

INTERIM REPORT JANUARY 1 – JULY 30, 2017  
FOOTWAY GROUP AB (PUBL)

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# Footway facts

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## Markets

Footway was launched in Sweden in 2010 and then in Norway, Denmark and Finland in 2011. Footway also has had operations in Germany, the UK, Poland, the Netherlands, France, Austria and Switzerland since autumn 2016.

## Team Footway

Footway has 35 employees working at the head office and the Footway Outlet in Kista. The Company warehouses its products with its logistics partner in Helsingborg. The extensive range of products includes more than 650 brands and over 30,000 styles.

## Our work with the customers

In order to constantly improve and adapt our customer offering we take a data-driven approach. To do this we are always analyzing large amounts of data and using it to increase our understanding of our customers. We then use this information to further enhance our offering. Important data in this process includes information on purchases, returns and complaints, but also analysis of traffic on our website and how our visitors navigate the site. We also learn a lot in our direct encounters with customers via email, phone or on social media. Through data-driven cooperation with our suppliers, we are better able to successfully meet our customers' needs together.

## Owners

Footway's principal owners are Daniel Mühlbach (CEO and founder), Stiftelsen Industrifonden, eEquity AB, Northzone Ventures and M2 Capital Management AB.

## Footway's business concept, corporate culture and vision

Footway's *business concept* is to make buying footwear simpler, more enjoyable and more convenient.

Footway's *corporate culture* is based on the key words: customer, fun, friend and simplicity.

Footway's *vision* is to create Europe's leading footwear store and consumer forum.



# Comments on the first half of year 2017

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## Net sales and earnings

Consolidated net sales amounted to SEK 228.1 (148.5) million, an increase of 53.6 %. Gross margin for the first half of the year was 41.7 (44.2) %. Operating profit before depreciation, amortization and impairment losses (EBITDA) amounted to SEK 9.0 (2.4) million, an increase of 275 %. Profit/loss for the period amounted to SEK 2.6 (-5.7) million. Earnings per share before dilution effects amounted to SEK 0.01 (-0.13) per share and after dilution effects to SEK 0.01 (-0.12) per share.

## Investments

No investments in non-current assets have occurred in the first half of year 2017.

## Financial position and cash flow

The Group's equity/assets ratio as of the balance sheet date was 71.1 (66.9) %.

Available liquidity (including unutilized overdraft facilities) as of the balance sheet date amounted to SEK 106.9 (57.5) million. Cash flow for the period was SEK 21.7 (-15.5) million. The positive cash flow is mainly attributable to a positive cash flow from operating activities of SEK 9.4 million and redemption of warrant programs raising SEK 15.3 million.

# Significant events 2017

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Redemption of two warrant programs for the Company's management and key individuals raised SEK 15.3 million for the Company.

# Share information and financial calendar

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## Marketplace

The Company's preference shares are listed on Nasdaq First North.

## Share information

Preference share ticker: FOOT PREF

Preference share ISIN code: SE0007186176

Ordinary share ISIN code: SE0003695691

Number of ordinary shares: 63,073,132

Number of preference shares: 550,340

## Auditing

The interim report has not been reviewed by the company's auditor.

## Certified Adviser

Erik Penser Bank AB is the Company's Certified Adviser

## Financial calendar

Annual report 2017: 31 March 2018

Interim report July-December 2017: 31 March 2018

The Company's Annual General meeting: 15 May 2018

Interim report January-June 2018: 31 August 2018

## Dividends to shareholders holding preference shares

| Record date     | Dividend date   |
|-----------------|-----------------|
| 10 October 2017 | 13 October 2017 |
| 10 January 2018 | 15 January 2018 |
| 10 April 2018   | 13 April 2018   |

## Contact information

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CIN: 556818-4047

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### Visiting address, head office:

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Nolsögatan 3, 164 40 Kista, Sweden

### Postal address, head office:

Footway Group AB  
Box 1292  
164 29 Kista

Telephone: +46 (0)20-12 12 11

E-mail: oss@footway.se

### Visiting address, outlet:

Vandagatan 3, 164 74 Kista, Sweden

### Opening hours, outlet:

Wednesday – Friday: 11 a.m. – 6 p.m.

Saturday – Sunday: 11 a.m. – 4 p.m.

