TRAFFIC LAB ApS

Bredgade 42, DK-1260 København K

Annual Report for 2022

CVR No. 36 02 27 95

The Annual Report was presented and adopted at the Annual General Meeting of the company on 8/5 2023

Sebastian Agerskov
Chairman of the general meeting

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Management's statement

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

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 2022 of the Company and of the results of the Company operations for 2022.

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

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

København K, 8 May 2023

Executive Board

Sebastian Homaily Agerskov
CEO

Independent Auditor's report

To the shareholder of TRAFFIC LAB ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of TRAFFIC LAB ApS for the financial year 1 January - 31 December 2022, 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 Financial Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 8 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Company information

The Company	TRAFFIC LAB ApS Bredgade 42 DK-1260 København K Website: www.trafficlab.dk CVR No: 36 02 27 95 Financial period: 1 January - 31 December Incorporated: 27 June 2014 Financial year: 9th financial year Municipality of reg. office: København K
Executive board	Sebastian Homaily Agerskov
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	174,022	90,250	79,808	64,852	58,816
Gross profit/loss	147,567	58,182	58,825	37,471	29,031
Profit/loss of ordinary primary operations	109,622	30,386	35,382	21,136	17,213
Profit/loss before financial income and expenses	109,395	30,386	35,382	21,136	17,213
Profit/loss of financial income and expenses	-204	95	-122	4	-259
Net profit/loss	85,084	23,754	27,497	16,489	13,212
Balance sheet					
Balance sheet total	122,565	33,383	41,743	28,496	26,198
Investment in property, plant and equipment	147	3,489	1,748	0	0
Equity	46,215	11,131	27,597	23,183	13,312
Number of employees	65	56	48	34	25
Ratios					
Gross margin	84.8%	64.5%	73.7%	57.8%	49.4%
Profit margin	62.9%	33.7%	44.3%	32.6%	29.3%
Return on assets	89.3%	91.0%	84.8%	74.2%	65.7%
Solvency ratio	37.7%	33.3%	66.1%	81.4%	50.8%
Return on equity	296.7%	122.7%	108.3%	90.4%	103.4%

Management's review

Key activities

The Company provides affiliate marketing services through its owned and developed websites that attract visitors through organic traffic, referring them to our clients, which are operating online gaming platforms. The company's main activity is to help its clients increase their online presence through a diverse range of digital marketing strategies.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 85,083,786, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 46,214,680. The company has experienced significant growth in its activities during the year 2022. The revenue for the year 2022 has almost doubled compared to the previous year due to an increase in activity in all active markets for the company. Additionally, the Profit Before Tax has increased by 78.7 million DKK, which represents an increase of close to 250% compared to the previous year. The margin improvement is driven mainly by the shift of focus towards channels providing better returns on investment.
The company results in 2022 have exceeded the expectations set by management by the end of 2021. In addition to the satisfactory results, the Company has taken significant steps towards the future growth of the organization by improving the organizational framework and technical structure of some of the major systems developed in-house.

Targets and expectations for the year ahead

The management expects to continue with the investments in websites and employees, data analysis and standardization of systems as well as increased focus on geographical expansion through M&A. Additionally, the Company has established during 2023 a new subsidiary located in Malta to expand the operations and be in closer contact with their customers. At the same time the management has decided to close its US subsidiary due to a shift of focus towards more profitable locations.
The management expects the revenue growth to continue in the year 2023, for this reason, the financial targets are as follows:

-Revenue: DKK 250 – 275M (40% - 60% growth)
-EBITDA: DKK 150 – 180M (35% - 65% growth)

The assumptions used by the management include the continuation of the current economic conditions and no significant changes in the regulatory environment.

Research and development

Research and Development is a core activity to maintain market competitiveness. The company has several ongoing research and development activities in the Technical Department focused on developing new internal systems and improving the existing ones. This development aims to optimize processes and produce tools that provide both efficiency and scalability on the daily operations management.

At the same time, certain employees are dedicated to identifying and developing new products non-existent in the market that can provide a competitive advantage compared to our competitors.

These activities are in the initial stages and have not been activated due to the uncertainty of their potential economic benefits.

