the company has firmly established it's position as the leading motion capture company in the market and is strongly positioned for the new growth opportunities opening with the creator economy and the emergence of web3/metaverse. A few selected highlights include:
REVENUES: Increased year-over-year revenues by 100% from hardware and annual recurring revenue from software by 180%.
COMMUNITY: Increased community by 100%, passing 100.000 people, with by far highest engagement in the market.
ORGANIZATION: Established subsidiary in Athens with +20 full-time employees to accelerate software development.

Skall Studio
Skall Studio cemented it's position as one of the fashion industry's most recognized impact-focused brands. In all the company's processes and significant decisions, the company works with a sustainability agenda. In terms of running a sustainable business, Skall Studio is also one of the Danish design companies that is growing fastest on all key figures.
Most of the Skall Studio's revenue comes from the company's online revenue, where a completely new generation has adopted the company's sustainable approach and design thinking.

Trebo
Trebo experienced significant developments within the organization and in terms of technology and commercial agreements. The core technology is patented globally and is recognized by several of the largest companies in Europe, who have a need to recycle their plastic waste. If you as a company are to recycle plastic waste in a closed loop, it is necessary to be able to sort with a very high degree of accuracy, Trebo has already proven that they can technologically handle very large quantities of plastic to be sorted and that they can sort to purity levels above 99%.
Trebo entered into the first ongoing sorting agreements with Primo Denmark and Schneider Electric – both of which include Trebo's services for closed-loop recycling. The company is thus well-positioned as the key to transition towards a circular plastic economy.

Mater

Mater was the first Danish company to consistently start producing furniture based on a sustainability agenda and is today widely recognized for being a pioneer in the recycling of waste materials for use in furniture design and production. Mater is behind many Danish design classics from world-famous Danish furniture architects, including Nanna Ditzel, Børge Mogensen, Space Copenhagen, etc.

In 2021, North-East Venture sold most of its shares in Mater when an offer came from one of the larger Nordic funds which, with significant capital and significant ambitions, wants to take Mater to a new level.

The transaction created a venture return for the investors of North-East Venture and North-East Venture remains a shareholder in Mater going forward. The transaction was good proof that impact investments and strong business can go hand in hand.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK 10,773,864 against DKK 4,474,066 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 79,996,267.

The management considers the net profit for the year to be satisfactory.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2021 DKK	2020 DKK
	Gross loss	**-2,381,528**	**-2,087,961**
1	Staff costs	-5,288,602	-4,939,450
	Loss before depreciation, amortisation, write-downs and impairment losses	**-7,670,130**	**-7,027,411**
	Depreciation and impairments losses of property, plant and equipment	-8,155	-16,315
	Operating loss	**-7,678,285**	**-7,043,726**
2	Income from equity investments in group enterprises	-441,028	-804,842
3	Financial income	21,842,656	14,048,572
4	Financial expenses	-5,008,120	-3,672,408
	Profit before tax	**8,715,223**	**2,527,596**
	Tax on profit for the year	2,058,641	1,946,470
	Profit for the year	**10,773,864**	**4,474,066**

Proposed appropriation account

Retained earnings	10,773,864	4,474,066
Total	**10,773,864**	**4,474,066**

Balance sheet

ASSETS

Note		31.12.21 DKK	31.12.20 DKK
	Art	39,900	0
	Other fixtures and fittings, tools and equipment	8,360	16,515
5	**Total property, plant and equipment**	**48,260**	**16,515**
7	Deposits	140,000	140,000
	Total investments	**140,000**	**140,000**
	Total non-current assets	**188,260**	**156,515**
	Trade receivables	18,841	26,095
	Receivables from group enterprises	954,305	916,526
	Receivables from associates	14,886,161	0
	Deferred tax asset	3,483,379	3,518,173
	Income tax receivable	2,058,267	315,480
	Other receivables	3,161,764	5,133,720
	Prepayments	20,469	38,119
	Total receivables	**24,583,186**	**9,948,113**
	Other investments	107,030,121	95,681,187
	Total securities and equity investments	**107,030,121**	**95,681,187**
	Cash	**930,520**	**2,238,915**
	Total current assets	**132,543,827**	**107,868,215**
	Total assets	**132,732,087**	**108,024,730**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.21 DKK	31.12.20 DKK
	Share capital	23,101,375	23,101,375
	Retained earnings	56,894,892	46,121,028
	Total equity	**79,996,267**	**69,222,403**
8	Payables to group enterprises	51,475,996	37,403,491
8	Other payables	232,508	227,927
	Total long-term payables	**51,708,504**	**37,631,418**
	Payables to other credit institutions	3,701	15,062
	Trade payables	332,579	278,117
	Other payables	691,036	877,730
	Total short-term payables	**1,027,316**	**1,170,909**
	Total payables	**52,735,820**	**38,802,327**
	Total equity and liabilities	**132,732,087**	**108,024,730**

