
Sitel Denmark ApS

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

Annual Report for 1 January - 31 December 2021

CVR No 30 55 42 56

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/06 2022

Lilia Hitz
Chairman of the General
Meeting



pwc

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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 2021.

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

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

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, 27 June 2022

Executive Board

Lilia Hitz
Executive Officer

Christian Sajons
Executive Officer

David Edwin Grimes
Executive Officer

Ivan Markovic
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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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' 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 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.

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 misstate-

Independent Auditor's Report

ment, 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.
- 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

Independent Auditor's Report

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, 27 June 2022

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 0902

CVR No: 30 55 42 56

Financial period: 1 January - 31 December

Financial year: 15th financial year

Municipality of reg. office: Copenhagen

Executive Board

Lilia Hitz
Christian Sajons
David Edwin Grimes
Ivan Markovic

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:

| | 2021 TDKK | 2020 TDKK | 2019 TDKK | 2018 TDKK | 2017 TDKK |
|--|--------------|--------------|--------------|--------------|--------------|
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 57,939 | 54,863 | 58,356 | 63,876 | 315,948 |
| Operating profit/loss | 3,120 | 258 | 3,001 | 2,883 | 24,818 |
| Profit/loss before financial income and expenses | 3,120 | 258 | 3,001 | 2,883 | 24,818 |
| Net financials | -41 | -337 | -6,384 | 2,513 | 1,870 |
| Net profit/loss for the year | 2,404 | -62 | -2,760 | 3,628 | 20,627 |
| Balance sheet | | | | | |
| Balance sheet total | 69,451 | 70,912 | 216,490 | 217,686 | 239,327 |
| Equity | 54,435 | 52,032 | 52,094 | 54,853 | 51,225 |
| Investment in property, plant and equipment | -175 | -330 | -557 | -111 | -49 |
| Number of employees | 137 | 131 | 143 | 153 | 723 |
| Ratios | | | | | |
| Gross margin | 85.7% | 83.7% | 85.1% | 81.9% | 93.7% |
| Profit margin | 5.4% | 0.5% | 5.1% | 4.5% | 7.9% |
| Return on assets | 4.5% | 0.4% | 1.4% | 1.3% | 10.4% |
| Solvency ratio | 78.4% | 73.4% | 24.1% | 25.2% | 21.4% |
| Return on equity | 4.5% | -0.1% | -5.2% | 6.8% | 50.4% |

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 2021 shows a profit of DKK 2,403,588, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 54,435,244.

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

2021 remain a year of where 2020 ended, COVID-19 affecting us in a positive manner with growing volumes as well as stabilizing our business for Work From Anywhere (or work from home), and securing operations of our partners. The new environment brought new challenges as well as new opportunities that developed the business to become more mature for high-risk situations. The overall delivery met satisfied results across the business and brought new opportunities with the announcements of the acquisition of Legacy Sykes.

Operating risks

Risk is lower compared to previous years, but still there due limited resources and in some instances 1 role covering 2 roles. We do have back-up plan in place where we share the knowledge and experience to have in place for worst case scenarios.

Market risks

Market is not yet mature enough for outsourcing, therefore having trouble to attract new clients, part from small deals. However, with the acquisition we expect to be a leader in the DK market and by that attract more business.

No specific risk related to COVID-19.

Foreign exchange risks

Main foreign currency transactions are with related party in GBP and EUR, where majority of GBP balance is cleared in 2019 with high DKK balance so we should not see similar FX in future periods.

Interest rate risks

As company only using Group companies loan support there is no risk of interest rates.

Management's Review

Credit risks

The company does not use financial instruments besides those mentioned in the annual accounts. The company neither uses derivative financial instruments.

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

Strategy

As for sales, we have a better footprint and can offer better and more tailored offers with on and nearshore solutions. This will attract more business in terms of cost solutions but also in terms of flexibility. The acquisition of Legacy Sykes should bring many sales synergies.

Operational strategy remains the same, continue to build on the foundation we have at the moment, develop existing key people in the organization to take on more responsibilities and to share knowledge in order to minimize impact when/if attrition take place for our key people.

Targets and expectations for the year ahead

Looking at the opportunities with the acquisition of Legacy Sykes we expect to re-build the organization and add the Legacy Sykes operations to the existing Sites (Copenhagen and Sonderborg) and by that find synergies and efficiency opportunities that can bring more value to the overall operations as well as our partners. With the footprint in Denmark as well as Nordics, it is expected to grow with a new partner in the following 12 months, where we already now have good opportunities and advanced dialogues with future partners.

