
HelloFresh Nordics ApS

Artillerivej 90, st., DK-2300 København S

Annual Report for 1 January - 31 December 2022

CVR No 40 33 33 71

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2023

Thomas Griesel
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HelloFresh Nordics 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.

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

Copenhagen, 31 May 2023

Executive Board

Kristian Hald
CEO

Board of Directors

Thomas Wartmut Griesel
Chairman

Harchandan Singh Krishan

Kristian Hald

Independent Auditor's Report

To the Shareholder of HelloFresh Nordics ApS

Opinion

We have audited the financial statements of HelloFresh Nordics 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 are 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 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.

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 eco-

Independent Auditor's Report

nomical 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.

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 mis-

Independent Auditor's Report

stated.

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.

Copenhagen, 31 May 2023

KPMG P/S

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Simon Vinberg Andersen
State Authorised Public Accountant
mne35458

Morten Høgh-Petersen
State Authorised Public Accountant
mne34283

Company Information

The Company

HelloFresh Nordics ApS
Artillerivej 90, st.
DK-2300 København S

CVR No: 40 33 33 71
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Thomas Wartmut Griesel , Chairman
Harchandan Singh Krishan
Kristian Hald

Executive Board

Kristian Hald

Auditors

KPMG P/S
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

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

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK
Key figures				
Profit/loss				
Revenue	809.082	539.751	74.251	3.802
Operating profit/loss	25.031	752	-11.469	17
Profit/loss before financial income and expenses	25.031	752	-11.469	17
Net financials	-4.588	-2.153	-731	-56
Net profit/loss for the year	15.808	-1.122	-9.440	-30
Balance sheet				
Balance sheet total	366.067	361.576	36.361	5.152
Equity	265.303	249.495	-9.383	20
Investment in property, plant and equipment	342	1.324	2.285	29
Number of employees	96	53	25	5
Ratios				
Gross margin	10,4%	5,4%	3%	74,3%
Profit margin	3,1%	0,1%	-15,4%	0,4%
Return on assets	6,8%	0,2%	-31,5%	0,3%
Solvency ratio	72,5%	69,0%	-25,8%	0,4%
Return on equity	6,1%	-0,9%	201,6%	-300,0%

Management's Review

Key activities

The Company's principal activities are the development, marketing, production, distribution and sale of food and other related business.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 15,808,065, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 265,303,449.

Operating risks and financial risks

Operating risks

Hellofresh Nordic ApS' main operating risk is linked to the ability to maintain and expand its already strong position within the customer base.

Financial risks

Hellofresh Nordic ApS' is only limitedly exposed due to its soundness and financial preparedness towards changes in the level of interest rates.

Foreign exchange risks

Hellofresh Nordic ApS' is only exposed to a limited extent to currency risks. The company invoices primarily in DKK, while most of the purchases are made in EUR or DKK.

Interest rate risks

Hellofresh Nordic ApS does not have significant interest risks.

Credit risks

Hellofresh Nordic ApS' does not have significant risks regarding individual customers or business partners.

Strategy and objectives

Our Business model differs from that of a retailer or grocer, as it rethinks the traditional food supply chain model. By starting with the consumer and working upstream with a "pull model", we largely eliminate the need for intermediaries such as distributors or wholesalers. We work closely with our supplier network, made up mostly of local suppliers, to ensure we can purchase the ingredients for our meal solutions on fresh ingredients in the required quantities. We operate on a low inventory basis for perishable products. The ingredients for our meal kits, and ready-to-eat meals, are packed in our refrigerated fulfillment centers. From there, our food solutions are delivered using insulated packaging or refrigerated vehicles, which allow us to deliver the ingredients with a high level of freshness.

Management's Review

Targets and expectations for the year ahead

2023 will be a year with macroeconomic changes. We see significant increases in commodity prices, significant higher distribution costs, higher energy prices and salary increases than we have not seen in recent years. As a response to the higher input prices, we need to increase our selling prices in 2023. With the above comments in mind Hellofresh Nordic ApS expects a result for 2023 to be in the range of TDKK 20,000 - TDKK 30,000, measured by operating profit (before financial items and taxes). Profit for the year (after financial items and taxes) for 2023 is expected to be in the range of TDKK 15,000 - TDKK 25,000.

External environment

It is the policy of the company to run its business in a responsible way, including taking environmental precautions.

Intellectual capital resources

Our core business processes are data and technology driven. Our customized suite of software tools allows us, for example, to transform weekly menus into efficient ingredients purchasing decisions, and to feed back information about pricing and availability into menu planning. Our technology automatically sets up weekly schedules for both production and delivery to our customers with their preferred delivery selection and provides us with data to further improve our products and processes.

Statement of corporate social responsibility

Hellofresh Nordic ApS wants to develop its businesses and meet its strategic challenges in an economically and socially sound manner.

Hellofresh Nordic ApS is a member of the Hellofresh Group, which has prepared a consolidated corporate governance statement report on corporate social responsibility for 2022.

