

## Colt Technology Services A/S

Borgmester Christiansens Gade 55  
2450 Copenhagen  
CVR No. 25760352

### Annual report 2020

The Annual General Meeting adopted the  
annual report on 29.07.2021

DocuSigned by:

*Pieter Veenman*

FE4608B073C3403...

---

**Pieter Veenman**

Chairman of the General Meeting

# Contents

|   |    |
|---|----|
| Entity details                          | 2  |
| Statement by Management                 | 3  |
| Independent auditor's report            | 4  |
| Management commentary                   | 7  |
| Income statement for 2020               | 8  |
| Balance sheet at 31.12.2020             | 9  |
| Statement of changes in equity for 2020 | 11 |
| Notes                                   | 12 |
| Accounting policies                     | 15 |

# Entity details

## Entity

Colt Technology Services A/S  
Borgmester Christiansens Gade 55  
2450 Copenhagen

CVR No.: 25760352  
Registered office: Copenhagen  
Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Pieter Veenman, Chairman  
Jimmy Palle Stensbirk  
Dirk Slooten

## Executive Board

Jimmy Palle Stensbirk, Chief Executive Officer

## Bank

Danske Bank  
Holmens Kanal 2-16  
DK-1016 Copenhagen

## Attorney

Bech-Bruun  
Langelinie Allé 35  
DK-2100 Copenhagen

## Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup  
CVR No.: 33771231

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Colt Technology Services A/S for the financial year 1 January 2020 - 31 December 2020.

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 December 2020 and of the results of its operations for the financial year 1 January 2020 - 31 December 2020.

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, 29.07.2021

## Executive Board

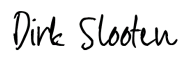
**Jimmy Palle Stensbirk**  
Chief Executive Officer

## Board of Directors

DocuSigned by:  
  
FE4598B073C3493...  
**Pieter Veenman**  
Chairman

DocuSigned by:  
  
597024B6C15E478...  
**Jimmy Palle Stensbirk**

## Dirk Slooten

DocuSigned by:  
  
885F998EECB844E...

# Independent auditor's report

## To the shareholders of Colt Technology Services A/S

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2020 and of the results of its operations for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Colt Technology Services A/S for the financial year 1 January 2020 - 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### 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, 29.07.2021

**PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab**

CVR No. 33771231



**Martin Lunden**

State Authorised Public Accountant

Identification No (MNE) mne32209



**Lone Vindbjerg Larsen**

State Authorised Public Accountant

Identification No (MNE) mne34548

# Management commentary

## Primary activities

The Company's main activity is the selling and operating of Voice, Network and Datacenter services.

## Development in activities and finances

For 2020 the income statement of the Company shows a loss of DKK 6,096,148. The result decreased by DKK 3,205,704 compared to 2019 (DKK -2,890,444). At 31 December 2020 the balance sheet of the Company shows equity of DKK 54,812,531.

## Capital resources

This year's result has been proposed transferred to equity.

Our parent Company has issued a "Letter of Support" for the operation of the company for the next 12 months.

## Strategy and objectives

Our strategy is defined by three priorities: a focus on key markets, delivering an exceptional customer experience and optimizing the use of our assets.

We focus on key locations where our target mid-market customers do business. Colt is well placed to help customers through change - with a renewed focus on our core specialism we will transform the way businesses consume network infrastructure and communications services. Colt will serve our customers in a way that they choose - providing them with an intelligent network that enables them to become better at what they do. We understand that delivering the right experience to our customers helps drive improved trust and customer advocacy of Colt, and therefore growth of the business.

We will continue to transform our business so that we are in the optimum operational state to serve our customers and help them overcome their business challenges, now and in the future. We will focus on getting the most out of all our assets: our physical network assets and our expert people, to better serve our customers and to deliver improved profitability and returns on investment.

Colt Technology Group has planned to sell the Data Center Services in Denmark located in Copenhagen during 2021. It is a strategic business decision to sell all smaller Data Center Services of the company.

## Events after the balance sheet date

Colt continues to closely monitor the situation regarding Covid-19 from both Health and Safety and Business Continuity perspectives. The majority of Colt locations have enforced a mandatory work from home ('WFH') policy for all staff, except for a minimal group that are approved as needing to access sites in order to perform critical tasks. In addition, certain Colt locations are operating a split working approach with two designated teams created that alternate weeks they are allowed, but not required to be, on site. Substantially all international travel has been banned and local travel restricted to essential services only.

Colt continues to work closely with its customers and suppliers, and does not foresee significant obstacles in fulfilling customer service agreements and maintaining its supply chain. At present, given the uncertainty surrounding this global pandemic, it is difficult to understand fully the longer term economic impact for 2021 and beyond.

