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Wallenborn Scandinavia A/S

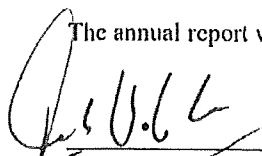
Kystvejen 32, 2770 Kastrup

Company reg. no. 49 76 26 15

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 31 May 2024.



François Wallenborn
Chairman of the meeting



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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.



Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Wallenborn Scandinavia A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Kastrup, 15 May 2024

Managing Director

Peter Nygaard
Executive Board member

Board of directors

François Wallenborn
Chairman

Peter Nygaard

Kevin Patrick Nash



Independent auditor's report

To the Shareholders of Wallenborn Scandinavia A/S

Opinion

We have audited the financial statements of Wallenborn Scandinavia A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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.



Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.



Independent auditor's report

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.

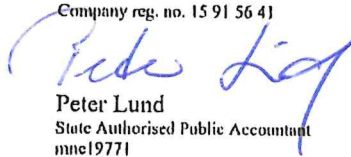
Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 15 May 2024

Christensen Kjaerulff

Company reg. no. 15 91 56 41


Peter Lund
State Authorised Public Accountant
mnc19771



Company information

The company	Wallenborn Scandinavia A/S Kystvejen 32 2770 Kastrup
	Company reg. no. 49 76 26 15 Established: 18 January 1974 Domicile: Financial year: 1 January - 31 December
Board of directors	François Wallenborn, Chairman Peter Nygaard Kevin Patrick Nash
Managing Director	Peter Nygaard, Executive Board member
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Østbanegade 123 2100 København Ø
Parent company	Wallenborn Transports S.A.



Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Gross profit	30.444	37.438	34.263	19.886	16.379
Profit from operating activities	8.769	18.090	16.759	3.517	548
Net profit or loss for the year	7.324	13.914	12.956	2.671	367
Statement of financial position:					
Balance sheet total	69.321	82.436	68.902	52.019	53.089
Equity	33.079	50.339	36.425	23.469	20.798
Employees:					
Average number of full-time employees	32	31	28	27	27
Key figures in %:					
Acid test ratio	189,7	256,0	209,5	190,5	165,7
Solvency ratio	47,7	61,1	52,9	45,1	39,2
Return on equity	17,6	32,1	43,3	12,1	2,4

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$
Solvency ratio	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$



Management's review

Description of key activities of the company

The main activity of the company is freight forwarding, mainly by road and terminal distribution of international air cargo.

Uncertainties connected with recognition or measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Development in activities and financial matters

The gross profit for the year totals DKK 30,4m against DKK 37,4m last year. Income or loss from ordinary activities after tax totals DKK 7,3m against DKK 13,9m last year. Management considers the net profit or loss for the year satisfactory.

Financial risks and the use of financial instruments

The company is not affected by any particular risks other than common risks within the company's industry, including business and financial risks.

The company does not have financial risks.

Foreign currency risks

The company does not have exchange rate risks.

Interest rate risks

The company does not have interest risks, since there are not any external financial debts.

Credit risks

There is not credit risks, because of the client standing.

Environmental issues

The company is environmentally conscious and continuously works to reduce the environmental impact from its operations.

Knowledge resources

The company, and the group to whom it belongs, have the needed know-how for their own business.

Research and development activities

The company has no internal research and development activities.

Expected developments

The company, and the group to whom it belongs, have some commissioned order and contracts, that will guarantee business continuity.