Hellofresh Nordic ApS is an environmentally conscious company that continuously works to reduce the environmental impacts of the company's operations and has a policy of social responsibility, including the environment, human rights, and climate.

Hellofresh Nordic ApS has chosen to apply the exemption provision in section 99a (7) of the Danish Financial Statements Act, as the Hellofresh Group prepares a progress report every year. The Hellofresh Group consolidated corporate governance statement report on the corporate social responsibility for 2022 is made publicly available separately from the management report on the website of the parent Company under:

https://ir.hellofreshgroup.com/download/companies/hellofresh/Annual%20Reports/ENG_HelloFresh_Non-Financial_Report_2022.pdf

Management's Review

Statement on gender composition

Hellofresh Nordic ApS respects diversity and recognizes that a more equal distribution of men and women in management bring benefits in the form of synergy, creativity, etc.

In accordance with the the Danish Financial Statements Act, section 99 b. Hellofresh Nordic ApS board of directors consist of 3 men and 0 women. Thus equal composition is yet to be achieved and the board has set a target to achieve equal distribution before 2026.

Hellofresh Nordic ApS is a member of the Hellofresh Group, which has prepared a consolidated report on the gender composition in management on a group level.

The Corporate governance statement in accordance with gender composition in management is made publicly available separately from the management report on the website of the parent Company under:

https://ir.hellofreshgroup.com/download/companies/hellofresh/Annual%20Reports/ENG_HelloFresh_Non-Financial_Report_2022.pdf

Statement on data ethics

Hellofresh Nordic ApS is part of the Hellofresh Group.

Hellofresh Group has a policy of Data protection and privacy. The policy can be found on:

https://ir.hellofreshgroup.com/download/companies/hellofresh/Annual%20Reports/ENG_HelloFresh_Non-Financial_Report_2022.pdf

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Revenue	1	809.081.721	539.750.647
Expenses for raw materials and consumables		-576.364.743	-423.200.709
Other external expenses		-148.869.054	-87.409.453
Gross profit/loss		83.847.924	29.140.485
Staff expenses	2	-57.996.118	-27.764.861
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-820.658	-624.108
Profit/loss before financial income and expenses		25.031.148	751.516
Financial income	4	9.287.212	2.734.569
Financial expenses	5	-13.875.433	-4.887.731
Profit/loss before tax		20.442.927	-1.401.646
Tax on profit/loss for the year	6	-4.634.862	280.144
Net profit/loss for the year		15.808.065	-1.121.502

Balance Sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		1.304.860	1.691.887
Leasehold improvements		624.843	716.181
Property, plant and equipment	7	1.929.703	2.408.068
Investments in subsidiaries	8	224.318.345	224.318.345
Receivables from group enterprises		0	14.889.477
Deposits	9	601.895	657.847
Fixed asset investments		224.920.240	239.865.669
Fixed assets		226.849.943	242.273.737
Trade receivables		431.476	98.602
Receivables from group enterprises		30.651.961	2.893.467
Other receivables		0	1.563.384
Deferred tax asset	10	136.739	3.049.112
Corporation tax		3.477.511	0
Prepayments	11	289.861	175.640
Receivables		34.987.548	7.780.205
Cash at bank and in hand		104.229.149	111.521.720
Currents assets		139.216.697	119.301.925
Assets		366.066.640	361.575.662

Balance Sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		101.114	101.114
Share premium account		0	259.949.443
Retained earnings		265.202.335	-10.555.173
Equity		265.303.449	249.495.384
Payables to group enterprises		0	20.456.244
Long-term debt	12	0	20.456.244
Trade payables		3.902.096	4.205.785
Payables to group enterprises	12	21.942.744	39.598.433
Other payables		64.479.157	36.523.344
Deferred income	13	10.439.194	11.296.472
Short-term debt		100.763.191	91.624.034
Debt		100.763.191	112.080.278
Liabilities and equity		366.066.640	361.575.662
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained</u>	<u>Total</u>
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity at 1 January	101.114	259.949.443	-10.555.173	249.495.384
Net profit/loss for the year	0	0	15.808.065	15.808.065
Transfer from share premium account	0	-259.949.443	259.949.443	0
Equity at 31 December	<u>101.114</u>	<u>0</u>	<u>265.202.335</u>	<u>265.303.449</u>

Notes to the Financial Statements

	2022 <u>DKK</u>	2021 <u>DKK</u>
1 Revenue		
Geographical segments		
Revenue, Denmark	763.759.724	513.828.819
Revenue, Sweden	29.059.137	17.147.388
Revenue, Norway	16.262.860	8.774.440
	<u>809.081.721</u>	<u>539.750.647</u>
Business segments		
Sales of goods	763.759.724	513.828.819
Services	45.321.997	25.921.828
	<u>809.081.721</u>	<u>539.750.647</u>
2 Staff expenses		
Wages and salaries	54.696.532	27.287.475
Pensions	2.248.558	121.998
Other social security expenses	1.051.028	355.388
	<u>57.996.118</u>	<u>27.764.861</u>
Average number of employees	<u>96</u>	<u>53</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	820.658	624.108
	<u>820.658</u>	<u>624.108</u>
Which is specified as follows:		
Other fixtures and fittings, tools and equipment	579.320	617.200
Leasehold improvements	241.338	6.908
	<u>820.658</u>	<u>624.108</u>