Potential impacts for Colt Denmark are expected to be close to non.



# Income statement for 2020

|  | Notes | 2020<br>DKK        | 2019<br>DKK        |
|--|-------|--------------------|--------------------|
| <b>Gross profit/loss</b>                         |       | <b>36,744,308</b>  | <b>34,654,807</b>  |
| Staff costs                                      | 2     | (10,989,066)       | (9,283,616)        |
| Depreciation, amortisation and impairment losses | 3     | (24,124,531)       | (20,301,542)       |
| <b>Operating profit/loss</b>                     |       | <b>1,630,711</b>   | <b>5,069,649</b>   |
| Other financial income                           | 4     | 166,448            | 129                |
| Other financial expenses                         | 5     | (7,893,307)        | (8,265,949)        |
| <b>Profit/loss before tax</b>                    |       | <b>(6,096,148)</b> | <b>(3,196,171)</b> |
| Tax on profit/loss for the year                  | 6     | 0                  | 305,727            |
| <b>Profit/loss for the year</b>                  |       | <b>(6,096,148)</b> | <b>(2,890,444)</b> |
| <b>Proposed distribution of profit and loss</b>  |       |                    |                    |
| Retained earnings                                |       | (6,096,148)        | (2,890,444)        |
| <b>Proposed distribution of profit and loss</b>  |       | <b>(6,096,148)</b> | <b>(2,890,444)</b> |

# Balance sheet at 31.12.2020

## Assets

|  | Notes | 2020<br>DKK        | 2019<br>DKK        |
|--|-------|--------------------|--------------------|
| Land and buildings                               |       | 70,584,591         | 75,927,078         |
| Plant and machinery                              |       | 104,171,578        | 90,214,327         |
| Other fixtures and fittings, tools and equipment |       | 1,254,694          | 1,296,275          |
| <b>Property, plant and equipment</b>             | 7     | <b>176,010,863</b> | <b>167,437,680</b> |
| Investments in group enterprises                 |       | 40,000             | 0                  |
| <b>Financial assets</b>                          | 8     | <b>40,000</b>      | <b>0</b>           |
| <b>Fixed assets</b>                              |       | <b>176,050,863</b> | <b>167,437,680</b> |
| Trade receivables                                |       | 5,689,167          | 8,856,440          |
| Other receivables                                |       | 6,420,203          | 5,687,952          |
| Prepayments                                      | 9     | 2,287,679          | 2,729,010          |
| <b>Receivables</b>                               |       | <b>14,397,049</b>  | <b>17,273,402</b>  |
| <b>Cash</b>                                      |       | <b>11,787,066</b>  | <b>27,367,161</b>  |
| <b>Current assets</b>                            |       | <b>26,184,115</b>  | <b>44,640,563</b>  |
| <b>Assets</b>                                    |       | <b>202,234,978</b> | <b>212,078,243</b> |

**Equity and liabilities**

|  | <b>Notes</b> | <b>2020<br/>DKK</b> | <b>2019<br/>DKK</b> |
|--|--------------|---------------------|---------------------|
| Contributed capital                                  |              | 2,000,000           | 2,000,000           |
| Retained earnings                                    |              | 52,812,531          | 58,908,679          |
| <b>Equity</b>  |              | <b>54,812,531</b>   | <b>60,908,679</b>   |
| Other provisions                                     | 10           | 7,987,409           | 3,980,319           |
| <b>Provisions</b>                                    |              | <b>7,987,409</b>    | <b>3,980,319</b>    |
| Finance lease liabilities, long term                 |              | 89,035,272          | 76,410,828          |
| Payables to group enterprises                        |              | 30,373,149          | 50,595,537          |
| <b>Non-current liabilities other than provisions</b> |              | <b>119,408,421</b>  | <b>127,006,365</b>  |
| Finance lease liabilities                            |              | 2,263,679           | 1,817,891           |
| Trade payables                                       |              | 6,398,170           | 15,303,994          |
| Other payables                                       |              | 7,901,111           | 375,127             |
| Deferred income                                      | 11           | 3,463,657           | 2,685,868           |
| <b>Current liabilities other than provisions</b>     |              | <b>20,026,617</b>   | <b>20,182,880</b>   |
| <b>Liabilities other than provisions</b>             |              | <b>139,435,038</b>  | <b>147,189,245</b>  |
| <b>Equity and liabilities</b>                        |              | <b>202,234,978</b>  | <b>212,078,243</b>  |
| Events after the balance sheet date                  | 1            |                     |                     |
| Related parties with controlling interest            | 12           |                     |                     |
| Group relations                                      | 13           |                     |                     |

# Statement of changes in equity for 2020

|                           | <b>Contributed<br/>capital<br/>DKK</b> | <b>Retained<br/>earnings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year  | 2,000,000                              | 58,908,679                           | 60,908,679           |
| Profit/loss for the year  | 0                                      | (6,096,148)                          | (6,096,148)          |
| <b>Equity end of year</b> | <b>2,000,000</b>                       | <b>52,812,531</b>                    | <b>54,812,531</b>    |

# Notes

## 1 Events after the balance sheet date

There have been no subsequent Events after the balance sheet date.