9 Fair value information
10 Contingent liabilities
11 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.20 - 31.12.20		
Balance as at 01.01.20	23,101,375	41,646,962
Net profit/loss for the year	0	4,474,066
Balance as at 31.12.20	23,101,375	46,121,028
Statement of changes in equity for 01.01.21 - 31.12.21		
Balance as at 01.01.21	23,101,375	46,121,028
Net profit/loss for the year	0	10,773,864
Balance as at 31.12.21	23,101,375	56,894,892

Notes

	2021 DKK	2020 DKK

1. Staff costs

Wages and salaries	4,859,944	4,543,914
Pensions	394,152	368,643
Other social security costs	34,506	26,893
Total	5,288,602	4,939,450
Average number of employees during the year	5	5

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-441,028	-804,842
Total	-441,028	-804,842

3. Financial income

Interest, group enterprises	514,320	516,731
Other financial income	21,328,336	13,531,841
Total	21,842,656	14,048,572

4. Financial expenses

Interest, group enterprises	2,382,760	2,902,229
Other financial expenses total	2,625,360	770,179
Total	5,008,120	3,672,408

5. Property, plant and equipment

Figures in DKK	Art	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	0	131,541
Additions during the year	39,900	0
Cost as at 31.12.21	39,900	131,541
Depreciation and impairment losses as at 01.01.21	0	-115,026
Depreciation during the year	0	-8,155
Depreciation and impairment losses as at 31.12.21	0	-123,181
Carrying amount as at 31.12.21	39,900	8,360

6. Equity investments in group enterprises

Figures in DKK	Equity invest-ments in group enterprises
Cost as at 01.01.21	4,250,000
Cost as at 31.12.21	4,250,000
Depreciation and impairment losses as at 01.01.21	-9,766,369
Net profit/loss from equity investments	-441,028
Negative equity value impaired in receivables	5,957,397
Depreciation and impairment losses as at 31.12.21	-4,250,000
Carrying amount as at 31.12.21	0

7. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.21	140,000
Cost as at 31.12.21	140,000
Carrying amount as at 31.12.21	140,000

8. Long-term payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Payables to group enterprises	0	51,475,996	37,403,491
Other payables	232,508	232,508	227,927
Total	232,508	51,708,504	37,631,418

9. Fair value information

Figures in DKK	Listed securities and equity investments	Total
Fair value as at 31.12.21	8,248,188	8,248,188
Unrealised changes of fair value recognised in the income statement for the year	3,500,841	3,500,841

The company has invested in listed stock. The fair value is based at the market price value as of 31.12.2021.

10. Contingent liabilities

Lease commitments

The company has concluded lease agreement with a notice period of 4 months and total lease payments of DKK 180k.

The company has entered lease agreement with an outstanding liability of DKK 150k.

Recourse guarantee commitments

The company has provided a guarantee for the debt to credit institutions of Butchers & Bicycles ApS. The guarantee is maximised at DKK 715k.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The company's Management has signed a statement of support for a subsidiary company regarding maintaining existing loan and if necessary provide further liquidity in order for the subsidiary company to pay the liabilities as they fall due.

11. Related parties

The company is included in the consolidated financial statements of the parent North-East Group ApS, Copenhagen.

12. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

12. Accounting policies - continued -

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

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

12. Accounting policies - continued -

INCOME STATEMENT

Gross loss

Gross loss comprises other operating income and other external expenses.

Revenue

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses comprise costs relating to sales, administration and premises.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Art	0	39,900
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies

12. Accounting policies - continued -

referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group entreprises and associates

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.
Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments etc. are recognised in other net financials.

Dividends from other equity investments are recognised as income in the financial year in which the dividend is declared.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment,

12. Accounting policies - continued -

and art.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses. However, no depreciation has been made on art, as art does not deteriorate with use or over time (i.e. no limited useful life).

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises and associates

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a consolidation method, and reference is made to the 'Equity method' section for further details.

Equity investments in associates

Equity investments in associates are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

The acquisition of equity investments in associates is recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of acquired equity investments are measured at fair value at the date of acquisition.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the income statement at the date incurred.

12. Accounting policies - continued -

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.
If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

12. Accounting policies - continued -

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments

Other securities are measured at fair value, equivalent to the market value at the balance sheet date.

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost. Other equity investments classified as current assets are written down to the lower of cost and net realisable value. Other equity investments that are traded in an active market are measured at fair value, equivalent to the market value at the balance sheet date.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

12. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.