The company expect for the year 2024 a pre-tax net profit at TDKK xxxxxxxx



Management's review

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	30.443.640	37.438.202
1 Staff costs	-21.354.708	-18.984.356
Depreciation and impairment of property, land, and equipment	-319.965	-363.775
Operating profit	8.768.967	18.090.071
Other financial income	683.272	42.231
2 Other financial expenses	-5.435	-148.562
Pre-tax net profit or loss	9.446.804	17.983.740
3 Tax on net profit or loss for the year	-2.122.347	-4.069.513
4 Net profit or loss for the year	7.324.457	13.914.227



Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Non-current assets			
5	Other fixtures, fittings, tools and equipment	792.321	499.556
	Total property, plant, and equipment	<u>792.321</u>	<u>499.556</u>
6	Deposits	16.749	16.749
	Total investments	<u>16.749</u>	<u>16.749</u>
	Total non-current assets	<u>809.070</u>	<u>516.305</u>
Current assets			
	Trade receivables	42.587.705	43.685.224
	Receivables from group enterprises	9.163.035	19.893.893
	Other receivables	926.075	376.494
7	Prepayments	839.243	1.087.714
	Total receivables	<u>53.516.058</u>	<u>65.043.325</u>
	Cash and cash equivalents	<u>14.995.874</u>	<u>16.876.427</u>
	Total current assets	<u>68.511.932</u>	<u>81.919.752</u>
	Total assets	<u>69.321.002</u>	<u>82.436.057</u>



Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
8	Contributed capital	5.000.000	5.000.000
	Retained earnings	28.078.834	20.754.377
	Proposed dividend for the financial year	0	24.585.000
	Total equity	33.078.834	50.339.377
Provisions			
9	Provisions for deferred tax	132.640	100.217
	Total provisions	132.640	100.217
Liabilities other than provisions			
	Trade payables	22.794.205	19.862.378
	Payables to group enterprises	5.647.488	4.926.760
	Income tax payable	753.456	295.974
	Other payables	6.914.379	6.911.351
	Total short term liabilities other than provisions	36.109.528	31.996.463
	Total liabilities other than provisions	36.109.528	31.996.463
	Total equity and liabilities	69.321.002	82.436.057
10	Contingencies		
11	Related parties		



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 January 2022	5.000.000	31.425.150	0	36.425.150
Profit or loss for the year brought forward	0	-10.670.773	24.585.000	13.914.227
Equity 1 January 2023	5.000.000	20.754.377	24.585.000	50.339.377
Distributed dividend	0	0	-24.585.000	-24.585.000
Profit or loss for the year brought forward	0	7.324.457	0	7.324.457
	5.000.000	28.078.834	0	33.078.834



Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	7.324.457	13.914.227
12 Adjustments	1.764.475	4.539.619
13 Change in working capital	15.182.851	-5.836.104
Cash flows from operating activities before net financials	24.271.783	12.617.742
Interest received, etc.	683.271	42.232
Interest paid, etc.	-5.435	-148.562
Cash flows from ordinary activities	24.949.619	12.511.412
Income tax paid	-1.632.442	-5.428.673
Cash flows from operating activities	23.317.177	7.082.739
Purchase of property, plant, and equipment	-612.730	0
Sale of property, plant, and equipment	0	158.151
Cash flows from investment activities	-612.730	158.151
Dividend paid	-24.585.000	0
Cash flows from financing activities	-24.585.000	0
Change in cash and cash equivalents	-1.880.553	7.240.890
Cash and cash equivalents at 1 January 2023	16.876.427	9.635.537
Cash and cash equivalents at 31 December 2023	14.995.874	16.876.427
Cash and cash equivalents		
Cash and cash equivalents	14.995.874	16.876.427
Cash and cash equivalents at 31 December 2023	14.995.874	16.876.427



Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	18.619.360	16.572.521
Pension costs	2.417.198	2.092.454
Other costs for social security	318.150	319.381
	<u>21.354.708</u>	<u>18.984.356</u>
Average number of employees	<u>32</u>	<u>31</u>
2. Other financial expenses		
Other financial costs	5.435	148.562
	<u>5.435</u>	<u>148.562</u>
3. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	2.073.456	3.977.974
Adjustment for the year of deferred tax	32.423	11.058
Adjustment of tax for previous years	16.468	80.481
	<u>2.122.347</u>	<u>4.069.513</u>
4. Proposed distribution of net profit		
Dividend for the financial year	0	24.585.000
Transferred to retained earnings	7.324.457	0
Allocated from retained earnings	0	-10.670.773
Total allocations and transfers	<u>7.324.457</u>	<u>13.914.227</u>



Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
5. Other fixtures, fittings, tools and equipment		
Cost 1 January 2023	2.066.414	2.304.014
Additions during the year	612.730	0
Disposals during the year	<u>0</u>	<u>-237.600</u>
Cost 31 December 2023	<u>2.679.144</u>	<u>2.066.414</u>
Depreciation and write-down 1 January 2023	-1.566.858	-1.282.532
Depreciation for the year	-319.965	-363.775
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>0</u>	<u>79.449</u>
Depreciation and write-down 31 December 2023	<u>-1.886.823</u>	<u>-1.566.858</u>
Carrying amount, 31 December 2023	<u>792.321</u>	<u>499.556</u>
6. Deposits		
Cost 1 January 2023	<u>16.749</u>	<u>16.749</u>
Cost 31 December 2023	<u>16.749</u>	<u>16.749</u>
Carrying amount, 31 December 2023	<u>16.749</u>	<u>16.749</u>
7. Prepayments		
Prepaid insurance	193.554	0
Prepayments	645.689	714.785
Accrued revenues customers	<u>0</u>	<u>372.929</u>
	<u>839.243</u>	<u>1.087.714</u>
8. Contributed capital		
Contributed capital 1 January 2023	<u>5.000.000</u>	<u>5.000.000</u>
	<u>5.000.000</u>	<u>5.000.000</u>



Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Provisions for deferred tax		
Provisions for deferred tax 1 January 2023	100.217	89.159
Deferred tax of the results for the year	<u>32.423</u>	<u>11.058</u>
	<u>132.640</u>	<u>100.217</u>
The following items are subject to deferred tax:		
Property, plant, and equipment	<u>132.640</u>	<u>100.217</u>
	<u>132.640</u>	<u>100.217</u>

10. Contingencies

Contingent liabilities

Lease liabilities

In addition to finance leases, the company has entered into operational leases with an average annual lease payment of TDKK 1.834. The leases have 3-127 months to maturity and total outstanding lease payments total TDKK 19.412.

Warranty commitments and other contingent liabilities:

A bank guarantee of DKK 5.000.000 has been provided through Nordea A/S in favour of Customs and Tax Administration regarding T-mailings.



Notes

All amounts in DKK.

11. Related parties

Controlling interest

Wallenborn Transport S.A
22, rue Gabriel Lippmann
L-5365 Munsbach
Luxembourg

Majority shareholder

WTH
22, rue Gabriel Lippmann
L-5365 Munsbach
Luxembourg
Equistone VI FPCI
112, av. Kleber
FR-75116

Majority shareholder
in Wallenborn
Transports

Shareholder in WTH

Equistone Partners Europe
112, av. Kleber
FR-75116

Shareholder in
Equistone VI FPCI

Transactions

All trading with connected parties and sister companies took place on market conditions.

Consolidated financial statements

The company is included in the consolidated financial statements of WTH SAS Société par actions simplifiée, 22, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, B225887. The consolidated financial statements for WTH SAS can be requested by contacting the company's address.

	<u>2023</u>	<u>2022</u>
12. Adjustments		
Depreciation, amortisation, and impairment	319.965	363.775
Other financial income	-683.272	-42.231
Other financial expenses	5.435	148.562
Tax on net profit or loss for the year	2.122.347	4.069.513
	<u>1.764.475</u>	<u>4.539.619</u>



Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
13. Change in working capital		
Change in receivables	11.527.267	-6.815.402
Change in trade payables and other payables	<u>3.655.584</u>	<u>979.298</u>
	<u>15.182.851</u>	<u>-5.836.104</u>



Accounting policies

The annual report for Wallenborn Scandinavia A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.



Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Freight costs etc. includes costs for purchase from subcontractors etc. and consumables less discounts.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible assets.



Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Automobiles and trucks	0-5 years	0-20 %
Other fixtures and fittings, tools and equipment	5-10 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.



Accounting policies

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.



Accounting policies

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.



Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less shortterm bank loans and shortterm financial instruments with a term of less than 3 months which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.