Monday – Tuesday: closed

# Income statement – Group

| Amounts in SEK 000s   | 1/1/2017<br>6/30/2017 | 1/1/2016<br>6/30/2016 | 1/1/2016<br>12/31/2016 |
|---|-----------------------|-----------------------|------------------------|
| <b>Operating income</b>   |                       |                       |                        |
| Net sales   | 228 108               | 148 530               | 343 948                |
| <b>Total</b>  | <b>228 108</b>        | <b>148 530</b>        | <b>343 948</b>         |
| <b>Operating expenses</b>   |                       |                       |                        |
| Goods for resale  | -132 897              | -82 815               | -190 336               |
| Other external expenses   | -72 963               | -52 391               | -111 146               |
| Personnel expenses  | -13 242               | -10 923               | -21 622                |
| <b>Operating profit before depreciation,<br/>amortization and impairment losses</b>                                   | <b>9 006</b>          | <b>2 401</b>          | <b>20 844</b>          |
| Depreciation/amortization and impairment losses on property,<br>plant and equipment and intangible non-current assets | -4 615                | -5 342                | -9 431                 |
| <b>Operating profit/loss</b>  | <b>4 391</b>          | <b>-2 941</b>         | <b>11 413</b>          |
| <b>Profit/loss from financial items</b>   |                       |                       |                        |
| Interest expenses and similar profit/loss items   | -1 062                | -3 876                | -5 979                 |
| <b>Profit/loss after financial items</b>  | <b>3 329</b>          | <b>-6 817</b>         | <b>5 434</b>           |
| Tax on profit for the period  | -777                  | 1 079                 | -1 231                 |
| <b>Profit/loss for the period</b>   | <b>2 552</b>          | <b>-5 738</b>         | <b>4 203</b>           |
| Attributable to owners of the parent  | 2 552                 | -5 738                | 4 203                  |
| <b>Data per share:</b>  |                       |                       |                        |
| Number of ordinary shares before dilution effects as of the<br>balance sheet date in thousands                        | 63 073                | 61 061                | 61 061                 |
| Number of ordinary shares after dilution effects as of the balance<br>sheet date in thousands                         | 66 073                | 64 406                | 64 406                 |
| Earnings per share before dilution effects (SEK per share)  | 0,01                  | -0,13                 | 0,00                   |
| Earnings per share after dilution effects (SEK per share)   | 0,01                  | -0,12                 | 0,00                   |
| Average number of ordinary shares before dilution effects in<br>thousands   | 62 262                | 61 016                | 61 039                 |
| Average number of ordinary shares after dilution effects in<br>thousands  | 64 627                | 64 817                | 64 611                 |
| Total number of shares as of the balance sheet date in thousands  | 63 623                | 61 612                | 61 612                 |

# Balance sheet - Group

| Amounts in SEK 000s                     | 6/30/2017      | 6/30/2016      | 12/31/2016     |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>                           |                |                |                |
| <b>Non-current assets</b>               |                |                |                |
| <b>Intangible non-current assets</b>    |                |                |                |
| Goodwill                                | 43 878         | 59 337         | 48 354         |
| Other intangible non-current assets     | 429            | 460            | 452            |
|   | <b>44 307</b>  | <b>59 797</b>  | <b>48 806</b>  |
| <b>Property, plant and equipment</b>    |                |                |                |
| Machinery and other technical equipment | 704            | 1 056          | 820            |
|   | <b>704</b>     | <b>1 056</b>   | <b>820</b>     |
| <b>Financial non-current assets</b>     |                |                |                |
| Deferred tax assets                     | 22 509         | 25 416         | 23 268         |
|   | <b>22 509</b>  | <b>25 416</b>  | <b>23 268</b>  |
| <b>Total non-current assets</b>         | <b>67 520</b>  | <b>86 269</b>  | <b>72 894</b>  |
| <b>Current assets</b>                   |                |                |                |
| <b>Inventories</b>                      | <b>195 730</b> | <b>191 328</b> | <b>196 061</b> |
| <b>Current receivables</b>              |                |                |                |
| Other current receivables               | 7 888          | 6 705          | 10 745         |
| Prepaid expenses and accrued income     | 4 622          | 5 266          | 4 407          |
|   | <b>12 510</b>  | <b>11 971</b>  | <b>15 152</b>  |
| <b>Cash and bank balances</b>           | <b>26 554</b>  | <b>7 010</b>   | <b>6 031</b>   |
| <b>Total current assets</b>             | <b>234 794</b> | <b>210 309</b> | <b>217 244</b> |
| <b>TOTAL ASSETS</b>                     | <b>302 314</b> | <b>296 578</b> | <b>290 138</b> |

## Equity and liabilities – Group

| <b>EQUITY</b>  | 6/30/2017      | 6/30/2016      | 12/31/2016     |
|--|----------------|----------------|----------------|
| Share capital  | 6 362          | 6 161          | 6 161          |
| Retained earnings including profit/loss for the period | 208 482        | 192 335        | 195 245        |
| <b>Total equity</b>                                    | <b>214 844</b> | <b>198 496</b> | <b>201 406</b> |
| <b>LIABILITIES</b>                                     |                |                |                |
| <b>Non-current liabilities</b>                         |                |                |                |
| Other liabilities to credit institutions               | 3 448          | 5 561          | 4 483          |
|  | <b>3 448</b>   | <b>5 561</b>   | <b>4 483</b>   |
| <b>Current liabilities</b>                             |                |                |                |
| Trade payables   | 51 805         | 20 546         | 41 638         |
| Other current liabilities                              | 16 780         | 38 442         | 14 310         |
| Accrued expenses and deferred income                   | 15 437         | 33 533         | 28 301         |
|  | <b>84 022</b>  | <b>92 521</b>  | <b>84 249</b>  |
| <b>Total liabilities</b>                               | <b>87 470</b>  | <b>98 082</b>  | <b>88 732</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                    | <b>302 314</b> | <b>296 578</b> | <b>290 138</b> |
| <b>Pledged assets</b>                                  |                |                |                |
| Floating charges                                       | 89 750         | 91 250         | 89 750         |
| Other pledged assets                                   | 601            | -              | 601            |
| <b>Total pledged assets</b>                            | <b>90 351</b>  | <b>91 250</b>  | <b>90 351</b>  |
| <b>Contingent liabilities</b>                          | <b>None</b>    | <b>None</b>    | <b>None</b>    |



# Cash flow statement - Group

| Amounts in SEK 000s  | 1/1/2017<br>6/30/2017 | 1/1/2016<br>6/30/2016 | 1/1/2016<br>31/12/2016 |
|--|-----------------------|-----------------------|------------------------|
| <b>Operating activities</b>  |                       |                       |                        |
| Profit/loss after financial items  | 3 329                 | -6 817                | 5 434                  |
| Adjustments for non-cash items, etc.   | 4 101                 | 5 342                 | 5 775                  |
|  | <b>7 430</b>          | <b>-1 475</b>         | <b>11 209</b>          |
| Tax paid   | -777                  | -                     | -                      |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>6 653</b>          | <b>-1 475</b>         | <b>11 209</b>          |
| Cash flow from changes in working capital                                    |                       |                       |                        |
| Increase(-)/Decrease(+) in inventories                                       | 331                   | -28 848               | -33 581                |
| Increase(-)/Decrease(+) in operating receivables                             | 2 642                 | 2 526                 | -655                   |
| Increase(-)/Decrease(+) in operating liabilities                             | -227                  | -14 293               | 11 404                 |
| <b>Cash flow from operating activities</b>                                   | <b>9 399</b>          | <b>-42 090</b>        | <b>-11 623</b>         |
| <b>Investing activities</b>  |                       |                       |                        |
| Acquisition of subsidiaries  | -                     | -                     | -160                   |
| <b>Cash flow from investing activities</b>                                   | <b>-</b>              | <b>-</b>              | <b>-160</b>            |
| <b>Financing activities</b>  |                       |                       |                        |
| Warrants redeemed  | 15 343                | -                     | 37                     |
| New share issue  | -                     | 287                   | 250                    |
| Change bank overdraft facility   | -                     | 29 566                | 690                    |
| Amortisation of loan liabilities   | -1 035                | -1 034                | -2 108                 |
| Dividends paid to Parent Company shareholders                                | -2 021                | -2 201                | -4 402                 |
| <b>Cash flow from financing activities</b>                                   | <b>12 287</b>         | <b>26 618</b>         | <b>-5 533</b>          |
| <b>Cash flow for the period</b>  | <b>21 686</b>         | <b>-15 472</b>        | <b>-17 316</b>         |
| <b>Cash and cash equivalents at beginning of the period</b>                  | <b>6 031</b>          | <b>22 311</b>         | <b>22 311</b>          |
| Cash flow for the period   | 21 686                | -15 472               | -17 316                |
| Exchange differences in cash and cash equivalents                            | -1 163                | 171                   | 1 036                  |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>26 554</b>         | <b>7 010</b>          | <b>6 031</b>           |

# Income statement – Parent Company

| Amounts in SEK 000s   | 1/1/2017<br>6/30/2017 | 1/1/2016<br>6/30/2016 | 1/1/2016<br>12/31/2016 |
|---|-----------------------|-----------------------|------------------------|
| <b>Operating income</b>   |                       |                       |                        |
| Net sales   | 228 108               | 148 530               | 343 948                |
|   | <b>228 108</b>        | <b>148 530</b>        | <b>343 948</b>         |
| <b>Operating expenses</b>   |                       |                       |                        |
| Goods for resale  | -132 897              | -82 582               | -190 336               |
| Other external expenses   | -72 844               | -51 935               | -114 415               |
| Personnel expenses  | -13 242               | -10 923               | -21 622                |
| Depreciation/amortization and impairment losses on property,<br>plant and equipment and intangible non-current assets | -4 615                | -4 712                | -9 431                 |
| <b>Operating profit/loss</b>  | <b>4 510</b>          | <b>-1 622</b>         | <b>8 144</b>           |
| <b>Profit/loss from financial items</b>   |                       |                       |                        |
| Interest income and similar profit/loss items   | -                     | 3                     | -                      |
| Interest expenses and similar profit/loss items   | -1 059                | -3 330                | -5 426                 |
| <b>Profit/loss after financial items</b>  | <b>3 451</b>          | <b>-4 949</b>         | <b>2 718</b>           |
| Group contributions   | -                     | -                     | 2 088                  |
| <b>Profit/loss before tax</b>   | <b>3 451</b>          | <b>-4 949</b>         | <b>4 806</b>           |
| Tax on profit for the period  | -759                  | 1 089                 | -1 058                 |
| <b>Profit/loss for the period</b>   | <b>2 692</b>          | <b>-3 860</b>         | <b>3 748</b>           |

# Balance sheet – Parent Company

| Amounts in SEK 000s                     | 6/30/2017      | 6/30/2016      | 12/31/2016     |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>                           |                |                |                |
| <b>Non-current assets</b>               |                |                |                |
| <b>Intangible non-current assets</b>    |                |                |                |
| Goodwill                                | 43 878         | 52 829         | 48 354         |
| Other intangible non-current assets     | 429            | 460            | 452            |
|   | <b>44 307</b>  | <b>53 289</b>  | <b>48 806</b>  |
| <b>Property, plant and equipment</b>    |                |                |                |
| Machinery and other technical equipment | 704            | 1 056          | 820            |
|   | <b>704</b>     | <b>1 056</b>   | <b>820</b>     |
| <b>Financial non-current assets</b>     |                |                |                |
| Interests in Group companies            | 718            | 12 060         | 718            |
| Deferred tax assets                     | 22 509         | 25 416         | 23 268         |
|   | <b>23 227</b>  | <b>37 476</b>  | <b>23 986</b>  |
| <b>Total non-current assets</b>         | <b>68 238</b>  | <b>91 821</b>  | <b>73 612</b>  |
| <b>Current assets</b>                   |                |                |                |
| <b>Inventories</b>                      | <b>195 730</b> | <b>191 328</b> | <b>196 061</b> |
| <b>Current receivables</b>              |                |                |                |
| Receivables from Group companies        | -              | 553            | -              |
| Other receivables                       | 7 948          | 6 232          | 9 368          |
| Prepaid expenses and accrued income     | 4 602          | 4 752          | 4 409          |
|   | <b>12 550</b>  | <b>11 537</b>  | <b>13 777</b>  |
| <b>Cash and bank balances</b>           | <b>26 255</b>  | <b>6 427</b>   | <b>4 812</b>   |
| <b>Total current assets</b>             | <b>234 535</b> | <b>209 292</b> | <b>214 650</b> |
| <b>TOTAL ASSETS</b>                     | <b>302 773</b> | <b>301 113</b> | <b>288 262</b> |

## Equity and liabilities – Parent Company

| <b>EQUITY</b>                            | 6/30/2017      | 6/30/2016      | 12/31/2016     |
|--|----------------|----------------|----------------|
| <b>Restricted equity</b>                 |                |                |                |
| Share capital (63,623,472 shares)        | 6 362          | 6 161          | 6 161          |
|  | <b>6 362</b>   | <b>6 161</b>   | <b>6 161</b>   |
| <b>Non-restricted equity</b>             |                |                |                |
| Share premium reserve                    | 340 365        | 322 326        | 329 626        |
| Retained earnings or losses              | -135 324       | -131 772       | -139 072       |
| Profit/loss for the period               | 2 692          | -3 860         | 3 748          |
|  | <b>207 733</b> | <b>186 694</b> | <b>194 302</b> |
| <b>Total equity</b>                      | <b>214 095</b> | <b>192 855</b> | <b>200 463</b> |
| <b>LIABILITIES</b>                       |                |                |                |
| <b>Non-current liabilities</b>           |                |                |                |
| Other liabilities to credit institutions | 3 448          | 5 517          | 4 483          |
| <b>Total non-current liabilities</b>     | <b>3 448</b>   | <b>5 517</b>   | <b>4 483</b>   |
| <b>Current liabilities</b>               |                |                |                |
| Liabilities till Group companies         | 8 897          | 12 575         | 3 930          |
| Trade payables                           | 51 805         | 20 546         | 41 638         |
| Other current liabilities                | 9 114          | 36 213         | 9 468          |
| Accrued expenses and deferred income     | 15 414         | 33 407         | 28 280         |
| <b>Total current liabilities</b>         | <b>85 230</b>  | <b>102 741</b> | <b>83 316</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>302 773</b> | <b>301 113</b> | <b>288 262</b> |
| <b>Pledged assets</b>                    |                |                |                |
| Floating charges                         | 89 750         | 91 250         | 89 750         |
| Other pledged assets                     | 601            | -              | 601            |
| <b>Total pledged assets</b>              | <b>90 351</b>  | <b>91 250</b>  | <b>90 351</b>  |
| <b>Contingent liabilities</b>            | <b>None</b>    | <b>None</b>    | <b>None</b>    |

# Equity

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| Group                           | Share-<br>capital | Other capital<br>contributed | Retained earnings<br>including profit/loss<br>for the period | Non-controlling<br>interests | Total          |
|---------------------------------|-------------------|------------------------------|--|------------------------------|----------------|
| <b>Equity, 31 December 2015</b> | <b>6 156</b>      | <b>335 948</b>               | <b>-131 732</b>  | <b>-</b>                     | <b>210 372</b> |
| New share issue                 | 5                 | 245                          | 37   |                              | 287            |
| Translation difference          |                   |                              | 179  |                              | 179            |
| Dividend, preference shares     |                   |                              | -6 604   |                              | -6 604         |
| Profit/loss for the period      |                   |                              | -5 738   |                              | -5 738         |
| <b>Equity, 30 June 2016</b>     | <b>6 161</b>      | <b>336 193</b>               | <b>-143 858</b>  | <b>-</b>                     | <b>198 496</b> |
| <b>Equity, 31 December 2016</b> | <b>6 161</b>      | <b>336 193</b>               | <b>-140 948</b>  | <b>-</b>                     | <b>201 406</b> |
| New share issue                 | 201               |                              |  |                              | 201            |
| Translation difference          |                   |                              | -54  |                              | -54            |
| Dividend, preference shares     |                   |                              | -4 403   |                              | -4 403         |
| Change, warrants                |                   | 15 142                       |  |                              | 15 142         |
| Profit/loss for the period      |                   |                              | 2 552  |                              | 2 552          |
| <b>Equity, 30 June 2017</b>     | <b>6 362</b>      | <b>351 335</b>               | <b>-142 853</b>  | <b>-</b>                     | <b>214 844</b> |

# Accounting principles

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## General accounting principles

The consolidated and annual financial statements have been prepared according to the Annual Accounts Act and the Swedish Accounting Standards Board (BRN) general guidelines on annual and consolidated financial statements, BFNAR 2012:1 (tier K3).

