

NIKOSAX A/S

Lejrvejen 8, Frøslev, 6330 Padborg

Annual report

2022

Company reg. no. 87 21 97 12

The annual report was submitted and approved by the general meeting on the 5 July 2023.

Marius Svidinskas
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of NIKOSAX A/S for the financial year 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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.

Padborg, 5 July 2023

Managing Director

Loreta Grekauskiene

Board of directors

Marius Svidinskas
chairman

Loreta Grekauskiene

Philippe Relland-Bernard

Diane Emmanuelle Anne Coliche

Independent auditor's report

To the Shareholder of NIKOSAX A/S

Opinion

We have audited the financial statements of NIKOSAX A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity 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 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 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.

Sønderborg, 5 July 2023

EY

State Authorised Public Accountants
Company reg. no. 30 70 02 28

Allan Schøne
State Authorised Public Accountant
mne18512

Karen Jørgensen
State Authorised Public Accountant
mne40029

Company information

The company	NIKOSAX A/S Lejrvejen 8 Frøslev 6330 Padborg Company reg. no. 87 21 97 12 Financial year: 1 January - 31 December
Board of directors	Marius Svidinskas, chairman Loreta Grekauskiene Philippe Relland-Bernard Diane Emmanuelle Anne Coliche
Managing Director	Loreta Grekauskiene
Auditors	EY Godkendt Revisionspartnerselskab Nørre Havnegade 43 6400 Sønderborg
Parent company	UAB EBV FINANCE
Subsidiaries	Nikosax Kft., Budapest Nikosax Polska Sp. z.o.o., Warszawa Nikosax Tax Service Espana, Sociedad

Management´s review

Description of key activities of the company

The Company's principal activities are mainly the administration of statements regarding receivables of VAT and Excise duty as well as pre-payment of these taxes that do not fall under the Danish Bank Act.

Development in activities and financial matters

The gross profit for the year totals DKK 32.109.690 against DKK 24.295.019 last year. Income from ordinary activities after tax totals DKK 5.916.909 against DKK 2.771.716 last year. The Management is satisfied with the increasing revenues and profitability.

In 2022 the Company has migrated from one operational business system to another (used by the Parent Company) as a part of the integration of Nikosax within the EBV Group. The new system has many installed protections regarding the fraud prevention which allows the Company to quicker and automatically identify possible fraud cases.

Historical information shows that even during the uncertain times (e.g. the outbreak of COVID-19, invasion of the Republic of Ukraine) the Company is able sustain it's stability, retain customers and to grow even further, therefore no significant negative impact is expected by the Management of the Company.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	32.109.690	24.295.019
1 Staff costs	-21.124.869	-18.024.514
Depreciation, amortisation, and impairment	<u>-1.106.065</u>	<u>-1.394.631</u>
Operating profit	9.878.756	4.875.874
Income from investments in subsidiaries	79.484	90.069
Other financial income	113.323	101.094
2 Other financial expenses	<u>-2.515.318</u>	<u>-1.537.618</u>
Pre-tax net profit or loss	7.556.245	3.529.419
3 Tax on net profit or loss for the year	<u>-1.639.336</u>	<u>-757.703</u>
Net profit or loss for the year	<u>5.916.909</u>	<u>2.771.716</u>
Proposed distribution of net profit:		
Reserves for net revaluation according to the equity method	79.484	90.069
Transferred to retained earnings	7.332.123	2.284.709
Transferred to other statutory reserves	<u>-1.494.698</u>	<u>396.938</u>
Total allocations and transfers	<u>5.916.909</u>	<u>2.771.716</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Assets		
Non-current assets		
4 Acquired concessions, patents, licenses, trademarks, and similar rights	345.499	2.589.190
Total intangible assets	345.499	2.589.190
5 Other fixtures and fittings, tools and equipment	19.589	68.466
Total property, plant, and equipment	19.589	68.466
6 Investments in group enterprises	772.965	727.984
Total investments	772.965	727.984
Total non-current assets	1.138.053	3.385.640
Current assets		
Trade receivables	2.487.372	2.137.518
Work in progress for the account of others	6.051.515	3.750.684
Receivables from subsidiaries	512.580	2.772.728
Deferred tax assets	0	156.331
Receivable corporate tax	37.095	142.966
Other receivables	505.256	784.978
Pre-financed VAT	304.904.163	229.029.491
Prepayments	276.858	594.925
Total receivables	314.774.839	239.369.621
Cash and cash equivalents	6.529.745	26.312.453
Total current assets	321.304.584	265.682.074
Total assets	322.442.637	269.067.714

