

# On Tower Denmark ApS

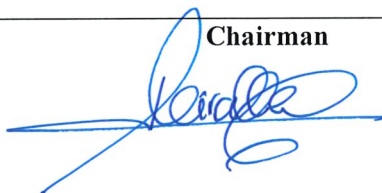
CVR-nr. 26 12 34 96

## Annual Report for 2021

The Annual Report was presented and adopted at  
the Annual General Meeting of the Company on  
28 June 2022

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Chairman

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## Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of On Tower Denmark ApS (the "Company") for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for 2021.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 June 2022

### Executive Board



Morten Ekebjærg Petersen

### Board of Directors



Alexandre Mestre Molins  
Chairman



Jose Maria Miralles Prieto



Jose Manuel Aisa Mancho



Morten Ekebjærg Petersen

# Independent Auditor's Report

To the shareholders of On Tower Denmark ApS

## Opinion

We have audited the financial statements of On Tower Denmark ApS for the financial year 1 January – 31 December 2021, 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 December 2021 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2021 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, 28 June 2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56



**Thomas Frommelt Hertz**

State-Authorised Public Accountant  
Identification No (MNE) mne31543

## Company Information

### **The Company**

On Tower Denmark ApS  
Ørestads Boulevard 108, 4.  
DK-2300 København S

CVR no: 26 12 34 96

Financial year: 1 January - 31 December

Municipality of  
reg. office: Copenhagen

### **Board of Directors**

Alexandre Mestre Molins, Chairman  
Jose Maria Miralles Prieto  
Jose Manuel Aisa Mancho  
Morten Ekebjærg Petersen

### **Executive Board**

Morten Ekebjærg Petersen

### **Auditor**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampgade 6  
2300 København S

## Financial Highlights

The development of the Company is described by the following financial highlights:

	2021	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Revenue	214 586	202 839	0	0	0
Gross profit	213 720	200 826	0	0	0
Operating profit	97 674	100 155	0	0	0
Net financials	( 1 902)	34 345	2 670 161	228 239	10 954
Profit before income taxes	95 772	134 500	2 670 161	228 239	10 954
Income taxes	21 138	17 067	0	0	0
Profit for the year	74 634	117 433	2 670 161	228 239	10 954
<b>Balance</b>					
<b>Balance sheet</b>					
Investment in tangible fixed assets	112 263	44 364	0	0	0
Balance sheet total	1 035 407	889 163	6 000 100	3 666 020	3 706 049
Equity	925 363	850 729	5 999 830	3 472 669	3 217 634
<b>Number of employees</b>	20	12	0	0	0
<b>Ratios</b>					
Return on total assets	9%	11%	0%	0%	0%
Solvency ratio	89%	96%	100%	95%	87%

For definitions, see under accounting policies.



# Management's Review

## Primary activity

The Company's principal activity is to operate telecommunications infrastructure, as well as other related business defined by the Directors.

## Development in activities and finances

In 2020 HI3G Denmark ApS successfully transferred, by a partial demerger, their TowerCo business to the Company, hence the Company's principal activity became to operate telecommunications infrastructure.

In connection with the demerger, the company entered into a long-term Master Service Agreement with a customer representing a significant amount of the revenue, securing earnings and cashflow for the forthcoming years.

During 2021 the portfolio of telecom infrastructure sites was increased alongside an increased number of customer contracts related to co-locations in the sites, which contributed to the growth in revenue.

Activities to strengthen the telecom infrastructure portfolio quality as well as the related contracts, was carried out extensively throughout 2021 and is planned to continue the following year. This is expected to have a positive impact on future running expenses. Furthermore the company was increasing the focus on expanding the portfolio of business areas and was developing the organization accordingly, which all in all lead to an increase of 8 FTE's and thus increased the expenses.

Gross profit ended on mDKK 214 and operating profit ended on mDKK 98, which was in line with expectations.

## Uncertainty relating to recognition and measurement

Deferred tax assets (mDKK 357) are measured at the value at which the asset is expected to be realised. The expectations is supported by the Company's 10 year's budget and forecasts, but is in nature related with uncertainty increasing towards the end of the 10 year period.

## Future development

Our expectation for 2022 is a gross profit between mDKK 225 and 240

## Significant events after the year-end

No significant events have occurred after the balance sheet date, which are considered to have a significant impact on the assessment of the annual report.

