Takeaway.com Express Denmark ApS

Lyngbyvej 20, 3., DK-2100 København Ø

Annual Report for 1 January - 31 December 2022

CVR No 41 80 99 06

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/7 2023

Jesper Stahl Kristensen Hein
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of Takeaway.com Express Denmark 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 Annual Report be adopted at the Annual General Meeting.

Copenhagen, 13 July 2023

Executive Board

Jesper Stahl Kristensen Hein	Sophie Marie Versteege	Gwenn Julien Réthoret

Independent Auditor's Report

To the Shareholder of Takeaway.com Express Denmark ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 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 Takeaway.com Express Denmark 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.

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

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

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

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

Independent Auditor's Report

- 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 misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the

Independent Auditor's Report

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, 13 July 2023
GRANT THORNTON
Statsautoriseret Revisionspartnerselskab
CVR No 34 20 99 36

Peter Birk Stokholm
State Authorised Public Accountant
mne48468

Company Information

The Company	Takeaway.com Express Denmark ApS Lyngbyvej 20, 3. DK-2100 København Ø CVR No: 41 80 99 06 Financial period: 1 January - 31 December Municipality of reg. office: København
Executive Board	Jesper Stahl Kristensen Hein Sophie Marie Versteege Gwenn Julien Réthoret
Auditors	GRANT THORNTON Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 DK-2100 København Ø

Financial Highlights

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

	2022 TDKK	2020/2021 TDKK
Key figures		
Profit/loss		
Gross profit/loss	131.448	70.299
Operating profit/loss	1.304	536
Profit/loss before financial income and expenses	1.286	592
Net financials	-227	-54
Net profit/loss for the year	444	406
Balance sheet		
Balance sheet total	43.288	66.228
Equity	2.155	896
Investment in property, plant and equipment	3.587	17.860
Number of employees	328	394
Ratios		
Solvency ratio	5,0%	1,4%
Return on equity	29,1%	90,6%

The first financial year 2020/21comprised 14 months.
The comparative figures for 2020/2021 have been adjusted with a positive adjustment of DKK 13,7 mio. related to Other fixtures and fittings, tools and equipment. Reference is made to the description in Accounting Polices.

Management's Review

Key activities

The main purpose of Takeaway.com Express Denmark Aps is to provide logistical services related to food delivery. It does this by delivering food and related products for partners of Just Eat, an online delivery platform operated by Just Eat.dk that do not deliver themselves, and by managing and scheduling delivery operations.

The company bears certain delivery and logistics related costs, and the Company is remunerated via service fees.

Development in activities and financial matters

The income statement of the Company for 2022 shows a profit of DKK 443,605, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 2,155,165.

The company is following prior years expectation to the result for the year.

It is expected that the operation will generate profit in the future.

Carve out

Effective 1st of June 2021, we have transferred our delivery business to a new legal entity called Takeaway.com Express Denmark ApS and have transferred this activity and all assets and liabilities, which reduced Just Eat.dk ApS' leased assets and liabilities for 2021. All delivery services rendered to Just Eats customers are now being provided by this new entity on behalf of Just Eat.dk ApS. The service is being recharged to Just Eat.dk ApS and impacts the gross margin of Just Eat.dk ApS.

Gross Profit

Gross margin is negatively impacted by Just Eat's ambition to be a fair partner, reducing several fees in order to be more transparent and to attract more partners to the platform. The same ambition is the case for customers where service fees are continuously kept on a very low market level and only on a small part of the business. The business as a whole, and in relation to the gross margin, is significantly impacted by the uneven playing field in Denmark. Here the company is operating on an all-employed model with all delivery drivers covered by a CBA with 3F (drivers union). It continues to be the company's ambition to support this model as the first mover in Denmark. Our goal is to be the leading partner to continuously develop, improve and incorporate learnings to achieve a joint successful Danish model. Additionally, the company absorbed a significant increase in salaries and multiple benefits within overtime, pension, "fritvalgskonto" etc. of our couriers. Finally, the gross profit is impacted by the recharges from the new delivery company, see the section carve out.

Staff costs

The activity in the company was started 1st of June 2021 so only 7 months of salaries was included in comparison to year 2022. 2022 was a full year of activity, which is why the company has increased staff cost.

Management’s Review

Furthermore, the company absorbed a significant increase via the CBA in salaries in accordance with above.

Special risks

Financial risk
The Company's current and planned activities do not give rise to any special financial risk and the Company's liquidity resources are expected to be adequately secured.