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.

Management's Review

External environment

The Danish outsourcing market is still in its infancy. Sitel are the largest outsourcing operator in the market, and as we grow towards maximum capacity we will invest to facilitate future expansion in the market place.

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.

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://www.sitel.com/corporate-social-responsibility/>

Statement on gender composition

By the end of 2020, the Board of Directors elected at the general meeting in Sitel Denmark comprises 3 male and one female member.

Sitel Denmark believes that the members of the Board of Directors and other management levels should be chosen for their overall competencies. The Management recognizes the benefits of a diverse management group in respect of experience, cultural and ethnic background, education, nationality and gender.

It is the company's policy to attract, develop and maintain qualified candidates irrespective of gender for all positions, including management positions. Women and men are invited to apply for all relevant positions. Present ratio of 45% women and 55% men on other management levels.

Income Statement 1 January - 31 December

| | Note | 2021 DKK | 2020 DKK |
|--|------|-------------------|-------------------|
| Revenue | | 57,938,865 | 54,863,244 |
| Other external expenses | | -8,266,828 | -8,966,299 |
| Gross profit/loss | | 49,672,037 | 45,896,945 |
| Staff expenses | 1 | -46,221,167 | -45,340,517 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -330,764 | -298,719 |
| Profit/loss before financial income and expenses | | 3,120,106 | 257,709 |
| Financial income | | 4,995 | 0 |
| Financial expenses | | -45,568 | -336,551 |
| Profit/loss before tax | | 3,079,533 | -78,842 |
| Tax on profit/loss for the year | 2 | -675,945 | 16,956 |
| Net profit/loss for the year | | 2,403,588 | -61,886 |
| Proposed distribution of profit | | | |
| Proposed dividend for the year | | 23,000,000 | 0 |
| Retained earnings | | -20,596,412 | -61,886 |
| | | 2,403,588 | -61,886 |

Balance Sheet 31 December

Assets

| | Note | 2021 DKK | 2020 DKK |
|--|------|-------------------|-------------------|
| Other fixtures and fittings, tools and equipment | | 293,175 | 449,002 |
| Leasehold improvements | | 0 | 0 |
| Property, plant and equipment | 3 | 293,175 | 449,002 |
| Deposits | | 1,033,114 | 1,033,114 |
| Fixed asset investments | 4 | 1,033,114 | 1,033,114 |
| Fixed assets | | 1,326,289 | 1,482,116 |
| Trade receivables | | 4,194,984 | 7,311,971 |
| Receivables from group enterprises | | 51,307,981 | 39,613,117 |
| Other receivables | | 235,292 | 192,332 |
| Deferred tax asset | 5 | 250,359 | 782,622 |
| Corporation tax | | 1,061,693 | 861,139 |
| Prepayments | 6 | 0 | 4,450 |
| Receivables | | 57,050,309 | 48,765,631 |
| Cash at bank and in hand | | 11,074,068 | 20,664,088 |
| Currents assets | | 68,124,377 | 69,429,719 |
| Assets | | 69,450,666 | 70,911,835 |

Balance Sheet 31 December

Liabilities and equity

| | Note | 2021 DKK | 2020 DKK |
|--|------|-------------------|-------------------|
| Share capital | | 125,000 | 125,000 |
| Retained earnings | | 31,310,244 | 51,906,656 |
| Proposed dividend for the year | | 23,000,000 | 0 |
| Equity | | 54,435,244 | 52,031,656 |
| Other payables | | 0 | 2,811,751 |
| Long-term debt | 8 | 0 | 2,811,751 |
| Trade payables | | 236,926 | 550,678 |
| Payables to group enterprises | | 8,100,386 | 6,795,467 |
| Other payables | 8 | 6,678,110 | 8,722,283 |
| Short-term debt | | 15,015,422 | 16,068,428 |
| Debt | | 15,015,422 | 18,880,179 |
| Liabilities and equity | | 69,450,666 | 70,911,835 |
| Distribution of profit | 7 | | |
| Contingent assets, liabilities and other financial obligations | 9 | | |
| Related parties | 10 | | |
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| Accounting Policies | 12 | | |