## Income Statement 1 January – 31 December

	Note	2021 DKK '000	2020 DKK '000
Revenue		214 586	202 839
Cost of sales		( 866)	( 2 013)
<b>Gross profit / loss</b>		<b>213 720</b>	<b>200 826</b>
External expenses	2	(89 640)	(77 100)
Staff costs	3	(5 427)	(5 013)
Other income		1	1
<b>Operating profit / loss before depreciations and amortisation</b>		<b>118 654</b>	<b>118 714</b>
Depreciation and amortisation	4	(20 980)	(18 559)
<b>Operating profit / loss</b>		<b>97 674</b>	<b>100 155</b>
Financial income	5	0	34 348
Financial expenses	6	(1 902)	( 3)
<b>Profit / loss before income taxes</b>		<b>95 772</b>	<b>134 500</b>
Income taxes	7	( 21 138)	(17 067)
<b>Profit / loss for the year</b>	<b>8</b>	<b>74 634</b>	<b>117 433</b>

## Balance Sheet at 31 December

	Note	2021 DKK '000	2020 DKK '000
<b>Assets</b>			
Network infrastructure		486 572	436 463
Equipment		648	4
Assets under construction		70 251	29 722
<b>Tangible fixed assets</b>	9	<b>557 471</b>	<b>466 189</b>
Deposits		18 243	16 661
<b>Financial asset investments</b>		<b>18 243</b>	<b>16 661</b>
<b>Fixed assets</b>		<b>575 714</b>	<b>482 850</b>
Trade receivables		71 293	5 924
Other receivables		9 594	10 472
Corporation tax		0	11 019
Deferred tax assets	7	356 946	373 504
Prepayments	10	6 218	54
<b>Receivables</b>		<b>444 051</b>	<b>400 973</b>
<b>Cash at bank and in hand</b>		<b>15 642</b>	<b>5 340</b>
<b>Current assets</b>		<b>459 693</b>	<b>406 313</b>
<b>Assets</b>		<b>1 035 407</b>	<b>889 163</b>

## Balance Sheet at 31 December

	Note	2021	2020
		DKK '000	DKK '000
<b>Liabilities and equity</b>			
Share capital		64 400	64 400
Retained earnings		823 963	786 329
Proposed dividend for the year		37 000	0
<b>Equity</b>		<b>925 363</b>	<b>850 729</b>
Other provisions	11	5 171	568
<b>Provisions</b>		<b>5 171</b>	<b>568</b>
Long-term debt	12	0	953
<b>Long-term liabilities</b>		<b>0</b>	<b>953</b>
Trade payables		39 278	23 093
Payables to group enterprises		57 500	0
Payables to group enterprises relating to corporation tax		4 581	0
Other payables		3 464	13 820
Deferred income		51	0
<b>Current liabilities</b>		<b>104 874</b>	<b>36 913</b>
<b>Liabilities</b>		<b>104 874</b>	<b>37 866</b>
<b>Liabilities and equity</b>		<b>1 035 407</b>	<b>889 163</b>
<b>Other notes</b>			
Adjustment for non-cash items	13		
Change in working capital	14		
Contractual obligations	15		
Contingent assets / liabilities	16		
Related parties	17		

## Statement of changes in equity

	Share capital	Share premium	Retained earnings	Proposed dividend for the year	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Equity at 1 January 2021</b>	<b>64 400</b>	<b>0</b>	<b>786 329</b>	<b>0</b>	<b>850 729</b>
Extraordinary dividend	0	0	0	0	0
Net profit for the year	0	0	37 634	37 000	74 634
<b>Equity at 31 December 2021</b>	<b>64 400</b>	<b>0</b>	<b>823 963</b>	<b>37 000</b>	<b>925 363</b>
<b>Equity at 1 January 2020</b>	<b>64 375</b>	<b>0</b>	<b>5 935 455</b>	<b>0</b>	<b>5 999 830</b>
Partial demerger	25	916 232	0	0	916 257
Transferred reserves	0	(916 232)	916 232	0	0
Extraordinary dividend	0	0	(6 182 791)	0	(6 182 791)
Net profit for the year	0	0	117 433	0	117 433
<b>Equity at 31 December 2020</b>	<b>64 400</b>	<b>0</b>	<b>786 329</b>	<b>0</b>	<b>850 729</b>

## Statement of cash flows

	Notes	2021	2020
		DKK '000	DKK '000
Profit / loss for the year		74 634	117 433
Adjustment for non-cash items	13	44 020	1 281
Change in working capital	14	956	6021 714
Financial income		0	34 348
Financial expenses		(1 902)	( 3)
Income tax paid/received		6 439	33 907
<b>Cash flow from operating activities</b>		<b>124 147</b>	<b>6208 681</b>
Investments in property, plant and equipment		(112 263)	(44 364)
Netinvestment in joint ventures and other financial assets		(1 582)	(16 561)
<b>Cash flow from investing activities</b>		<b>(113 845)</b>	<b>(60 925)</b>
Dividend paid to shareholder		0	(6182 791)
Partial demerger		0	40 375
<b>Cash flow from financing activities</b>		<b>0</b>	<b>(6142 416)</b>
<b>Total cash flow</b>		<b>10 302</b>	<b>5 340</b>
Cash and cash equivalents at 1 January		5 340	0
<b>Cash and cash equivalents at 31 December</b>		<b>15 642</b>	<b>5 340</b>

## Notes to the Financial Statements

### 1 Events after the balance sheet date

No significant events have occurred after the balance sheet date, which are considered to have a significant impact on assessment of the Annual Report.