Notes to the Financial Statements

	2022 DKK	2021 DKK	
4 Financial income			
Interest received from group enterprises	36.952	19.075	
Exchange gains	9.250.260	2.715.494	
	9.287.212	2.734.569	
5 Financial expenses			
Interest paid to group enterprises	155.791	1.347.931	
Other financial expenses	817.350	476.092	
Exchange adjustments, expenses	12.902.292	3.063.708	
	13.875.433	4.887.731	
6 Tax on profit/loss for the year			
Current tax for the year	1.722.490	0	
Deferred tax for the year	2.869.566	-276.817	
Adjustment of deferred tax concerning previous years	42.806	-3.327	
	4.634.862	-280.144	
7 Property, plant and equipment			
	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	2.202.275	1.019.191	3.221.466
Additions for the year	192.293	150.000	342.293
Cost at 31 December	2.394.568	1.169.191	3.563.759
Impairment losses and depreciation at 1 January	510.388	303.010	813.398
Depreciation for the year	579.320	241.338	820.658
Impairment losses and depreciation at 31 December	1.089.708	544.348	1.634.056
Carrying amount at 31 December	1.304.860	624.843	1.929.703

Notes to the Financial Statements

	2022 DKK	2021 DKK
8 Investments in subsidiaries		
Cost at 1 January	224.318.345	35.328
Additions for the year	0	224.283.017
Carrying amount at 31 December	224.318.345	224.318.345

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
HelloFresh Sweden AB	Sweden	100%	39.687.000	8.051.000
HelloFresh Norway AS	Norway	100%	31.314.000	-59.146.000

9 Other fixed asset investments

	Deposits DKK
Cost at 1 January	454.054
Additions for the year	147.841
Cost at 31 December	601.895
Carrying amount at 31 December	601.895

10 Deferred tax asset

Deferred tax asset at 1 January	3.049.112	2.768.968
Amounts recognised in the income statement for the year	-2.869.566	276.817
Amounts recognised in equity for the year	-42.807	3.327
Deferred tax asset at 31 December	136.739	3.049.112

11 Prepayments

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

Notes to the Financial Statements

12 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:

	<u>2022</u> DKK	<u>2021</u> DKK
Payables to group enterprises		
Between 1 and 5 years	0	20.456.244
Long-term part	0	20.456.244
Other short-term debt to group enterprises	21.942.744	39.598.433
	<u>21.942.744</u>	<u>60.054.677</u>

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

14 Distribution of profit

Retained earnings	15.808.065	-1.121.502
	<u>15.808.065</u>	<u>-1.121.502</u>

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1.093.775	1.093.775
Between 1 and 5 years	895.669	1.596.263
	<u>1.989.444</u>	<u>2.690.038</u>

Other contingent liabilities

Other	75.000	225.000
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Notes to the Financial Statements

16 Related parties

Transactions

During the year, the Company had the following transactions with its ultimate Parent Company and its subsidiaries:

Revenue: TDKK 45.322 (2021 TDKK 25.922)

Cost of service: TDKK 288.434 (2021 TDKK 208.221)

Other expenses: TDKK 231.767 (2021 TDKK 150.516)

Financial income: TDKK 37 (2021 TDKK 19)

Financial expenses: TDKK 156 (2021 TDKK 1.348)

Intercompany receivables TDKK 30.652 (2021 TDKK 2.893)

Intercompany payables TDKK 21.943 (2021 TDKK 39.598)

Intercompany loans - payables TDKK 0 (2021 TDKK 20.456)

Consolidated Financial Statements

The Company is part of the consolidated financial statements of:

<u>Name</u>	<u>Place of registered office</u>
HelloFresh SE	Prinzenstraße 89, 10969 Berlin, Germany

17 Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act, information in relation to fee's to auditors has been excluded, HelloFresh Nordics A/S is included in the consolidated financial statements of HelloFresh SE, where the information for the whole group is included.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of HelloFresh Nordics ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

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 of HelloFresh SE, 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 HelloFresh SE, 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.

Translation policies

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

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

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods 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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise costs for sales, advertising, administration, premises and operating leasing costs etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses. Other employee costs are recognised in other external expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of other fixtures and fittings, tools and equipment as well as leasehold improvements.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance Sheet

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, tools and equipment	3-10 years
Leasehold improvements	2-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

18 Accounting Policies (continued)

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning prepaid costs regarding subsequent financial years.

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, 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 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

Debt consist primarily of intercompany loans and are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

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