Intellectual capital resources

Employees are the most relevant asset in the company, and the management has implemented several measures to retain and train them. The company provides regular training sessions to its employees to update their knowledge and skills. Additionally, the company has implemented a knowledge management system to ensure that the knowledge is documented and shared across the organization.

Management's review

Statement of corporate social responsibility

As a purely online business, Traffic Lab has a relatively small, albeit not negligible, impact on the natural environment. We believe we can best contribute to a sustainable future by focusing on good corporate citizenship in the fields of governance and social responsibility.

Traffic Lab has a social responsibility to ensure that the business transactions in which we participate are as sustainable as possible. Environmental, Social and Governance, also known by the acronym EGS, form the basic elements of sustainability. In the context of our business, sustainability is about the business model of the company, i.e. how we provide value to our clients.

Based on international rules in this area, we set standards for Traffic Lab, along with our customers, partners, and suppliers. Starting with risk management and responsibility within ESG, we work with our customers and other stakeholders towards common value creation and futureproofing of the transactions we are involved. Traffic Lab also works internationally to promote uniformly high ESG requirements, thus contributing towards uniform terms of competition for the benefit of our customers.

The ESG Policy applies to all employees of Traffic Lab. Internal guidelines and business procedures pertaining to social conditions, human rights, employee rights, the environment, climate, anti-corruption and tax practices are to be prepared in compliance with this Policy. Traffic Lab adheres to the UN's principles and guidelines, in particular the principles of the UN Global Compact on human rights, employee rights, the environment and anti-corruption, the UN's Guiding Principles for Business and Human Rights. The aim is to ensure that Traffic Lab meet consistently strict ESG requirements imposed by Danish and international financial institutions.

Uncertainty relating to recognition and measurement

Traffic Lab's risk management aims to execute the business strategy while maintaining a high level of risk awareness and control. The Company risks are managed on a strategic, operational, and financial, legal and compliance level.
The company has not encountered any unusual conditions that have affected the recognition or measurement of its financial statements during the year 2022.

Subsequent events

The Company has established in January 2023 a subsidiary located in Malta in order to continue the expansion into new markets and to have a closer collaboration with existing clients.

From the balance sheet date until the date of presentation of this Annual Report no additional events have occurred other than the above mentioned which significantly affect the assessment of the annual report.

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit		**147,567,054**	**58,181,795**
Staff expenses	1	-36,273,267	-26,361,551
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,671,705	-1,434,296
Other operating expenses		-227,116	0
Profit/loss before financial income and expenses		**109,394,966**	**30,385,948**
Income from investments in subsidiaries		0	186,000
Financial income	2	205,964	99,929
Financial expenses	3	-410,100	-190,580
Profit/loss before tax		**109,190,830**	**30,481,297**
Tax on profit/loss for the year	4	-24,107,044	-6,727,671
Net profit/loss for the year	5	**85,083,786**	**23,753,626**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Goodwill		1,804,429	2,148,130
Intangible assets	6	**1,804,429**	**2,148,130**
Other fixtures and fittings, tools and equipment		775,175	763,548
Leasehold improvements		1,711,124	2,903,842
Property, plant and equipment	7	**2,486,299**	**3,667,390**
Deposits		1,328,902	1,221,736
Fixed asset investments		**1,328,902**	**1,221,736**
Fixed assets		**5,619,630**	**7,037,256**
Trade receivables		21,571,937	10,080,573
Receivables from group enterprises		28,542,487	5,461,934
Other receivables		599,361	116,793
Deferred tax asset	8	321,583	129,825
Receivables		**51,035,368**	**15,789,125**
Cash at bank and in hand		**65,909,750**	**10,556,281**
Current assets		**116,945,118**	**26,345,406**
Assets		**122,564,748**	**33,382,662**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital	9	100,000	100,000
Retained earnings		46,114,680	11,030,894
Equity		**46,214,680**	**11,130,894**
Credit institutions		3,193	0
Trade payables		986,359	669,523
Payables to group enterprises		50,002,129	20,000,000
Payables to group enterprises relating to corporation tax		24,298,802	186,504
Other payables		1,059,585	1,395,741
Short-term debt		**76,350,068**	**22,251,768**
Debt		**76,350,068**	**22,251,768**
Liabilities and equity		**122,564,748**	**33,382,662**