## Covid-19

Colt continues to closely monitor the situation regarding Covid-19 from both Health and Safety and Business Continuity perspectives. The majority of Colt locations have enforced a mandatory work from home ('WFH') policy for all staff, except for a minimal group that are approved as needing to access sites in order to perform critical tasks. In addition, certain Colt locations are operating a split working approach with two designated teams created that alternate weeks they are allowed, but not required to be, on site. Substantially all international travel has been banned and local travel restricted to essential services only. Colt continues to work closely with its customers and suppliers, and does not foresee significant obstacles in fulfilling customer service agreements and maintaining its supply chain. At present, given the uncertainty surrounding this global pandemic, it is difficult to understand fully the longer term economic impact for 2021 and beyond. Potential impacts for Colt Denmark are expected to be close to non.

## 2 Staff costs

|                                       | <b>2020</b>       | <b>2019</b>       |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>DKK</b>        | <b>DKK</b>        |
| Wages and salaries                    | 13,386,281        | 11,123,494        |
| Pension costs                         | 877,189           | 812,048           |
| Other social security costs           | 45,275            | 30,694            |
|                                       | <b>14,308,745</b> | <b>11,966,236</b> |
| Staff costs classified as assets      | (3,319,679)       | (2,682,620)       |
|                                       | <b>10,989,066</b> | <b>9,283,616</b>  |
| Average number of full-time employees | <b>14</b>         | <b>14</b>         |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B (3) of the Danish Financial Statements act.

## 3 Depreciation, amortisation and impairment losses

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
|   | <b>DKK</b>        | <b>DKK</b>        |
| Depreciation of property, plant and equipment | 24,124,531        | 20,301,542        |
|   | <b>24,124,531</b> | <b>20,301,542</b> |

#### 4 Other financial income

|                           | 2020<br>DKK    | 2019<br>DKK |
|---------------------------|----------------|-------------|
| Other interest income     | 0              | 129         |
| Exchange rate adjustments | 81,422         | 0           |
| Other financial income    | 85,026         | 0           |
|                           | <b>166,448</b> | <b>129</b>  |

#### 5 Other financial expenses

|   | 2020<br>DKK      | 2019<br>DKK      |
|---|------------------|------------------|
| Financial expenses from group enterprises | 2,369,764        | 3,450,537        |
| Exchange rate adjustments                 | 0                | 22,462           |
| Other financial expenses                  | 5,523,543        | 4,792,950        |
|   | <b>7,893,307</b> | <b>8,265,949</b> |

#### 6 Tax on profit/loss for the year

|                        | 2020<br>DKK | 2019<br>DKK      |
|------------------------|-------------|------------------|
| Change in deferred tax | 0           | (305,727)        |
|                        | <b>0</b>    | <b>(305,727)</b> |

#### 7 Property, plant and equipment

|   | Land and<br>buildings<br>DKK | Plant and<br>machinery<br>DKK | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK |
|---|------------------------------|-------------------------------|--|
| Cost beginning of year                                | 78,545,253                   | 475,461,658                   | 1,481,336  |
| Transfers   | 0                            | 2,733,673                     | 0  |
| Additions   | 0                            | 32,574,636                    | 162,365  |
| Disposals   | (2,772,960)                  | (10,168,899)                  | (63,062)   |
| <b>Cost end of year</b>                               | <b>75,772,293</b>            | <b>500,601,068</b>            | <b>1,580,639</b>   |
| Depreciation and impairment losses beginning of year  | (2,618,175)                  | (385,247,331)                 | (185,061)  |
| Depreciation for the year                             | (2,569,527)                  | (21,351,058)                  | (203,946)  |
| Reversal regarding disposals                          | 0                            | 10,168,899                    | 63,062   |
| <b>Depreciation and impairment losses end of year</b> | <b>(5,187,702)</b>           | <b>(396,429,490)</b>          | <b>(325,945)</b>   |
| <b>Carrying amount end of year</b>                    | <b>70,584,591</b>            | <b>104,171,578</b>            | <b>1,254,694</b>   |
| Hereof leased   | 70,584,591                   | 27,600,762                    | 0  |

## 8 Financial assets

| <b>Investments in subsidiaries</b> | <b>Registered in</b> | <b>Corporate form</b> | <b>Equity interest %</b> |
|------------------------------------|----------------------|-----------------------|--------------------------|
| Roosevelt Services Denmark ApS     | Copenhagen           | ApS                   | 100                      |

## 9 Prepayments

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

## 10 Other provisions

Other provisions comprise provisions for vacation of premises.

## 11 Deferred income

Received prepayments concerns deferred income.

## 12 Related parties with controlling interest

The Company has registered the following related parties.

Controlling shareholder

Colt Technology Services Europe Ltd., 20 Great Eastern Street, London, England EC2A 3EH.

Colt Group Holdings Limited, 20 Great Eastern Street, London, England EC2A 3EH, is the ultimate parent.

Except for transactions with group enterprises and normal management remuneration there have been no transactions with supervisory and Executive Boards, senior employees, shareholders or related parties. Please see the consolidated accounts for Colt Technology Services Europe Ltd.

## 13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
The Company is included in the Group Annual Report of Colt Group Holdings Limited.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
The Company is included in the Group Annual Report of Colt Group Holdings Limited.

The Group Annual Report may be obtained from Colt Group Holdings Limited.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

The annual report for 2020 is presented in DKK.

## Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Colt Group Holdings Limited, the Company has not prepared consolidated financial statements.

## 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.

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of sales and other expenses.

## 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.

## Income statement

### Gross profit or loss

Gross profit/loss is calculated as a summary of revenue, other operating income, cost of sales and other expenses.



**Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Income concerning installation is recognized over the estimated term of the contract (3-5 year)

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses etc.

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Other financial income**

Other financial income comprises dividends etc received on other investments, 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 losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities 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****Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition up 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. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

|  |            |
|--|------------|
| Buildings  | 50 years   |
| Plant and machinery                              | 4-20 years |
| Other fixtures and fittings, tools and equipment | 3-10 years |

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

Receivables are recognized in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other provisions**

Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Company has a legal or construction obligation and it is probably that economic benefits must be given up to settle the obligation.

### **Finance lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### **Operating leases**

A lease asset (right-of-use asset) and a similar lease liability are recognised for all leases for which the Entity is a lessee. However, this policy does not apply to short-term leases (i.e. leases with a lease term ending within 12 months) and contracts to lease assets of low value. For such leases, lease payments are recognised as an expense on a straight-line basis over the lease term.

### **Lease liabilities**

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Entity's incremental borrowing rate shall be used.

Lease payments included in the measurement of the lease liability comprise the following payments:

- Fixed payments less any lease incentives provided by the lessor to the lessee.

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under residual value guarantees.
- The exercise price of a purchase option if it is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate are recognised in the income statement as "Production costs" or "Other external expenses" in the period in which the event or the circumstance triggering the payments in question takes place.

On subsequent measurement, lease liabilities are adjusted for accrued interest and repayments made, calculated by the effective interest rate method.

Lease liabilities are remeasured and the corresponding lease assets are similarly adjusted when:

- There is a change in the lease term, e.g. as a result of a change in the assessment of whether an option to extend or to purchase will be exercised. Remeasurement takes place by discounting the revised lease payments using a discount rate revised at the time of changing the lease.
- There is a change in lease payments resulting from a change in an index or a rate, or in the amounts expected to be payable under a residual value guarantee. Remeasurement takes place by discounting the revised lease payments using the original discount rate. However, a revised discount rate is used if the change reflects a change in the floating interest rate.
- There is a lease modification that is not accounted for as a separate lease. Remeasurement takes place by discounting the revised lease payments using a revised discount rate.

If the remeasurement results in the reduction of a lease liability exceeding the carrying amount of the corresponding lease asset, the excess amount is recognised in the income statement.

### **Lease assets**

On initial recognition, lease assets are measured at the amount of the initial measurement of the lease liabilities, any lease payments made before the commencement date less any lease incentives received, and any initial direct costs incurred by the lessee.

An estimate of costs to be incurred by the lessee in dismantling and removing the lease assets, or restoring the underlying assets, are recognised as a separate provision. The costs are added to the cost of the lease assets unless the liability is incurred to produce inventories in which case the costs are recognised in the cost of the manufactured goods. Subsequently, lease assets are measured at cost less accumulated depreciation and impairment losses.

Lease assets are depreciated over the lower of the lease term and the useful life of the underlying assets. If the lease transfers the ownership of the lease assets by the end of the lease term or if the exercise of a purchase option is expected, the lease assets are depreciated over their useful life. Depreciation begins at the commencement date.

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

Lease assets are adjusted upon remeasurement of the lease liabilities; see above in the lease liability section.

Lease assets are recognised as fixed assets within the asset item in which the underlying assets of the lease would be recognised if the Company owned them.

**Other financial liabilities**

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

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.