Currency risk
The Company is exposed for currency risk when trading with foreign entities, but most activities are within the Nordic and the Euro-zone and therefore no material currency risk is expected.

Credit risk
The Company is not exposed to any major risk from a single customer or business partner.

Targets and expectations for the year ahead

Despite the international macroeconomic economic changes, the Company is well positioned in its field of activity. The company plans to continue investing in growth and expanding into more cities. Until the date of the financial statements, the current situation has not had a negative impact on the company and it is our expectation for 2023 that the company will continue generating profit with an improved gross profit.

Based on the potential risks and uncertainties of the macroeconomy and the available capital, the company has created various strategic plans, which should ensure the company's flexibility to respond to the international market situation.

In connection to the current year, it is the company's clear ambition to support the successful integration of the responsible employment model as part of the long term sustainable strategy for the company. Our long term goal is to be the leading partner and continuously develop this strategy. This requires improvements and incorporation of learnings together with associates like employees, 3F, industry associations and other relevant stakeholders.

Research and development

The Company has no research and development activities recorded.

Management's Review

External environment

Where we use our employed hub courier model, it gives us greater control over our impact on the environment, as we use a sustainable vehicle mode mix, consisting of bicycles, e-bicycles and some hybrid-cars. Compared with a typical petrol-powered delivery model, our own delivery model has an emission intensity up to nine times lower, depending on the market.

Besides the vehicle mix, we are also exploring other ways to reduce impact, such as order pooling and improving route efficiencies.

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 (12 mths) DKK	2020/21 (14 mths) DKK
Gross profit/loss		**131.447.595**	**70.299.347**
Staff expenses	2	-119.533.010	-68.719.586
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-10.628.244	-988.058
Profit/loss before financial income and expenses		**1.286.341**	**591.703**
Financial income		688	10
Financial expenses		-228.036	-54.092
Profit/loss before tax		**1.058.993**	**537.621**
Tax on profit/loss for the year	4	-615.388	-131.299
Net profit/loss for the year		**443.605**	**406.322**

Balance Sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Land and buildings		3.892.659	2.227.063
Other fixtures and fittings, tools and equipment		5.337.037	14.021.205
Leasehold improvements		558.416	625.036
Property, plant and equipment	6	**9.788.112**	**16.873.304**
Deposits		977.796	629.272
Fixed asset investments	7	**977.796**	**629.272**
Fixed assets		**10.765.908**	**17.502.576**
Receivables from group enterprises		26.008.939	27.292.767
Deferred tax asset	8	757.500	391.078
Prepayments	9	1.374.273	141.189
Receivables		**28.140.712**	**27.825.034**
Cash at bank and in hand		**4.381.497**	**20.900.564**
Currents assets		**32.522.209**	**48.725.598**
Assets		**43.288.117**	**66.228.174**

Balance Sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		40.000	40.000
Retained earnings		2.115.165	856.148
Equity		**2.155.165**	**896.148**
Lease obligations		4.772.921	7.740.791
Long-term debt	10	**4.772.921**	**7.740.791**
Lease obligations	10	6.630.509	8.786.660
Trade payables		1.513.438	3.593.256
Payables to group enterprises		23.715.195	33.000.000
Payables to group enterprises relating to corporation tax		1.972.564	522.377
Other payables		2.528.325	11.688.942
Short-term debt		**36.360.031**	**57.591.235**
Debt		**41.132.952**	**65.332.026**
Liabilities and equity		**43.288.117**	**66.228.174**
Subsequent events	1		
Distribution of profit	5		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	40.000	856.148	896.148
Other equity movements	0	815.412	815.412
Net profit/loss for the year	0	443.605	443.605
Equity at 31 December	**40.000**	**2.115.165**	**2.155.165**

Notes to the Financial Statements

1 Subsequent events

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

	2022 (12 mths)	2020/21 (14 mths)
	DKK	DKK

2 Staff expenses

Wages and salaries	114.152.166	65.819.579
Pensions	3.377.174	974.826
Other social security expenses	1.130.571	1.074.922
Other staff expenses	873.099	850.259
	119.533.010	**68.719.586**
Average number of employees	**328**	**394**

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	8.932.415	988.058
Impairment of property, plant and equipment	1.695.829	0
	10.628.244	**988.058**

4 Tax on profit/loss for the year

Current tax for the year	981.810	522.377
Deferred tax for the year	-541.222	-391.078
Adjustment of deferred tax concerning previous years	174.800	0
	615.388	**131.299**