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	500.000	500.000
Reserve for net revaluation according to the equity method	465.024	420.043
Reserve for development expenditure	0	1.494.698
Retained earnings	-98.180	-7.430.303
Total equity	<u>866.844</u>	<u>-5.015.562</u>
Provisions		
Provisions for deferred tax	1.143.645	0
Other provisions	0	891.705
Total provisions	<u>1.143.645</u>	<u>891.705</u>
Liabilities other than provisions		
7 Payables to group enterprises	146.389.711	154.060.754
Other payables	0	994.037
Total long term liabilities other than provisions	<u>146.389.711</u>	<u>155.054.791</u>
Trade payables	147.544.512	99.333.791
Payables to group enterprises	18.304.284	12.503.994
Other payables	8.193.641	6.298.995
Total short term liabilities other than provisions	<u>174.042.437</u>	<u>118.136.780</u>
Total liabilities other than provisions	<u>320.432.148</u>	<u>273.191.571</u>
Total equity and liabilities	<u>322.442.637</u>	<u>269.067.714</u>
8 Contingencies		
9 Related parties		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for development costs	Retained earnings	Total
Equity 1 January 2021	500.000	337.315	1.097.760	-9.715.012	-7.779.937
Share of results	0	90.069	0	2.284.709	2.374.778
Transferred from results brought forward	0	0	396.938	0	396.938
Exchange rate adjustments	0	-7.341	0	0	-7.341
Equity 1 January 2022	500.000	420.043	1.494.698	-7.430.303	-5.015.562
Share of results	0	79.484	0	7.332.123	7.411.607
Transferred from results brought forward	0	0	-1.494.698	0	-1.494.698
Exchange rate adjustments	0	-34.503	0	0	-34.503
	500.000	465.024	0	-98.180	866.844

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	20.940.917	17.064.394
Pension costs	166.306	786.155
Other costs for social security	16.153	109.336
Other staff costs	1.493	64.629
	<u>21.124.869</u>	<u>18.024.514</u>
Average number of employees	<u>61</u>	<u>66</u>
2. Other financial expenses		
Financial costs, group enterprises	482.735	643.646
Other financial costs	2.032.583	893.972
	<u>2.515.318</u>	<u>1.537.618</u>
3. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	344.905	441.034
Adjustment for the year of deferred tax	1.299.982	316.669
Adjustment of tax for previous years	-5.551	0
	<u>1.639.336</u>	<u>757.703</u>
4. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2022	25.752.555	24.465.163
Additions during the year	667.415	1.287.392
Disposals during the year	-1.853.916	0
Cost 31 December 2022	<u>24.566.054</u>	<u>25.752.555</u>
Amortisation and writedown 1 January 2022	-23.163.365	-21.835.683
Amortisation for the year	-1.057.190	-1.327.682
Amortisation and writedown 31 December 2022	<u>-24.220.555</u>	<u>-23.163.365</u>
Carrying amount, 31 December 2022	<u>345.499</u>	<u>2.589.190</u>

Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
5. Other fixtures and fittings, tools and equipment		
Cost 1 January 2022	2.112.362	2.097.867
Additions during the year	<u>0</u>	<u>14.495</u>
Cost 31 December 2022	<u>2.112.362</u>	<u>2.112.362</u>
Amortisation and writedown 1 January 2022	-2.043.896	-1.980.061
Depreciation for the year	<u>-48.877</u>	<u>-63.835</u>
Amortisation and writedown 31 December 2022	<u>-2.092.773</u>	<u>-2.043.896</u>
Carrying amount, 31 December 2022	<u>19.589</u>	<u>68.466</u>
6. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2022	<u>307.941</u>	<u>307.941</u>
Cost 31 December 2022	<u>307.941</u>	<u>307.941</u>
Revaluations, opening balance 1 January 2022	420.043	337.315
Translation by use of the exchange rate valid on balance sheet date	-34.503	-7.341
Results for the year before goodwill amortisation	<u>79.484</u>	<u>90.069</u>
Revaluation 31 December 2022	<u>465.024</u>	<u>420.043</u>
Carrying amount, 31 December 2022	<u>772.965</u>	<u>727.984</u>
Group enterprises:		
	Domicile	Equity interest
Nikosax Kft.	Budapest	100 %
Nikosax Polska Sp. z.o.o.	Warszawa	100 %
Nikosax Tax Service Espana	Sociedad	100 %

7. Payables to group enterprises

The share of debt to group enterprises due more than 5 years from the balance sheet date has not been agreed between the parties and therefore cannot be calculated

Notes

All amounts in DKK.

8. Contingencies

Contingent liabilities

Rent liabilities

The company has entered into rent obligations with a commitment period of 6 months corresponding to DKK 38.000.

9. Related parties

Consolidated financial statements

The financial statements of NIKOSAX A/S and its group enterprises are included in the consolidated financial statements for Edenred SA, 14-16 boulevard Garibaldi, 92130 Issy-les-Moulineaux, France.

Accounting policies

The annual report for NIKOSAX A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

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

No consolidated financial statements have been prepared pursuant to section 110 (1) of the Danish Financial Statements Act.

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

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.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve.

Income statement

Gross profit

Gross profit comprises the revenue, changes work in progress, other operating income, and external costs.

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

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Accounting policies

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 writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

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, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

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

Intangible assets

Development projects, patents, and software

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and software are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and software are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, software are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Other fixtures and fittings, tools and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accrued depreciation and writedown for impairment.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

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.

Profit or loss derived from the disposal of other fixtures and fittings, tools 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 as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries 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. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

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.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

Accounting policies

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

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.

VAT lending, etc.

VAT lending is measured at amortised cost. Write-down is made for bad debt losses to net realizable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

Accounting policies

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

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

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the 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.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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