	2021 DKK '000	2020 DKK '000
<b>2 External expenses</b>		
<i>Fees to auditor elected by the Annual General Meeting</i>		
Audit fee	305	360
	<b>305</b>	<b>360</b>

### 3 Staff costs

Wages and salaries	14 743	9 066
Pensions	1 191	749
Other social security expenses	114	41
	16 048	9 856
Of which capitalised	(10 621)	(4 843)
	<b>5 427</b>	<b>5 013</b>

With reference to the Danish Financial Statements Act, section 98B (3), the remuneration of the Executive board is not stated.

<b>Average number of employees</b>	<b>20</b>	<b>12</b>
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### 4 Depreciation and amortisation of tangible and intangible fixed assets

Network infrastructure	19 625	18 453
Equipment	120	106
Loss connected to disposal of fixed assets	1 235	0
	<b>20 980</b>	<b>18 559</b>

### 5 Financial Income

Interest received from group enterprises	0	34 348
Other financial income	0	0
	<b>0</b>	<b>34 348</b>

	2021	2020
	DKK '000	DKK '000
<b>6 Financial expenses</b>		
Interest paid to group enterprises	1 564	0
Exchange rate adjustments	26	0
Other financial expenses	312	3
	<u>1 902</u>	<u>3</u>

#### 7 Deferred tax assets

Deferred tax 1 January	373 504	0
Deferred tax by demerger	0	435 497
Deferred tax for the year	(16 557)	(61 993)
<b>Deferred tax 31 December</b>	<u>356 946</u>	<u>373 504</u>

The deferred tax asset is specified as follows:

Network infrastructure	(17 640)	(22 437)
Equipment	3	( 17)
Goodwill	(338 171)	(349 800)
Provisions	(1 138)	( 125)
Tax losses	0	(1 125)
	<u>(356 946)</u>	<u>(373 504)</u>

Deferred tax has been provided at 22% corresponding to the current tax rate.

#### Changes in Income Statement

Current tax for the year	(4 581)	44 926
Deferred tax for the year	(16 557)	(61 993)
Tax effect for the year	<u>( 21 138)</u>	<u>(17 067)</u>

The recognized deferred tax assets primarily consist of goodwill transferred to On Tower Denmark ApS from demerger with the Parent company. The tax assets are expected to be utilized within 10 years through income generated from the ordinary business, by equalization in tax of future earnings.

Expected utilisation of deferred tax asset:

0-1 year	23 760	22 740
> 1 year	333 186	350 764
	<u>356 946</u>	<u>373 504</u>



	2021	2020
	DKK '000	DKK '000
<b>8 Distribution of profit</b>		
<b>Proposed distribution of profit</b>		
Extraordinary dividend	0	(6182 791)
Proposed dividend for the year	37 000	0
Transfer to retained earnings	37 634	6300 224
	<u>74 634</u>	<u>117 433</u>

## 9 Tangible fixed assets

	Network infrastructure	Assets under construction
	DKK '000	DKK '000
Cost at 1 January 2021	454 916	29 722
Additions for the year	0	111 498
Disposals for the year	(2 396)	0
Transfers for the year	70 969	(70 969)
Cost at 31 December 2021	<u>523 489</u>	<u>70 251</u>
Depreciation at 1 January 2021	18 453	0
Depreciation for the year	19 625	0
Disposals for the year	(1 161)	0
Depreciation at 31 December 2021	<u>36 917</u>	<u>0</u>
<b>Carrying amount 31 December 2021</b>	<u><b>486 572</b></u>	<u><b>70 251</b></u>

	Equipment
	DKK '000
Cost at 1 January 2021	110
Additions for the year	<u>765</u>
Cost at 31 December 2021	<u>875</u>
Depreciation at 1 January 2021	106
Depreciation for the year	<u>120</u>
Depreciation at 31 December 2021	<u>226</u>
<b>Carrying amount 31 December 2021</b>	<u><b>648</b></u>

	2021	2020
	DKK '000	DKK '000

## 10 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and interest.

## 11 Other provisions

Provisions at 1 January	568	0
Addition by demerger	0	553
Adjusted Provisions at January	<u>568</u>	<u>553</u>
Additions for the year	4 603	15
Disposals for the year	0	0
<b>Provisions at 31 December</b>	<b><u>5 171</u></b>	<b><u>568</u></b>

Other provisions consists of restoration obligation of leases.