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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	100,000	11,030,894	11,130,894
Extraordinary dividend paid	0	-50,000,000	-50,000,000
Net profit/loss for the year	0	85,083,786	85,083,786
Equity at 31 December	**100,000**	**46,114,680**	**46,214,680**

Notes to the Financial Statements

	2022	2021
	DKK	DKK

1. Staff Expenses

	2022	2021
Wages and salaries	31,215,712	23,232,052
Pensions	2,293,642	1,599,559
Other social security expenses	602,590	302,101
Other staff expenses	2,161,323	1,227,839
	36,273,267	**26,361,551**

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

	2022	2021
Average number of employees	**65**	**56**

	2022	2021
	DKK	DKK

2. Financial income

	2022	2021
Interest received from group enterprises	27,936	99,929
Other financial income	178,028	0
	205,964	**99,929**

	2022	2021
	DKK	DKK

3. Financial expenses

	2022	2021
Interest paid to group enterprises	7,950	0
Other financial expenses	248,158	82,014
Exchange loss	153,992	108,566
	410,100	**190,580**

Notes to the Financial Statements

4. Income tax expense

	2022	2021
	DKK	DKK
Current tax for the year	24,298,802	6,686,504
Deferred tax for the year	-191,758	41,167
	24,107,044	**6,727,671**

5. Profit allocation

	2022	2021
	DKK	DKK
Extraordinary dividend paid	50,000,000	0
Proposed dividend for the year	0	20,220,000
Retained earnings	35,083,786	3,533,626
	85,083,786	**23,753,626**

6. Intangible fixed assets

	Goodwill
	DKK
Cost at 1 January	2,405,905
Cost at 31 December	2,405,905
Impairment losses and amortisation at 1 January	257,775
Amortisation for the year	343,701
Impairment losses and amortisation at 31 December	601,476
Carrying amount at 31 December	**1,804,429**
Amortised over	7 years

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,797,250	3,439,196
Additions for the year	0	146,912
Cost at 31 December	1,797,250	3,586,108
Impairment losses and depreciation at 1 January	572,763	996,292
Depreciation for the year	449,312	878,692
Impairment losses and depreciation at 31 December	1,022,075	1,874,984
Carrying amount at 31 December	**775,175**	**1,711,124**
Amortised over	4 years	4 years

8. Deferred tax asset

	2022	2021
	DKK	DKK
Deferred tax asset at 1 January	129,825	170,992
Amounts recognised in the income statement for the year	191,758	-41,167
Deferred tax asset at 31 December	**321,583**	**129,825**

9. Share capital

The executive board is authorized under the articles of association of the company to issue warrants and has introduced a warrant program for a small number of individual employees in the company. The warrant program has been unanimously approved by the shareholders and the executive board has unanimously confirmed each warrant grant made under the warrant program. The total number of warrants under the program is 2,400. The warrents are vesting at the approval of the Annual Report for 2024. The incentive programmes are not recognised in the Financial Statements.

Notes to the Financial Statements

	2022	2021
	DKK	DKK

10. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2022	2021
Lease obligations, period of non-terminability 12 months	2,608,938	3,460,979

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Agerskov Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

11. Related parties and disclosure of consolidated financial statements

Transactions

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

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

Consolidated Financial Statements

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

Name	Place of registered office
Agerskov Holding ApS	København K

Notes to the Financial Statements

12. Accounting policies

The Annual Report of TRAFFIC LAB ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

In 2021 the Annual Report of TRAFFIC LAB ApS was prepared in accordance with the provisions of the Danish Financial Statements Act applying to small enterprises of reporting class B.

Besides this, the accounting policies are unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Agerskov Holding ApS, the Company has not prepared consolidated financial statements.

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 Agerskov Holding ApS, 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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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

Income statement

Net sales

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 as well as office expenses, etc.

Gross profit

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

Financial income and expenses

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

Tax on profit/loss for the year

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

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

The Company is jointly taxed with Agerskov Holding ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years, determined on the basis of Management’s experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work.

Property, plant and equipment

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

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

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

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	3-5 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 and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

Current tax receivables and liabilities

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

Financial debts

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

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity