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# ***Sitel Denmark ApS***

Sluseholmen 2 - 4, 3., DK-2450 Copenhagen SV

## **Annual Report for 1 January - 31 December 2017**

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CVR No 30 55 42 56

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
6 /7 2018

Pedro Lozano de Castro  
Chairman of the General  
Meeting



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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Sitel Denmark ApS for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

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

Copenhagen, 6 July 2018

### **Executive Board**

Pedro Lozano de Castro  
CEO

Jonathan Roy Miller  
Executive Officer

# Independent Auditor's Report

To the Shareholder of Sitel 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sitel Denmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 Financials 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.

# Independent Auditor's Report

## 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.

## 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.

## Independent Auditor's Report

- 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, 6 July 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen  
State Authorised Public Accountant  
mne16675

Anders Røjleskov  
State Authorised Public Accountant  
mne28699

## **Company Information**

### **The Company**

Sitel Denmark ApS  
Sluseholmen 2 - 4, 3.  
DK-2450 Copenhagen SV

Telephone: + 45 3263 0900

CVR No: 30 55 42 56

Financial period: 1 January - 31 December

Financial year: 11st financial year

Municipality of reg. office: Copenhagen

### **Executive Board**

Pedro Lozano de Castro  
Jonathan Roy Miller

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

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

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	315,948	372,623	311,662	90,011	39,411
Operating profit/loss	24,818	19,730	15,149	2,484	2,644
Profit/loss before financial income and expenses	24,818	19,730	15,149	2,484	2,644
Net financials	1,870	792	-231	-187	-51
Net profit/loss for the year	20,627	15,952	11,394	1,717	1,943
<b>Balance sheet</b>					
Balance sheet total	239,327	199,112	94,530	89,905	16,983
Equity	51,225	30,599	14,646	3,252	1,535
Investment in property, plant and equipment	49	179	-285	-1,226	168
Number of employees	723	795	726	235	82
<b>Ratios</b>					
Gross margin	93.7%	92.5%	93.1%	90.2%	82.8%
Profit margin	7.9%	5.3%	4.9%	2.8%	6.7%
Return on assets	10.4%	9.9%	16.0%	2.8%	15.6%
Solvency ratio	21.4%	15.4%	15.5%	3.6%	9.0%
Return on equity	50.4%	70.5%	127.3%	71.7%	-132.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Finance Society. For definitions, see under accounting policies.



# Management's Review

## **Key activities**

The Company's main activity involves trade and industry as well as call center services and outsourcing of specific company related functions and related business.

## **Development in the year**

The income statement of the Company for 2017 shows a profit of DKK 20,626,935, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 51,225,495.

Management considers the result to be satisfactory.

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

In 2017 the contract with TDC's call center has been terminated by year end. This will result in a major decrease in revenue in the following year.

## **Special risks - operating risks and financial risks**

### ***Operating risks***

Standard operating performance remains strong through H1 2018 however risk of attrition specifically with our employees based in Sweden remains high, border controls and travel delays have seen our ability to recruit and retain from this language pool significantly reduce over period 2017 / 2018. The risk is highlighted as both risk to continuation of service risk (existing business) and a potential inhibitor to growth. However most of the TDC related expense activity are covered by Sitel UK by a transfer pricing Cost-Plus setup. As a result of this the operating risk is reduced for Sitel Denmark.

### ***Market risks***

The key risks attributable to this industry at present are the pressures on price and quality, through increased local and international competition.

### ***Foreign exchange risks***

Main foreign currency transactions are with related party in GBP and EUR. FX effects in 2017 were DKK 1.8Mio gain and we don't see any high material risk in future periods.

### ***Interest rate risks***

Sitel Denmark has due to its group relation limited exposure to interest level changes.

# Management's Review

## ***Credit risks***

The Company has no material risks relating to individual customers or business partners.

## ***Liquidity risks***

Sitel Denmark can count on the support from the Group companies on a medium-term. When the operational cash flow is not sufficient, the parent -or sister companies will provide sufficient financial means in the form of advances or loans.

## **Strategy and objectives**

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

2018 will see a reduction of 80% of revenue as a result of the TDC exit following which a period of significant review took place addressing the rightsizing of our cost structure which included people and operating cost.

Now focusing on our Nordics 5 year plan of growth we are targeting an expected 5% revenue growth 2019 against our 2018 projection then repeated for 2020. Following which a more ambitious 10% revenue growth is expected 2021 as our marketing and sales strategy has matured and stabilized.

### **Research and development**

Sitel Denmark will continue to search for new opportunities on technological, operational or commercial level to improve the quality of its services to its customers and improve their satisfaction.

Sitel will drive continuous systems and process re-engineering and gradually move towards a social media strategy, with the resulting deflection from traditional contact channels.

### **External environment**

The Company does not have any impact on the external environment

### **Intellectual capital resources**

We are investing heavily in development of our internal IC resources. We operate a People First culture and have introduced support from our Global Work Force Management team. Equally a close co-operation with our Global Continuous Improvement team is now well installed.

# Management's Review

## Statement of corporate social responsibility

As a global corporate citizen, Sitel Group recognizes its obligation to act responsibly, ethically and with integrity in interactions with our associates, clients and suppliers as well as the communities and environments in which we live and work.

Full CSR policy can be find: [https://sitel.com/wp-content/uploads/2017/12/2018-csr-statement\\_english-us.pdf](https://sitel.com/wp-content/uploads/2017/12/2018-csr-statement_english-us.pdf)

## Statement on gender composition

“Current Sitel Denmark middle management gender structure is: 53 % are men and 47 % are women, and therefor in our opinion, our gender composition is compliant with the legislation.

Regarding highest management lines current situation is that there are no females represented in the management board.

Therefore Sitel Denmark does not meet these standards per 31 December 2017 and there is no specific policy in place to actively strive for the gender diversity as mentioned in this provision in the law. When filling vacant board positions, the main consideration is and has been to select candidates on their suitability taking into account all aspects of the specific role, including relevant experience.

No candidates are excluded based on gender and the company will evaluate and decide if and how selection criteria should be amended”

## Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
<b>Revenue</b>	1	<b>315,947,562</b>	<b>372,622,925</b>
Other external expenses		-19,835,596	-28,064,775
<b>Gross profit/loss</b>		<b>296,111,966</b>	<b>344,558,150</b>
Staff expenses	2	-270,953,460	-324,217,115
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-340,367	-610,843
<b>Resultat før finansielle poster</b>		<b>24,818,139</b>	<b>19,730,192</b>
Financial income		1,958,525	1,025,511
Financial expenses		-88,553	-233,116
<b>Resultat før skat</b>		<b>26,688,111</b>	<b>20,522,587</b>
Tax on profit/loss for the year	3	-6,061,176	-4,570,500
<b>Net profit/loss for the year</b>		<b>20,626,935</b>	<b>15,952,087</b>

# Balance Sheet 31 December

## Assets

	Note	2017 DKK	2016 DKK
Software		30,236	73,921
Goodwill		0	0
<b>Intangible assets</b>	4	<b>30,236</b>	<b>73,921</b>
Other fixtures and fittings, tools and equipment		157,108	345,434
Leasehold improvements		24	59,010
<b>Property, plant and equipment</b>	5	<b>157,132</b>	<b>404,444</b>
Other receivables		544,283	544,286
<b>Fixed asset investments</b>	6	<b>544,283</b>	<b>544,286</b>
<b>Fixed assets</b>		<b>731,651</b>	<b>1,022,651</b>
Trade receivables		15,290,104	12,614,255
Receivables from group enterprises		219,221,489	166,255,124
Other receivables		1,369,412	2,664,132
Deferred tax asset	7	138,900	138,900
Prepayments	8	0	641,589
<b>Receivables</b>		<b>236,019,905</b>	<b>182,314,000</b>
<b>Cash at bank and in hand</b>		<b>2,575,718</b>	<b>15,774,991</b>
<b>Currents assets</b>		<b>238,595,623</b>	<b>198,088,991</b>
<b>Assets</b>		<b>239,327,274</b>	<b>199,111,642</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		125,000	125,000
Retained earnings		<u>51,100,495</u>	<u>30,473,561</u>
<b>Equity</b>		<b><u>51,225,495</u></b>	<b><u>30,598,561</u></b>
Trade payables		8,731,144	19,509,194
Payables to group enterprises		155,870,266	118,560,907
Corporation tax		4,951,991	4,491,733
Other payables		<u>18,548,378</u>	<u>25,951,247</u>
<b>Short-term debt</b>		<b><u>188,101,779</u></b>	<b><u>168,513,081</u></b>
<b>Debt</b>		<b><u>188,101,779</u></b>	<b><u>168,513,081</u></b>
<b>Liabilities and equity</b>		<b><u>239,327,274</u></b>	<b><u>199,111,642</u></b>
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Fee to auditors appointed at the general meeting	12		
Subsequent events	13		
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	125,000	30,473,560	30,598,560
Net profit/loss for the year	<u>0</u>	<u>20,626,935</u>	<u>20,626,935</u>
<b>Equity at 31 December</b>	<b><u>125,000</u></b>	<b><u>51,100,495</u></b>	<b><u>51,225,495</u></b>

