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# ***GTT Communications Denmark ApS***

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

## **Annual Report for 2023**

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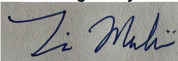
CVR No. 29 61 97 78

The Annual report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 12/7 2024

Timothy Michael  
Mulieri

Chairman of the  
general meeting

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## Managements 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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

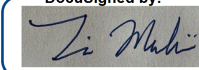
In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen , 12/July/2024

### Executive Board

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Timothy Michael Mulieri  
Director

# Independent Auditor's report

To the shareholder of GTT Communications Denmark ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 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 2023, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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 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, 12 July 2024

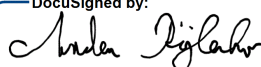
### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

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Bo Schou-Jacobsen  
State Authorised Public Accountant  
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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: 18th financial year  
Municipality of reg: office: Copenhagen

### **Executive Board**

Timothy Michael Mulieri

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial highlights

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

	2023	2022	2021	2020	2019
	TEUR	TEUR	TEUR	TEUR	TEUR
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	2,217	2,177	3,609	6,374	3,038
Profit/loss of ordinary primary operations	250	332	1,739	1,833	-357
Profit/loss of financial income and expenses	389	1,047	55	-129	197
Net profit/loss	459	1,516	1,229	1,411	-160
<b>Balance sheet</b>					
Balance sheet total	32,370	19,365	18,470	9,062	13,086
Investment in property, plant and equipment	412	53	56	—	354
Equity	2,420	1,665	149	-1,080	-2,491
<b>Cash Flows</b>					
Cash flow from:					
- operating activities	182	1,781	-236	6,315	-4,510
- investing activities	-412	11	1,390	-192	-359
- financing activities	-65	-2,927	1,789	-5,900	4,963
Changes in cash and cash equivalents for the year	-296	-1,135	2,943	222	94
Number of employees	13	13	—	21	20
<b>Ratios</b>					
Return on assets	0.8 %	1.7 %	9.4%	20.2%	-2.7%
Solvency ratio	7.5 %	8.6 %	0.8%	-11.9%	-19.0%
Return on equity	22.5 %	167.1 %	-264.0%	-79.0%	6.4%

## **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 2023 shows a profit of EUR 459,044, and at 31 December 2023 the balance sheet of the Company shows positive equity of EUR 2,419,667.

### **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 2023, which was a profit before tax in the range of EUR 1.5 mio to EUR 2.5 mio. The Company did not reach these targets due to decrease in revenue and higher financial expenses arising from penalties and foreign exchange losses.

### **Targets and expectations for the year ahead**

Demand for our products is stable and GTT Communications Denmark enters 2024 with the expectation that demand will continue. As a result, the result for 2024 is expected to continue a positive development. We still expect high energy prices mainly caused by the conflict in Ukraine, Russia and Israel. The management assesses the company's development positive. We expect both revenue and profit to increase in 2024.

The Company expects a positive development in 2024 with an increase in profit. The Company expects profit before tax in the range of EUR 1 mio to EUR 1.5 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**

No unusual events noted.

### **Subsequent events**

We refer to note 13.



## Income statement 1 January - 31 December

	Note	2023	2022
		EUR	EUR
<b>Gross Profit</b>	2	<b>2,216,626</b>	<b>2,176,537</b>
Staff expenses	3	-1,739,800	-1,756,858
Depreciation and impairment losses of property, plant and equipment		-226,812	-87,552
<b>Profit before financial income and expenses</b>		<b>250,014</b>	<b>332,127</b>
Financial income	4	1,088,132	1,365,202
Financial expenses	5	-699,578	-318,406
<b>Profit before tax</b>		<b>638,568</b>	<b>1,378,923</b>
Tax on profit for the year	2,6	-179,524	137,398
<b>Net profit for the year</b>	7	<b>459,044</b>	<b>1,516,321</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		EUR	EUR
Other fixtures and fittings, tools and equipment	8	624,415	184,108
<b>Property , plant and equipment</b>		<b>624,415</b>	<b>184,108</b>
Other long-term receivables		65,051	0
<b>Fixed asset investments</b>		<b>65,051</b>	<b>0</b>
<b>Fixed assets</b>		<b>689,466</b>	<b>184,108</b>
Trade receivables		2,669,552	2,498,688
Receivables from group enterprises		26,837,490	14,300,550
Other receivables		136,310	168,613
Prepayments		181,811	61,160
<b>Receivables</b>		<b>29,825,163</b>	<b>17,029,011</b>
<b>Cash at bank and in hand</b>		<b>1,855,682</b>	<b>2,151,471</b>
<b>Current assets</b>		<b>31,680,845</b>	<b>19,180,482</b>
<b>Assets</b>		<b>32,370,311</b>	<b>19,364,590</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		EUR	EUR
Share capital		67,160	67,160
Retained earnings		2,352,507	1,598,276
<b>Equity</b>		<b>2,419,667</b>	<b>1,665,436</b>
Other provisions		134,143	—
<b>Provisions</b>		<b>134,143</b>	<b>—</b>
Trade payables		861,362	858,626
Payables to group enterprises		26,444,919	14,434,671
Corporation tax		723,762	694,268
Other payables		684,340	722,466
Deferred income		1,102,118	989,122
<b>Short - Term Debt</b>		<b>29,816,501</b>	<b>17,699,154</b>
<b>Debt</b>		<b>29,816,501</b>	<b>17,699,154</b>
<b>Liabilities and equity</b>		<b>32,370,311</b>	<b>19,364,590</b>
Going Concern	1		
Contingent asset , liabilities and other financial obligations	11		
Related policies	12		
Subsequent events	13		
Accounting policies	14		