Statement of Changes in Equity

| | Share capital | Retained earnings | Proposed dividend for the year | Total |
|------------------------------|----------------|-------------------|--------------------------------|-------------------|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 125,000 | 51,906,656 | 0 | 52,031,656 |
| Net profit/loss for the year | 0 | -20,596,412 | 23,000,000 | 2,403,588 |
| Equity at 31 December | 125,000 | 31,310,244 | 23,000,000 | 54,435,244 |

Notes to the Financial Statements

| | 2021 DKK | 2020 DKK |
|---|--|----------------------------------|
| 1 Staff expenses | | |
| Wages and salaries | 43,937,277 | 43,212,075 |
| Pensions | 1,807,767 | 1,677,840 |
| Other staff expenses | 476,123 | 450,602 |
| | 46,221,167 | 45,340,517 |
| | | |
| Executive Board | 0 | 0 |
| | | |
| Average number of employees | 137 | 131 |
| | | |
| The Executive Board is not paid by Sitel Denmark ApS. | | |
| | | |
| 2 Tax on profit/loss for the year | | |
| Current tax for the year | 143,682 | -16,956 |
| Deferred tax for the year | 532,263 | 0 |
| | 675,945 | -16,956 |
| | | |
| 3 Property, plant and equipment | | |
| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
| Cost at 1 January | 6,895,361 | 451,558 |
| Additions for the year | 174,937 | 0 |
| Cost at 31 December | 7,070,298 | 451,558 |
| | | |
| Impairment losses and depreciation at 1 January | 6,446,359 | 451,558 |
| Depreciation for the year | 330,764 | 0 |
| Impairment losses and depreciation at 31 December | 6,777,123 | 451,558 |
| | | |
| Carrying amount at 31 December | 293,175 | 0 |

Notes to the Financial Statements

3 Property, plant and equipment (continued)

4 Fixed asset investments

| | <u>Deposits</u> |
|---------------------------------------|-------------------------|
| | DKK |
| Cost at 1 January | <u>1,033,114</u> |
| Cost at 31 December | <u>1,033,114</u> |
| Carrying amount at 31 December | <u>1,033,114</u> |

5 Deferred tax asset

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------|-----------------------|
| | DKK | DKK |
| Deferred tax asset at 1 January | 782,622 | 765,666 |
| Amounts recognised in equity for the year | <u>-532,263</u> | <u>16,956</u> |
| Deferred tax asset at 31 December | <u>250,359</u> | <u>782,622</u> |

6 Prepayments

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

7 Distribution of profit

| | | |
|--------------------------------|-------------------------|-----------------------|
| Proposed dividend for the year | 23,000,000 | 0 |
| Retained earnings | <u>-20,596,412</u> | <u>-61,886</u> |
| | <u>2,403,588</u> | <u>-61,886</u> |

Notes to the Financial Statements

8 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:

Other payables

| | | |
|---------------------------|------------------|-------------------|
| Between 1 and 5 years | 0 | 2,811,751 |
| Long-term part | 0 | 2,811,751 |
| Other short-term payables | 6,678,110 | 8,722,284 |
| | 6,678,110 | 11,534,035 |

9 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

| | | |
|-----------------------|----------------|------------------|
| Within 1 year | 488,828 | 1,099,975 |
| Between 1 and 5 years | 0 | 733,317 |
| | 488,828 | 1,833,292 |

Other contingent liabilities

The Company is jointly taxed with other Danish Companies of the Sitel Group. The Company and the other Companies subject to joint taxation have unlimited, joint and several liability for Danish corporation taxes.

10 Related parties

Basis

Controlling interest

ClientLogic BV, 59 Watford Road St. Albans
Hertfordshire AL1 2AE
Great Britain

Controlling Shareholder

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Notes to the Financial Statements

10 Related parties (continued)

| <u>Name</u> | <u>Place of registered office</u> |
|---------------------------------|-----------------------------------|
| Sitel Worldwide Corporation Inc | Luxembourg |

The Group Annual Report of Sitel Worldwide Corporation Inc may be obtained at the following address:

Groupe Acticall
33 boulevard du Prince Henri
L-1724 Luxembourg
RCS Luxembourg B171740

11 Subsequent events

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

Notes to the Financial Statements

12 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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

12 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.

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.

Financial income and expenses

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

Notes to the Financial Statements

12 Accounting Policies (continued)

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 |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

Financial debts

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

Notes to the Financial Statements

12 Accounting Policies (continued)

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 | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |