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Ocean Outdoor Denmark A/S

Gammel Mønt 2, 1117 København K

Company reg. no. 27 05 97 59

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 12 May 2021.

Anders Bengt Axelsson
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Ocean Outdoor Denmark A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We recommend that the annual report be approved by the general meeting.

København K, 12 May 2021

Managing Director

Pia Friis Petersen

Board of directors

Christoffer Ove Stackell	Anders Bengt Axelsson	Pia Friis Petersen

Independent auditor's report

To the shareholders of Ocean Outdoor Denmark A/S

Opinion

We have audited the financial statements of Ocean Outdoor Denmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Emphasis of matter

We are referring to note 2, where it appears, that the Swedish company Ocean Outdoor Sweden AB has submitted a letter of comfort, where the Swedish company guarantees for Ocean Outdoor Denmark A/S' liabilities in 2020 and guarantees the contribution of liquidity to the extent required up to the adoption of the financial statements for 2021.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 including an 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 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

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 the internal control that we identify during our audit.

Copenhagen, 12 May 2021

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Claus Koskelin
State Authorised Public Accountant
mne30140

Company information

The company	Ocean Outdoor Denmark A/S Gammel Mønt 2 1117 København K	
	Company reg. no.	27 05 97 59
	Financial year:	1 January - 31 December
Board of directors	Christoffer Ove Stackell Anders Bengt Axelsson Pia Friis Petersen	
Managing Director	Pia Friis Petersen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Ocean Outdoor Sweden AB	

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**9.968.798**	**12.226.586**
4	Staff costs	-10.362.002	-11.649.150
5	Depreciation, amortisation, and impairment	-4.544.379	-2.114.855
	Operating profit	**-4.937.583**	**-1.537.419**
6	Other financial costs	-311.517	-9.171
	Pre-tax net profit or loss	**-5.249.100**	**-1.546.590**
7	Tax on net profit or loss for the year	0	195.460
	Net profit or loss for the year	**-5.249.100**	**-1.351.130**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-5.249.100	-1.351.130
	Total allocations and transfers	**-5.249.100**	**-1.351.130**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
8	Completed development projects	25.270	120.099
9	Goodwill	1.398.298	1.687.601
	Total intangible assets	1.423.568	1.807.700
10	Other fixtures and fittings, tools and equipment	17.029.385	6.879.908
	Total property, plant, and equipment	17.029.385	6.879.908
11	Deposits	353.000	313.000
	Total investments	353.000	313.000
	Total non-current assets	**18.805.953**	**9.000.608**
	Current assets		
	Trade receivables	4.868.180	5.230.396
	Income tax receivables	108.000	216.000
	Prepayments and accrued income	270.505	299.022
	Total receivables	5.246.685	5.745.418
	Cash on hand and demand deposits	4.007.993	2.605.042
	Total current assets	**9.254.678**	**8.350.460**
	Total assets	**28.060.631**	**17.351.068**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	1.000.000	1.000.000
	Reserve for development expenditure	19.710	93.677
	Retained earnings	-4.428.628	746.505
	Total equity	**-3.408.918**	**1.840.182**
	Liabilities other than provisions		
	Lease liabilities	6.602.238	0
	Other payables	2.454.652	1.510.389
12	Total long term liabilities other than provisions	9.056.890	1.510.389
12	Current portion of long term payables	1.502.486	0
	Prepayments received from customers	3.717.676	1.662.216
	Trade payables	6.471.547	5.174.797
	Payables to group enterprises	7.035.595	4.804.249
	Debt to associated enterprises	-1	0
	Other debts	3.685.356	2.359.235
	Total short term liabilities other than provisions	22.412.659	14.000.497
	Total liabilities other than provisions	**31.469.549**	**15.510.886**
	Total equity and liabilities	**28.060.631**	**17.351.068**

1 The significant activities of the enterprise

2 Uncertainties concerning the enterprise's ability to continue as a going concern

3 Special items

13 Contingencies

14 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2019	1.000.000	184.917	2.006.395	3.191.312
Profit or loss for the year brought forward	0	0	-1.351.130	-1.351.130
Depreciation, amortisation and impairment for the year	0	-91.240	91.240	0
Equity 1 January 2020	1.000.000	93.677	746.505	1.840.182
Profit or loss for the year brought forward	0	0	-5.249.100	-5.249.100
Depreciation, amortisation and impairment for the year	0	-73.967	73.967	0
	1.000.000	**19.710**	**-4.428.628**	**-3.408.918**

Notes

All amounts in DKK.