# Notes to the Financial Statements

	<u>2017</u> DKK	<u>2016</u> DKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	45,740,386	50,857,285
Revenue, EU	<u>270,207,176</u>	<u>321,765,640</u>
	<b><u>315,947,562</u></b>	<b><u>372,622,925</u></b>
<b>2 Staff expenses</b>		
Wages and salaries	251,084,609	305,177,171
Pensions	15,112,992	16,121,365
Other staff expenses	<u>4,755,859</u>	<u>2,918,579</u>
	<b><u>270,953,460</u></b>	<b><u>324,217,115</u></b>
<b>Average number of employees</b>	<u><b>723</b></u>	<u><b>795</b></u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	<u>6,061,176</u>	<u>4,570,500</u>
	<b><u>6,061,176</u></b>	<b><u>4,570,500</u></b>



## Notes to the Financial Statements

### 4 Intangible assets

	Software DKK	Goodwill DKK
Cost at 1 January	472,529	1,013,403
Additions for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>472,529</u>	<u>1,013,403</u>
Impairment losses and amortisation at 1 January	398,608	1,013,403
Amortisation for the year	<u>43,685</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>442,293</u>	<u>1,013,403</u>
<b>Carrying amount at 31 December</b>	<b><u>30,236</u></b>	<b><u>0</u></b>

### 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	5,867,540	431,678
Additions for the year	<u>49,366</u>	<u>0</u>
Cost at 31 December	<u>5,916,906</u>	<u>431,678</u>
Impairment losses and depreciation at 1 January	5,522,106	372,664
Depreciation for the year	<u>237,692</u>	<u>58,990</u>
Impairment losses and depreciation at 31 December	<u>5,759,798</u>	<u>431,654</u>
<b>Carrying amount at 31 December</b>	<b><u>157,108</u></b>	<b><u>24</u></b>

# Notes to the Financial Statements

## 6 Fixed asset investments

	Other receiv- ables	
	DKK	
Cost at 1 January	544,283	
Additions for the year	0	
Cost at 31 December	<u>544,283</u>	
<b>Carrying amount at 31 December</b>	<b><u>544,283</u></b>	

	2017	2016
	DKK	DKK
<b>7 Deferred tax asset</b>		
Deferred tax asset at 1 January	<u>138,900</u>	<u>138,900</u>
<b>Deferred tax asset at 31 December</b>	<b><u>138,900</u></b>	<b><u>138,900</u></b>

## 8 Prepayments

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

## 9 Distribution of profit

Retained earnings	<u>20,626,935</u>	<u>15,952,087</u>
	<b><u>20,626,935</u></b>	<b><u>15,952,087</u></b>

## 10 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,092,004	728,662
Between 1 and 5 years	<u>733,317</u>	<u>0</u>
	<b><u>1,825,321</u></b>	<b><u>728,662</u></b>

# Notes to the Financial Statements

## 11 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
ClientLogic BV, 59 Watford Road St. Albans Hertfordshire AL1 2AE Great Britain	Controlling Shareholder

	<u>2017</u>	<u>2016</u>
	DKK	DKK
<b>12 Fee to auditors appointed at the general meeting</b>		
<b>PricewaterhouseCoopers</b>		
Audit fee	136,117	123,670
Other assurance engagements	<u>26,700</u>	<u>12,000</u>
	<u><b>162,817</b></u>	<u><b>135,670</b></u>

## 13 Subsequent events

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

# Notes to the Financial Statements

## 14 Accounting Policies

The Annual Report of Sitel Denmark ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year, change in Company size according to the Danish Financial Statements Act has resulted in additional disclosure requirements.

The Financial Statements for 2017 are presented in DKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Sitel Worldwide Corporation Inc, the Company has not prepared a cash flow statement.

### 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

## 14 Accounting Policies (continued)

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

### Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income Statement

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

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

### Staff expenses

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment as well as gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

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

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 2-4 years.

### 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.

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
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Fixed asset investments consist of deposit.

### 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 expenses paid in advantages for the following year.

### Deferred tax assets and liabilities

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

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

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

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Financial debts

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

### Financial Highlights

#### Explanation of financial ratios

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