BEIERHOLM
VI SKABER BALANCE

Shopbox ApS

Tranevej 16, 1. th., 2400 København NV

CVR no. 33 96 45 44

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 12.07.24

Karsten Ole Henriksen
Dirigent

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Company information etc.

The company

Shopbox ApS
Tranevej 16, 1. th.
2400 København NV
Registered office: København NV
CVR no.: 33 96 45 44
Financial year: 01.01 - 31.12

Executive Board

Karsten Ole Henriksen
Christian Obling Elbek

Board of Directors

Jens Christian Oxholm Zigler, chairman
Ebbe Groes
Andreas Borreskov Iversen
Bjarne Søballe

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Shopbox ApS.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, July 12, 2024

Executive Board

Karsten Ole Henriksen

Christian Obling Elbek

Board of Directors

Jens Christian Oxholm Zigler
Chairman

Ebbe Groes

Andreas Borreskov Iversen

Bjarne Søballe

To the shareholder of Shopbox ApS

AUDITORS'S REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shopbox ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

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.

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is 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, we conclude that the 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 of the management's review.

VIOLATION OF VAT LEGISLATION

Contrary to the Danish Value Added Tax Act, incorrect VAT returns have been submitted to the Danish Tax Agency, and management may therefore incur liability.

Soeborg, Copenhagen, July 12, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Morten Clement Skov	Torben Mortensen
State Authorized Public Accountant	Registered Public Accountant
MNE-no. mne35432	MNE-no. mne18040

Primary activities

Shopbox is a Danish-based fintech company that offers Point of Sale (POS) software with integrated payment as a core system for small and medium-sized stores and chains across the Nordic region. The solution makes it easy and simple to create a full product catalog, serve customers and accept payments in both physical and digital channels.

Development in activities and financial affairs

Shopbox experienced strong growth during 2023 with an overall 300% increase of the POS subscription base end of year. A large part of the growth came from the acquisition of Quickorder and Weorder with a strong focus on the restaurant, cafe and takeaway segments.

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK -7,433,834 against DKK -9,931,322 for the period 01.01.22 - 31.12.22.

The deficit must be seen in the context of continued product and business development and investing in marketing and sales growing the business. On top of this there has been a big one-time investment into the acquisition of Quickorder.

The balance sheet shows total assets of DKK 32,128,771 and equity of DKK 10,541,074.

During the year 2023 a cash increase and a growth loan has strengthened the Company's capital base and funded the acquiring of Quickorder.

Information on going concern

The company expects to continue development activities and market building activities investing in marketing and sales in 2024. Management expects the Company to reach operating profit in 2024 with positive EBITDA and become a self-sustaining Company going forward.

4M DKK in new capital was obtained at the end of July 2024 to finance the company's activities.

Further a more automated, efficient and strict management of debtors will continue to secure the on-going inflow of cash from subscriptions and payments services. With a flat cost base this all in all gives several levers to work with to ensure the company's liquidity and continued positive cash flow.

Outlook

Continued development activities and market-building activities, with investment in marketing and sales, are expected to be carried out in 2024. A capital injection of 4M DKK has been obtained in the first half of 2024 to finance the company's activities and loan. In order to secure the company's continued ability to grow the recurring revenue basis, several sources of financing are identified, which are expected to secure the company's ability to invest in growth for the remainder of 2024. Hereafter, the plan is to stay focused on profitability with no need for further funding.

We expect the EBITDA of the year 2024 to be DKK 4M and a net profit loss of DKK 5M.