1. The significant activities of the enterprise

The company's main activity is to conduct trading and advertising activities and other related activities.

2. Uncertainties concerning the enterprise's ability to continue as a going concern

Due to COVID-19 the company has experienced cancellation of planned advertising and consequently tried to adjust resources and costs accordingly. The closure of the shopping malls during COVID-19 resulted in low activity. At the moment shopping malls and etc. are still closed, but it is expected to see increased activity and footfalls in the upcoming months.

The changed operation due to COVID-19 have had and will have an impact on both the company’s revenue and net profit compared to the expectations before the COVID-19 outbreak. As limited liquidity is available to the company, the parent company, Ocean Outdoor Sweden AB, has guaranteed contribution of liquidity to the extent required up to the adoption of the financial statements for 2021.

Consequently, the financial statements are presented on the basis of the going concern assumption.

3. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

Notes

All amounts in DKK.

3. Special items (continued)

	2020	2019
Income:		
COVID-19 Compensation, fixed costs	5.731.454	0
COVID-19 Compensation, salary	713.154	0
	6.444.608	0
Special items are recognised in the following items in the financial statements:		
Other operating income	6.444.608	0
Profit of special items, net	**6.444.608**	**0**

4. Staff costs

Salaries and wages	9.671.533	11.005.032
Pension costs	617.792	504.825
Other costs for social security	72.677	139.293
Other staff costs	0	0
	10.362.002	**11.649.150**
Average number of employees	15	16

5. Depreciation, amortisation, and impairment

Amortisation of intangible assets	384.132	406.277
Depreciation on plants, operating assets, fixtures and furniture	2.679.733	1.708.578
Depreciation on leased assets	1.480.514	0
	4.544.379	**2.114.855**

6. Other financial costs

Other financial costs	311.517	9.171
	311.517	**9.171**

7. Tax on net profit or loss for the year

Adjustment for the year of deferred tax	0	-195.460
	0	**-195.460**

Notes

All amounts in DKK.

		2020	2019
8.	**Completed development projects**		
	Cost 1 January 2020	584.870	584.870
	Cost 31 December 2020	**584.870**	**584.870**
	Amortisation and writedown 1 January 2020	-464.771	-347.797
	Amortisation for the year	-94.829	-116.974
	Amortisation and writedown 31 December 2020	**-559.600**	**-464.771**
	Carrying amount, 31 December 2020	**25.270**	**120.099**

Development projects related to the development of a new software product, Campaign Planner. The Campaign Planner is primarly for internal use.

		2020	2019
9.	**Goodwill**		
	Cost 1 January 2020	2.025.121	2.025.121
	Cost 31 December 2020	**2.025.121**	**2.025.121**
	Amortisation and writedown 1 January 2020	-337.520	-48.217
	Amortisation for the year	-289.303	-289.303
	Amortisation and writedown 31 December 2020	**-626.823**	**-337.520**
	Carrying amount, 31 December 2020	**1.398.298**	**1.687.601**

Notes

All amounts in DKK.

		31/12 2020	31/12 2019
10.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	11.243.173	6.714.001
	Additions during the year	14.309.724	4.529.172
	Cost 31 December 2020	**25.552.897**	**11.243.173**
	Amortisation and writedown 1 January 2020	-4.363.265	-2.654.687
	Depreciation for the year	-4.160.247	-1.708.578
	Amortisation and writedown 31 December 2020	**-8.523.512**	**-4.363.265**
	Carrying amount, 31 December 2020	**17.029.385**	**6.879.908**
	Lease assets are recognised at a carrying amount of	8.210.121	0
11.	**Deposits**		
	Cost 1 January 2020	313.000	313.000
	Additions during the year	40.000	0
	Cost 31 December 2020	**353.000**	**313.000**
	Carrying amount, 31 December 2020	**353.000**	**313.000**

12. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Lease liabilities	8.104.724	1.502.486	6.602.238	114.602
Other payables	2.454.652	0	2.454.652	0
	10.559.376	**1.502.486**	**9.056.890**	**114.602**

Notes

All amounts in DKK.

13. Contingencies

Contingent liabilities

	31/12 2020 DKK in thousands
Total contingent liabilities	151.000

Rental obligation

Rental obligations, non-terminable period 72 months.

14. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of company Ocean Outdoor Limited, London, UK.

Accounting policies

The annual report for Ocean Outdoor Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, which is 7 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management’s experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 7 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

Accounting policies

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases
The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Accounting policies

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.