## 12 Long-term debt

More than 5 years	0	0
Repayment between 1 and 5 years	0	953
<b>Long-term debt at 31 December</b>	<b><u>0</u></b>	<b><u>953</u></b>

	2021	2020
	DKK '000	DKK '000
<b>13 Adjustment for non-cash items</b>		
Financial income	0	(34 348)
Financial expenses	1 902	3
Depreciation and amortisation	20 980	18 559
Income taxes	21 138	17 067
	<b>44 020</b>	<b>1 281</b>

#### 14 Change in working capital

Change in receivables	(70 655)	5983 550
Change in trade payables, etc.	71 611	38 164
	<b>956</b>	<b>6021 714</b>

#### 15 Contractual obligations

Rental and lease obligations from operating leases.  
Total future rental and lease payments:

Within 1 year	55 592	50 612
Between 1 and 5 years	84 711	53 628
More than 5 years	24 351	9 758
	<b>164 654</b>	<b>113 998</b>

#### 16 Contingent assets and liabilities

The Company is jointly taxed with the other Danish companies in the Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

## 17 Related parties

<b>Controlling interest</b>	<b>Basis</b>
Cellnex Denmark ApS Ørestads Boulevard 108, 4. DK-2300 København S	Controlling shareholder
Cellnex Telecom S.A. Calle Juan Esplandiú 11-13 28007 Madrid Spain	Ultimate parent company

### **Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

### **Consolidated Financial Statements**

The Company is included in the consolidated financial statements of Cellnex Telecom S.A.; Calle Juan Esplandiú 11-13, 28007 Madrid, which the Company is included as a subsidiary. Copies of the consolidated financial statements can be obtained at the addresses of the respective parent companies.

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of On Tower Denmark ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are unchanged from previous year.

All accounting figures in this report are stated in thousands DKK.

### **Recognition and measurement**

The Financial Statements have been prepared on the historical cost basis.

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Operating leases**

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

## **Income Statement**

### **Revenue**

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

### **Other income**

Other income comprises items of a secondary nature in relation to the Company's principal activity

### **Cost of sales**

Cost of sales comprises expenses directly related to the revenue, including direct costs related to the establishment of customer relations.

### **External expenses**

External expenses comprises indirect production costs and expenses for premises, sales and distribution as well as office expenses and similar costs.

### **Staff costs**

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

### **Depreciation and amortisation**

Depreciation and amortisation comprise depreciation and amortisation of tangible and intangible fixed assets as well as gains and losses from disposal of fixed assets.

### **Financial income and expenses**

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

### **Income taxes**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation with the companies is allocated to companies showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## **Balance Sheet**

### **Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour and materials.

Indirect production costs in the form of indirectly attributable staff costs used in the development process are recognized in cost based on time spent on each asset.

Interest expenses on the financing of tangible fixed assets are capitalised at cost until commercial launch. All indirectly attributable loan expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual values is calculated on a straight line basis over the expected useful lives of the assets on the basis of the date on which the assets are put into use. These depreciation periods are as follows:

Network infrastructure	5/20/40 years
Equipment	3/5 years

The useful lives and residual values of the assets are reassessed on a yearly basis.

Gains and losses on retirements and disposals of tangible fixed assets are included in other income or expenses in the income statement.

### **Impairment of fixed assets**

The carrying amounts of both intangible and tangible fixed assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

### **Fixed assets investments**

Fixed assets investments consist of deposits.

### **Receivables**

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

### **Prepayments**

Prepayments include expenses incurred in respect of subsequent financial years, including fair value adjustments of derivative financial instruments with a positive fair value, prepaid expenses concerning rent, insurance premiums, subscriptions, interest and similar items.

### **Equity**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to materialise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Financial liabilities**

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

## Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

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.

## Statement of cash flow

The statement of cash flow shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less trade and other payables, deferred income and short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of tangible and intangible fixed assets as well as financial asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholder. Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Ratios

The financial ratios have been calculated as follows:

$$\begin{array}{l} \text{Return on total assets} \\ \text{Solvency ratio} \end{array} = \begin{array}{l} \frac{\text{Operating profit} \times 100}{\text{Total assets}} \\ \frac{\text{Equity at year end} \times 100}{\text{Total assets}} \end{array}$$