Subsequent events

No further events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement

Note		2023 DKK	2022 DKK
	Gross profit	**9,361,949**	**2,843,594**
2	Staff costs	-10,703,519	-8,455,718
	Loss before depreciation, amortisation, write-downs and impairment losses	**-1,341,570**	**-5,612,124**
3	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-4,662,875	-4,129,326
	Operating loss	**-6,004,445**	**-9,741,450**
4	Financial income	12,766	12,184
5	Financial expenses	-1,442,155	-796,621
	Loss before tax	**-7,433,834**	**-10,525,887**
6	Tax on loss for the year	0	594,565
	Loss for the year	**-7,433,834**	**-9,931,322**

Proposed appropriation account

	2023 DKK	2022 DKK
Retained earnings	-7,433,834	-9,931,322
Total	**-7,433,834**	**-9,931,322**

Balance sheet

ASSETS

Note		31.12.23 DKK	31.12.22 DKK
	Completed development projects	18,052,988	7,881,757
	Acquired rights	0	7,500
	Goodwill	8,823,000	2,085,534
7	**Total intangible assets**	**26,875,988**	**9,974,791**
	Leasehold improvements	2	3,419
	Other fixtures and fittings, tools and equipment	308,156	126,808
8	**Total property, plant and equipment**	**308,158**	**130,227**
9	Equity investments in group enterprises	32,135	0
10	Deposits	256,971	191,488
	Total investments	**289,106**	**191,488**
	Total non-current assets	**27,473,252**	**10,296,506**
	Manufactured goods and goods for resale	491,232	423,036
	Total inventories	**491,232**	**423,036**
	Trade receivables	821,195	963,541
	Receivables from group enterprises	1,086,682	40,000
	Income tax receivable	0	594,565
	Other receivables	704,884	388,506
	Prepayments	130,908	14,838
	Total receivables	**2,743,669**	**2,001,450**
	Cash	**1,420,618**	**2,587,666**
	Total current assets	**4,655,519**	**5,012,152**
	Total assets	**32,128,771**	**15,308,658**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.23 DKK	31.12.22 DKK
	Contributed capital	483,840	390,538
	Reserve for development costs	6,573,838	6,147,770
	Retained earnings	3,483,396	-5,286,880
	Total equity	**10,541,074**	**1,251,428**
12	Payables to other credit institutions	13,847,529	7,285,215
12	Other payables	495,446	478,692
	Total long-term payables	**14,342,975**	**7,763,907**
12	Short-term part of long-term payables	986,235	1,517,891
	Payables to other credit institutions	677	0
	Prepayments received from customers	536,092	193,872
	Trade payables	2,226,751	2,246,095
	Other payables	2,647,741	1,643,816
	Deferred income	847,226	691,649
	Total short-term payables	**7,244,722**	**6,293,323**
	Total payables	**21,587,697**	**14,057,230**
	Total equity and liabilities	**32,128,771**	**15,308,658**

13 Contingent liabilities
14 Charges and security

Statement of changes in equity

Figures in DKK	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	365,592	0	6,695,472	-1,678,314	5,382,750
Capital increase	24,946	5,775,054	0	0	5,800,000
Transfers to/from other reserves	0	-5,775,054	-547,702	6,322,756	0
Net profit/loss for the year	0	0	0	-9,931,322	-9,931,322
Balance as at 31.12.22	390,538	0	6,147,770	-5,286,880	1,251,428
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	390,538	0	6,147,770	-5,286,880	1,251,428
Capital increase	93,302	16,630,178	0	0	16,723,480
Transfers to/from other reserves	0	-16,630,178	426,068	16,204,110	0
Net profit/loss for the year	0	0	0	-7,433,834	-7,433,834
Balance as at 31.12.23	483,840	0	6,573,838	3,483,396	10,541,074

1. Information as regards going concern

As described in the management commentary the company expects to continue development activities and market building activities investing in marketing and sales in 2024. Management expects the Company to reach operating profit in 2024 with positive EBITDA and become a self-sustaining Company going forward.

4M DKK in new capital was obtained at the end of July 2024 to finance the company's activities.

Further a more automated, efficient and strict management of debtors will continue to secure the on-going inflow of cash from subscriptions and payments services. With a flat cost base this all in all gives several levers to work with to ensure the company's liquidity and continued positive cash flow.

	2023 DKK	2022 DKK

2. Staff costs

	2023 DKK	2022 DKK
Wages and salaries	10,285,977	8,153,916
Pensions	310,826	191,978
Other social security costs	106,716	109,824
Total	10,703,519	8,455,718
Average number of employees during the year	20	16

3. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

	2023 DKK	2022 DKK
Amortisation of intangible assets	4,350,371	4,015,616
Depreciation of property, plant and equipment	312,504	113,710
Total	4,662,875	4,129,326

	2023 DKK	2022 DKK

4. Financial income

Other interest income	8	0
Foreign currency translation adjustments	12,758	12,184
Total	12,766	12,184

5. Financial expenses

Other interest expenses	1,257,505	671,871
Foreign currency translation adjustments	22,800	11,814
Other financial expenses	161,850	112,936
Total	1,442,155	796,621

6. Tax on loss for the year

Current tax for the year	0	-594,565
Total	0	-594,565

7. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Goodwill
Cost as at 01.01.23	23,867,304	75,000	2,979,334
Additions during the year	13,251,569	0	8,000,000
Cost as at 31.12.23	37,118,873	75,000	10,979,334
Amortisation and impairment losses as at 01.01.23	-15,985,548	-67,500	-893,800
Amortisation during the year	-3,080,337	-7,500	-1,262,534
Amortisation and impairment losses as at 31.12.23	-19,065,885	-75,000	-2,156,334
Carrying amount as at 31.12.23	18,052,988	0	8,823,000

In connection with the company's merger with Sofier in 2021 and their purchase of Quickorder in 2023, goodwill and development costs were acquired. The acquired knowledge and technology continues to be used in the company, just as the acquired customer base continues to form a significant part of the company's business foundation. As described in the management commentary, the company expects continued growth and at the end of 2024 to achieve positive earnings. Based hereon development projects and goodwill continue to be amortized as originally planned.

Development costs consist of time spent directly and other costs for developing an electronic POS system and related services, thus being the Company’s primary product.

8. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	218,500	396,189
Additions during the year	0	490,435
Cost as at 31.12.23	218,500	886,624
Depreciation and impairment losses as at 01.01.23	-215,081	-269,381
Depreciation during the year	-3,417	-309,087
Depreciation and impairment losses as at 31.12.23	-218,498	-578,468
Carrying amount as at 31.12.23	2	308,156

9. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.23	40,048
Additions during the year	32,135
Cost as at 31.12.23	72,183
Depreciation and impairment losses as at 01.01.23	-40,048
Depreciation and impairment losses as at 31.12.23	-40,048
Carrying amount as at 31.12.23	32,135

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Subsidiaries:			
Shopbox Norge AS, Norge	100%	32,596	12,706
Shopbox POS Sverige AB, Sverige	100%	-43,451	-8,272

10. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.23	191,488
Additions during the year	67,441
Disposals during the year	-1,958
Cost as at 31.12.23	256,971
Carrying amount as at 31.12.23	256,971

11. Deferred tax

As at 31.12.23, the company has a deferred tax asset of DKK 8,2 millions, which can primarily be attributed to tax losses carried forward. The deferred tax asset is not recognised in the financial statements.

12. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.23	Total payables at 31.12.22
Payables to credit institutions	986,235	1,769,711	14,833,764	8,803,106
Other payables	0	495,446	495,446	478,692
Total	986,235	2,265,157	15,329,210	9,281,798

13. Contingent liabilities

Unrecognised rental and lease commitments

The company has concluded rental agreements with terms to maturity of 6 months and total lease payments of DKK 299k.

14. Charges and security

As security for debt to credit institutions of DKK 14.834k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 28.528k.

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

15. Accounting policies - continued -

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for

15. Accounting policies - continued -

the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	3-5	
Acquired rights	5	0
Goodwill	5	0
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	2-5	0

Goodwill is amortised over 5 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

15. Accounting policies - continued -

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

15. Accounting policies - continued -

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or

15. Accounting policies - continued -

discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

15. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation

15. Accounting policies - continued -

rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.