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# ***GTT Communications Denmark ApS***

Niels Juels Gade , 5,3, DK-1059 Copenhagen K


## **Annual Report for 2022**

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CVR No. 29 61 97 78

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 21/7 2023

Timothy Michael  
Mulieri  
Chairman of the  
general meeting

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# Management's statement

The Executive Board has today considered and adopted the Financial Statements of GTT Communications Denmark ApS for the financial year 1 January - 31 December 2022.

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

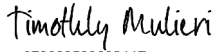
In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations and cash flows for 2022.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 21 July 2023

## Executive Board

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Timothy Michael Mulieri  
CAO

# Independent Auditor's report

To the shareholder of GTT Communications Denmark ApS

## Qualified Opinion

In our opinion, excepting the effects of the matter described in the Basis for qualified opinion paragraph, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of GTT Communications Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Qualified Opinion

At year-end 2022, the Company has a receivable from a group enterprise of EUR 14.3 million. We have not been able to obtain sufficient and suitable audit evidence for the recoverability of the receivable, as the financial situation of the counterpart is uncertain. Consequently, we are not able to determine whether any changes to the value of this receivable is necessary.

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 21 July 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Bo Schou-Jacobsen

State Authorised Public Accountant

mne28703



Anders Røjleskov

State Authorised Public Accountant

mne28699

# Company information

## The Company

GTT Communications Denmark ApS  
Niels Juels Gade , 5,3  
DK-1059 Copenhagen K  
  
CVR No: 29 61 97 78  
Financial period: 1 January - 31 December  
Incorporated: 12 June 2006  
Financial year: 17th financial year  
Municipality of reg. office: Copenhagen

## Executive Board

Timothy Michael Mulieri

## Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

# Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TEUR	TEUR	TEUR	TEUR	TEUR
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	2,177	3,609	6,374	3,038	2,156
Profit/loss of ordinary primary operations	332	1,739	1,833	-357	-84
Profit/loss of financial income and expenses	1,047	55	-129	197	51
Net profit/loss	1,516	1,229	1,411	-160	11
<b>Balance sheet</b>					
Balance sheet total	19,365	18,470	9,062	13,086	6,398
Investment in property, plant and equipment	53	56	0	354	128
Equity	1,665	149	-1,080	-2,491	-2,331
<b>Cash flows</b>					
Cash flows from:					
- operating activities	1,781	-236	6,315	-4,510	-545
- investing activities	11	1,390	-192	-359	-128
- financing activities	-2,927	1,789	-5,900	4,963	434
Change in cash and cash equivalents for the year	-1,135	2,943	222	94	-239
Number of employees	13	16	21	20	16
<b>Ratios</b>					
Return on assets	1.7%	8.8%	20.2%	-2.7%	-1.3%
Solvency ratio	8.6%	0.8%	-11.9%	-19.0%	-36.4%
Return on equity	167.1%	-264.0%	-79.0%	6.6%	-0.5%

# Management's review

## Key activities

The object of the Company is to provide consultancy on and deliver solutions on Internet technology as well as related activities.

## Development in the year

The income statement of the Company for 2022 shows a profit of EUR 1,516,321, and at 31 December 2022 the balance sheet of the Company shows positive equity of EUR 1,665,436. The net profit for the year is impacted by a reversal of provision of EUR 402,960.

## The past year and follow-up on development expectations from last year

The Company's ordinary results are not deemed satisfactory as they were not in line with our expectations for 2022.

## Targets and expectations for the year ahead

Demand for our products is stable and GTT Communications Denmark enters 2023 with the expectation that demand will continue. As a result, the result for 2023 is expected to continue a positive development. We still expect high energy prices mainly caused by the war in Ukraine. The management assesses the company's development positive. We expect both revenue and profit to increase in 2023.

The Company expects a positive development in 2023 with an increase in profit. The Company expects profit before tax in the range of EUR 1.5 mio to EUR 2.5 mio.

## External environment

We continuously contribute to sustainable solutions by taking care of and protecting the environment through both customers and suppliers. We work to improve the proportion of environmentally correct materials that emit as little CO2 as possible during procurement and by following a sustainable waste management process.

## Uncertainty relating to recognition and measurement

We refer to note 1

## Unusual events

The Company's ultimate parent GTT Communications, Inc. emerged from Chapter 11 on 30th December 2022.

## Subsequent events

We refer to note 14



## Income statement 1 January - 31 December

	Note	2022 EUR	2021 EUR
<b>Gross profit</b>	2	<b>2,176,537</b>	<b>3,609,048</b>
Staff expenses	3	-1,756,858	-1,731,595
Depreciation and impairment losses of property, plant and equipment		-87,552	-138,673
Other operating expenses		0	-118,535
<b>Profit/loss before financial income and expenses</b>		<b>332,127</b>	<b>1,620,245</b>
Financial income	4	1,365,202	61,647
Financial expenses	5	-318,406	-6,274
<b>Profit/loss before tax</b>		<b>1,378,923</b>	<b>1,675,618</b>
Tax on profit/loss for the year	2,6	137,398	-446,708
<b>Net profit/loss for the year</b>	7	<b>1,516,321</b>	<b>1,228,910</b>

## Balance sheet 31 December

### Assets

	Note	2022 EUR	2021 EUR
Other fixtures and fittings, tools and equipment		184,108	218,955
<b>Property, plant and equipment</b>	8	<b>184,108</b>	<b>218,955</b>
Deposits		0	63,802
<b>Fixed asset investments</b>		<b>0</b>	<b>63,802</b>
<b>Fixed assets</b>		<b>184,108</b>	<b>282,757</b>
Trade receivables		2,498,688	1,561,484
Receivables from group enterprises		14,300,550	13,053,514
Other receivables		168,613	68,411
Prepayments		61,160	217,682
<b>Receivables</b>		<b>17,029,011</b>	<b>14,901,091</b>
Cash at bank and in hand		2,151,471	3,286,468
<b>Current assets</b>		<b>19,180,482</b>	<b>18,187,559</b>
<b>Assets</b>		<b>19,364,590</b>	<b>18,470,316</b>

# Balance sheet 31 December

## Liabilities and equity

	Note	2022 EUR	2021 EUR
Share capital		67,160	67,160
Retained earnings		1,598,276	81,955
<b>Equity</b>		<b>1,665,436</b>	<b>149,115</b>
Other provisions		0	402,960
<b>Provisions</b>		<b>0</b>	<b>402,960</b>
Prepayments received from customers		0	8,176
<b>Long-term debt</b>	9	<b>0</b>	<b>8,176</b>
Prepayments received from customers		989,121	41,234
Trade payables		858,627	530,206
Payables to group enterprises	9	14,434,671	16,106,857
Corporation tax		694,268	733,391
Other payables		722,466	498,377
Deferred income		1	0
<b>Short-term debt</b>		<b>17,699,154</b>	<b>17,910,065</b>
<b>Debt</b>		<b>17,699,154</b>	<b>17,918,241</b>
<b>Liabilities and equity</b>		<b>19,364,590</b>	<b>18,470,316</b>
Going concern	1		
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# Statement of changes in equity

	Share capital	Retained earnings	Total
	EUR	EUR	EUR
Equity at 1 January	67,160	81,955	149,115
Net profit/loss for the year	0	1,516,321	1,516,321
<b>Equity at 31 December</b>	<b>67,160</b>	<b>1,598,276</b>	<b>1,665,436</b>

## Cash flow statement 1 January - 31 December

	Note	2022	2021
		EUR	EUR
Result of the year		1,516,321	1,228,910
Adjustments	10	-1,096,642	-770,805
Change in working capital	11	216,554	-741,988
<b>Cash flow from operations before financial items</b>		<b>636,233</b>	<b>-283,883</b>
Financial income		1,365,202	61,647
Financial expenses		-318,406	-6,274
<b>Cash flows from ordinary activities</b>		<b>1,683,029</b>	<b>-228,510</b>
Corporation tax paid		98,275	-7,127
<b>Cash flows from operating activities</b>		<b>1,781,304</b>	<b>-235,637</b>
Purchase of property, plant and equipment		-52,705	1,385,649
Fixed asset investments made etc		63,802	4,140
<b>Cash flows from investing activities</b>		<b>11,097</b>	<b>1,389,789</b>
Repayment of payables to group enterprises		-2,919,222	2,080,731
Repayment of other long-term debt		-8,176	-292,028
<b>Cash flows from financing activities</b>		<b>-2,927,398</b>	<b>1,788,703</b>
<b>Change in cash and cash equivalents</b>		<b>-1,134,997</b>	<b>2,942,855</b>
Cash and cash equivalents at 1 January		3,286,468	343,613
<b>Cash and cash equivalents at 31 December</b>		<b>2,151,471</b>	<b>3,286,468</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,151,471	3,286,468
<b>Cash and cash equivalents at 31 December</b>		<b>2,151,471</b>	<b>3,286,468</b>

# Notes to the Financial Statements

## 1. Going concern

### Uncertainty regarding recoverability of receivable from group enterprise and going concern

The Company has, at year-end, a receivable from a group enterprise of EUR 14.3 million (the "Debtor").

It is the opinion of Management, that the receivable is recoverable, but it has not been possible to provide audit evidence of the matter.

As a consequence, Management has received a letter of subordination in respect of the payable to another group enterprise (the "Creditor") of EUR 14.3 million. The Creditor has confirmed not to call payment on the intercompany payable unless the above-mentioned receivable has been settled. In addition, the Creditor will subordinate receivables from the Company in favor of other creditors should the Company not be able to collect its receivable from the Debtor.

The letter of subordination is valid until 31 December 2023.

In addition, the Company obtained a letter of support from the ultimate parent that states that the ultimate parent GTT Communications Inc, will provide financial support to its affiliate companies. The letter of support is valid until 31 December 2023.

Management has on this basis prepared the Financial Statements on a going concern basis.

	2022	2021
	EUR	EUR
<b>2. Special items</b>		
Loss on sale of fixed assets (included in Gross profit as other operating expenses)	0	-118,535
Profit from sale of customer contracts and goodwill (included in Gross profit as other operating income)	0	1,419,348
Reversal of tax provision from previous years (income) (included in Income tax expense)	402,960	0
	<u>402,960</u>	<u>1,300,813</u>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	EUR	EUR
<b>3. Staff Expenses</b>		
Wages and salaries	1,654,625	1,655,750
Pensions	9,195	-21,339
Other social security expenses	12,333	6,918
Other staff expenses	80,705	90,266
	<u>1,756,858</u>	<u>1,731,595</u>

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

Average number of employees	<u>13</u>	<u>16</u>
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	<u>2022</u>	<u>2021</u>
	EUR	EUR
<b>4. Financial income</b>		
Interest received from group enterprises	1,365,123	45,604
Other financial income	79	0
Exchange adjustments, income	0	16,043
	<u>1,365,202</u>	<u>61,647</u>

	<u>2022</u>	<u>2021</u>
	EUR	EUR
<b>5. Financial expenses</b>		
Impairment losses on financial assets	0	2,716
Other financial expenses	20,971	3,558
Exchange adjustments, expenses	297,435	0
	<u>318,406</u>	<u>6,274</u>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	EUR	EUR
<b>6. Income tax expense</b>		
Current tax for the year	265,562	446,708
Adjustment of tax concerning previous years	<u>-402,960</u>	<u>0</u>
	<b><u>-137,398</u></b>	<b><u>446,708</u></b>

	<u>2022</u>	<u>2021</u>
	EUR	EUR
<b>7. Profit allocation</b>		
Retained earnings	<u>1,516,321</u>	<u>1,228,910</u>
	<b><u>1,516,321</u></b>	<b><u>1,228,910</u></b>

## 8. Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	EUR
Cost at 1 January	1,215,751
Additions for the year	<u>52,705</u>
Cost at 31 December	<b><u>1,268,456</u></b>
Impairment losses and depreciation at 1 January	996,796
Depreciation for the year	<u>87,552</u>
Impairment losses and depreciation at 31 December	<b><u>1,084,348</u></b>
Carrying amount at 31 December	<b><u>184,108</u></b>
Depreciated over	<u>3-5 years</u>



# Notes to the Financial Statements

## 9. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	EUR	EUR
<b>Prepayments received from customers</b>		
After 5 years	0	0
Between 1 and 5 years	0	8,176
Long-term part	<u>0</u>	<u>8,176</u>
Within 1 year	0	0
<i>Other prepayments from customers</i>	989,121	41,234
Short-term part	<u>989,121</u>	<u>41,234</u>
	<b>989,121</b>	<b>49,410</b>

## 10. Cash flow statement - Adjustments

	2022	2021
	EUR	EUR
Financial income	-1,365,202	-61,647
Financial expenses	318,406	6,274
Depreciation, amortisation and impairment losses, including losses and gains on sales	87,552	-1,162,140
Tax on profit/loss for the year	-137,398	446,708
	<u>-1,096,642</u>	<u>-770,805</u>

## 11. Cash flow statement - Change in working capital

	2022	2021
	EUR	EUR
Change in receivables	-880,884	1,440,885
Change in other provisions	-402,960	0
Change in trade payables, etc	1,500,398	-2,182,873
	<u>216,554</u>	<u>-741,988</u>

# Notes to the Financial Statements

2022	2021
EUR	EUR

## 12. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Rental and lease obligations	0	143,997
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The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

## 13. Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
GTT Holdings Netherlands B.V,	Holland

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

## 14. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 15. Accounting policies

The Annual Report of GTT Communications Denmark ApS for 2022 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 remain unchanged from last year.

The Financial Statements for 2022 are presented in EUR.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, 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 changed 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

### Income statement

#### Net sales

Revenue is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

# Notes to the Financial Statements

Delivery of WAN-circuit is divided in the two stages, design and advice, and project management and installation. Delivery of WAN-circuit's regarding installations and stage design and advice are recognised in the income statement over the estimated contract length.

Revenue from subscriptions is allocated over the subscriptions duration.

## **Expenses for raw materials and consumables**

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

## **Other external expenses**

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

## **Gross profit**

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

## **Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

## **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

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

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## **Balance sheet**

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

## Notes to the Financial Statements

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
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Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

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.

Goodwill, head office buildings and other assets for which a separate 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.

### Other fixed asset investments

Other fixed asset investments consist of deposits

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

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

### Provisions

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

### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### Financial debts

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

## Cash Flow Statement

The cash flow statement 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.

# Notes to the Financial Statements

## 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 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 intangible assets, property, plant and equipment as well as fixed 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 shareholders.

## Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$