5 Distribution of profit

Retained earnings	443.605	406.322
	443.605	**406.322**

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	2.830.304	14.314.369	716.690	17.861.363
Additions for the year	3.093.476	193.546	300.009	3.587.031
Disposals for the year	-71.357	0	-26.140	-97.497
Transfers for the year	0	789.173	0	789.173
Cost at 31 December	5.852.423	15.297.088	990.559	22.140.070
Exchange adjustment	0	0	0	0
Net effect from merger and acquisition	0	0	0	0
Revaluations for the year	0	-1.695.829	0	-1.695.829
Revaluations at 31 December	0	-1.695.829	0	-1.695.829
Impairment losses and depreciation at 1 January	603.241	293.163	91.654	988.058
Depreciation for the year	1.410.040	7.181.886	340.489	8.932.415
Reversal of impairment and depreciation of sold assets	-53.517	0	0	-53.517
Transfers for the year	0	789.173	0	789.173
Impairment losses and depreciation at 31 December	1.959.764	8.264.222	432.143	10.656.129
Carrying amount at 31 December	**3.892.659**	**5.337.037**	**558.416**	**9.788.112**
Depreciated over	1-2 years	3-5 years	1-2 years	
Including assets under finance leases amounting to	3.892.660	4.987.312	0	8.879.972

The company has implemented IFRS 16.

Notes to the Financial Statements

7 Fixed asset investments

	Deposits
	DKK
Cost at 1 January	629.272
Additions for the year	348.524
Cost at 31 December	977.796
Carrying amount at 31 December	**977.796**

8 Deferred tax asset

	2022	2021
	DKK	DKK
Deferred tax asset at 1 January	391.078	0
Amounts recognised in the income statement for the year	366.422	391.078
Deferred tax asset at 31 December	**757.500**	**391.078**

9 Prepayments

Prepayments consist of prepaid expenses

Notes to the Financial Statements

10 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:

	2022	2021
	DKK	DKK
Lease obligations		
Between 1 and 5 years	4.772.921	7.740.791
Long-term part	4.772.921	7.740.791
Within 1 year	6.630.509	8.786.660
	11.403.430	**16.527.451**

11 Contingent assets, liabilities and other financial obligations

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 Just Eat Denmark 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.

12 Related parties

	Basis
Controlling interest	
Takeaway.com Express Netherlands B.V., Oosterdokstraat 80, 1011DK Amsterdam, The Netherlands	Parent company
Just Eat Takeaway.com N.V. Oosterdoksstraat 80, 1011 DK Amsterdam, The Netherlands	Ultimate parent company

Notes to the Financial Statements

12 Related parties (continued)

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.

Consolidated Financial Statements

The company is included in the Group Annual Report of

Name	Place of registered office
Just Eat Takeaway.com N.V.	Oosterdoksstraat 80, 1011 DK Amsterdam, The Netherlands

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Takeaway.com Express Denmark 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.

The accounting policies applied remain unchanged from last year. However, a positive adjustment for 2020/21 of DKK 13,7 mio. has been made related to Other fixtures and fittings, tools and equipment with respect to leased vehicles. Accordingly an adjustment for 2020/21 of DKK 6,7 mio has been made related to long term lease obligations and an adjustment for 2020/21 of DKK 7,0 mio has been made related to short term lease obligations.

The Financial Statements for 2022 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Just Eat Takeaway.com N.V., 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

Leases are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or the Company's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for the Company's other fixed assets

The Company has chosen to apply the exemptions concerning short-term and low-value leases.

Notes to the Financial Statements

13 Accounting Policies (continued)

Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

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 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.

Income Statement

Revenue

The company recognises revenue when services are supplied by the company to other group companies, net of value added tax. It is derived from the company's principal activity of the provision of food delivery services.

The company has implemented IFRS 15 as basis of interpretation for the recognition of revenue.

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

Notes to the Financial Statements

13 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

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.

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

On acquisition [assets] are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed [assets] comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of [assets] are recognised in

Notes to the Financial Statements

13 Accounting Policies (continued)

cost over the construction period.

After the initial recognition [assets] are measured at fair value.

Fair value is the amount for which [the asset] could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

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.

The company has implemented IFRS 16 for leases.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	1-2	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	1-2	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Fixed asset investments

Fixed asset investments consist of .

Notes to the Financial Statements

13 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.

Prepayments

Prepayments comprise prepaid expenses.

Equity

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Notes to the Financial Statements

13 Accounting Policies (continued)

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

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$