## Statement of changes in equity

	Share capital	Retained earnings	Total
	EUR	EUR	EUR
Equity at 1 January	67,160	1,598,276	1,665,436
Group contribution	—	295,187	295,187
Net profit/loss for the year	—	459,044	459,044
<b>Equity at 31 December</b>	<b>67,160</b>	<b>2,352,507</b>	<b>2,419,667</b>

## Cash flow statement 1 January - 31 December

	Note	2023	2022
		EUR	EUR
Result of the year		459,044	1,516,321
Adjustments	9	58,153	-1,096,642
Change in working capital	10	-1,091,751	216,554
<b>Cash flow from operations before financial items</b>		<b>-574,554</b>	<b>636,233</b>
Financial income		1,088,132	1,365,202
Financial expenses		-699,578	-318,406
<b>Cash flows from ordinary activities</b>		<b>-186,000</b>	<b>1,683,029</b>
Corporation tax paid		367,564	98,275
<b>Cash flow from operating activities</b>		<b>181,564</b>	<b>1,781,304</b>
Purchases of property, plant and equipment		-412,302	-52,705
Fixed asset investment made etc		—	63,802
<b>Cash flows from investing activities</b>		<b>-412,302</b>	<b>11,097</b>
Repayments of payables to group enterprise		—	-2,919,222
Repayment of other long - term debt		—	-8,176
Deferred installation costs		-65,051	—
<b>Cash flows from financing activities</b>		<b>-65,051</b>	<b>-2,927,398</b>
<b>Change in cash and cash equivalents</b>		<b>-295,789</b>	<b>-1,134,997</b>
Cash and cash equivalents at 1 January		2,151,471	3,286,468
<b>Cash and cash equivalents at 31 December</b>		<b>1,855,682</b>	<b>2,151,471</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1,855,682	2,151,471
<b>Cash and cash equivalents at 31 December</b>		<b>1,855,682</b>	<b>2,151,471</b>

# Notes to the Financial Statements

## 1. Going concern

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

The Financial Statements have been prepared on a going concern basis.

Management identified certain indicators that might cast concerns on the relevance of the going concern assumption, such as the recoverability of receivables from a group enterprises of EUR 26.8 million.

The Company obtained a letter of support dated 20 May 2024 which states that GTT Communications Global, LLC has the ability to and will undertake to provide financial support to all of its affiliate companies to ensure payment of their debts as and when they fall due.

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<b>2. Special items</b>		
Loss on sale of fixed assets (included in Gross profit as other operating expenses)	27,130	0
Reversal of tax provision from previous years (income) (included in income tax expense)	—	402,960
	<u><b>27,130</b></u>	<u><b>402,960</b></u>

## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>3. Staff Expenses</b>		
Wages and salaries	1,629,403	1,654,625
Pensions	18,707	9,195
Other social security expenses	5,128	12,333
Other staff expenses	86,562	80,705
	<b>1,739,800</b>	<b>1,756,858</b>

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

<b>Average number of employees</b>	<b>13</b>	<b>13</b>
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	2023	2022
	EUR	EUR
<b>4. Financial income</b>		
Interest received from group enterprises	1,053,227	1,365,123
Other financial income	34,905	79
	<b>1,088,132</b>	<b>1,365,202</b>

	2023	2022
	EUR	EUR
<b>5. Financial expenses</b>		
Other financial expenses	486,703	20,971
Exchange adjustments, expenses	212,875	297,435
	<b>699,578</b>	<b>318,406</b>

	2023	2022
	EUR	EUR
<b>6. Income tax expenses</b>		
Current tax for the year	273,162	265,562
Adjustment of tax concerning previous year	-93,638	-402,960
	<b>179,524</b>	<b>-137,398</b>

## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>7. Profit allocation</b>		
Retained earnings	459,044	1,516,321
	<b>459,044</b>	<b>1,516,321</b>

## 8. Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment</b>	<b>Property, plant and equipment in progress</b>	<b>Total</b>
	EUR	EUR	EUR
Cost at 1 January	1,268,456	—	1,268,456
Additions, Group contribution, beginning of year	631,537	—	631,537
Additions for the year	281,987	130,315	412,302
Disposals for the year	-144,853	—	-144,853
Cost at 31 December	<b>2,037,127</b>	<b>130,315</b>	<b>2,167,442</b>
Impairment losses and depreciation at 1 January	1,084,348	—	1,084,348
Depreciation, Group contribution, beginning of year	336,349	—	336,349
Depreciation for the year	226,812	—	226,812
Depreciation on disposals for the year	-104,482	—	-104,482
Impairment losses and depreciation at 31 December	<b>1,543,027</b>	—	<b>1,543,027</b>
<b>Carrying amount at 31 December</b>	<b>494,100</b>	<b>130,315</b>	<b>624,415</b>
Depreciated over	<u>3-7 years</u>		

In conjunction with the Group restructuring and emergence from Chapter 11, management performed an analysis and valuation of the Group's fixed assets, which was finalized in 2023. GTT engaged an external consultant to perform an analysis of the fair values of the fixed tangible assets for the purpose of the Group's financial reporting. As a result of this project, the fixed tangible assets register was rebuilt. Management used the same inputs, key judgments and assumptions in determining the historical cost of the assets in the rebuilt register for the Company. A group contribution of EUR 295k was recognised in retained earnings as of 1 January 2023 in relation to the additional assets recognised in the Company.



## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>9. Cash flow statement - Adjustments</b>		
Financial income	-1,088,132	-1,365,202
Financial expenses	699,578	318,406
Depreciation, amortisation and impairment losses, including losses and gains on sales	226,812	87,552
Tax on profit / loss for the year	179,524	-137,398
Loss on disposal of property, plant and equipment	40,371	—
	<b>58,153</b>	<b>-1,096,642</b>

	2023	2022
	EUR	EUR
<b>10. Cash flow statement - Change in working capital</b>		
Changes in receivables	-12,536,940	-880,884
Change in other provisions	134,143	-402,960
Change in trade payables, etc	11,570,258	1,500,398
Changes in other receivables	-259,212	—
	<b>-1,091,751</b>	<b>216,554</b>

	2023	2022
	EUR	EUR
<b>11. Contingent assets, liabilities and other financial obligations</b>		
Future purchase and lease commitments	375,370	—

The Company has received a notice from the Danish Tax Agency regarding missing transfer pricing documentation for the income years 2017 - 2020 and expect to receive same for the income years 2021 and 2022. The Company has engaged with a third party to assist in rectifying the issue and have recognised a provision of DKK 2 million (EUR 268k) to cover potential penalties in the 2023 Annual Report.

The Company has not provided any additional security or other collateral in assets at 31 December 2023.

## Notes to the Financial Statements

### 12. Related parties

	<u>Registered address</u>
<b>Controlling interest</b>	
GTT Holdings Netherlands BV	Boeingavenue 222, Unit 2, 3 en 4, 1119 PN Schiphol-Rijk, The Netherlands

#### 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 Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

#### Consolidated Financial Statements

The results of the Company are included in the consolidated financial statements of the ultimate parent company GTT Communications Inc., a company registered in the United States of America which has its registered office at 3100 Clarendon Blvd, #200 Arlington, Virginia 22201.

### 13. Subsequent events

On 1 May 2024, the Company entered into an agreement whereby all outstanding intercompany balances as of 31 August 2023 were refinanced by the parent, GTT Holdings Netherlands BV, as the first step towards the settlement of intercompany balances.

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

### 14. Accounting policies

The Annual Report of GTT Communications Denmark ApS for 2023 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 2023 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.

# Notes to the Financial Statements

## 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.

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.

## Notes to the Financial Statements

### 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.

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

As of 1st January 2023, management has adopted changes in its accounting estimate regarding the useful life of other fixtures and fittings, tools and equipment whereby the useful lives range changed from 3 - 5 years to 3 - 7 years. 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	3-7 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.

## Notes to the Financial Statements

### 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.

### Deferred income

Deferred income comprises amounts billed to customers relating to subsequent periods for which the money has not yet been received.

### 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.

### 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	$\text{Net Profit for the year} \times 100 / \text{Average equity}$