The accounting principles are the same as those applied in the comparative periods.

## Consolidated financial statements

Footway Group AB (publ) prepares consolidated financial statements. At the end of the financial year all subsidiaries were wholly owned and consolidated in the consolidated financial statements. The consolidated year-end financial statements were prepared in accordance with the purchase accounting method. The acquisition date is the date on which the controlling interest is transferred. Identifiable assets that are taken over in connection with an acquisition are measured at fair value on the acquisition date. Goodwill consists of the difference between the net asset value of the acquired assets and cost. Intra-Group transactions are eliminated.

## Foreign currencies

Receivables and liabilities in foreign currencies are valued at the closing day exchange rate. Transactions in foreign currencies are translated at the spot rate on the transaction day. Gains and losses in operating receivables and liabilities are reported net in other operating income or other operating expenses.

## Revenue

Sales of goods are reported upon delivery of the product to the customer according to the conditions of sale. Sales are reported net after VAT, discounts and any exchange rate differences for sales in foreign currencies. At the end of the financial year a reserve was made for anticipated returns based on the Company's assessment of the percentage of returns on the reported sales.

## Warrants

Footway has three incentive schemes aimed at members of the Board, senior executives, key individuals and partners of the Company. Warrants issued have been recognised against the share premium reserve in equity.

## Property, plant and equipment and intangible non-current assets

Property, plant and equipment and intangible non-current assets are recognised at cost less depreciation/amortization. Depreciation and amortization take place systematically over the estimated economic life of the asset. When a property, plant or equipment asset's depreciable value is established, the asset's residual value is taken into account.

The following depreciation/amortization schedule is applied:

|                                    |            |
|------------------------------------|------------|
| Equipment, tools and installations | 5 years    |
| Goodwill                           | 5–10 years |

If a property, plant or equipment asset or an intangible non-current asset has a lower value than its carrying amount, the asset is written down to the lower value if it can be assumed that the value reduction is permanent.

## Financial non-current assets

### Income tax

Deferred tax assets relating to tax loss carryforwards or future tax deductions are recognised to the extent it is considered probable that the deduction will be able to be applied against surpluses in future tax years.

Current tax and changes in deferred tax are recognised in the income statement unless the tax relates to an event or transaction that is reported directly in equity. In such cases the tax effect is recognised in equity.

## Shares and interests in subsidiaries

Shares and interests in subsidiaries are recognised at cost after deduction of any impairment losses. Cost includes the consideration paid for the shares as well as acquisition costs. Any infusion of capital and Group contributions are added to cost when they are provided. Dividends from subsidiaries are recognised as income.

## Inventories

Inventories are valued at the lower of cost and net realizable value. The accounting principle applied for the cost of inventories involves the moving average method. The Company applies a model to manage inventory obsolescence using impairment indicators.

## Equity

Equity is divided into restricted and non-restricted equity for the Parent Company, in accordance with the Annual Accounts Act categorization. For the Group, the division is different in accordance with the K3 tier for financial reporting.

## Receivables

Receivables due later than 12 months from the balance sheet date are recognised as non-current assets and others as current assets. Receivables are recognised at the amount which, after individual assessment, is expected to be paid.

## Loan liabilities and trade payables

Loan liabilities and trade payables are initially recognised at cost after the deduction of transaction costs. If the carrying amount is different from the amount to be repaid upon maturity, the difference accrues with interest over the remaining lifetime of the loan applying the effective interest rate for the instrument. Using this method the carrying amount upon maturity is the same as the amount to be repaid.

## Cash flow statement

The cash flow statement for the Group is prepared according to the indirect method.

## Earnings per share

The item earnings per share before dilution effects is calculated as profit for the period adjusted for dividend on preference shares divided by the average number of shares outstanding during the period. Earnings per share after dilution effects is calculated as profit for the period adjusted for dividend on preference shares divided by the average number of shares outstanding adjusted for the number of outstanding warrants.

## Key ratios

Equity/assets ratio is calculated as total equity in relation to the balance sheet total.

## Parent Company accounting principles

The accounting principles applied for the Parent Company that do not apply to the Group are presented below. The same principles are otherwise used where applicable for the Parent Company as those presented above for the Group.

## Leases

All leases where the Company is the lessee are recognised as operating leases (rental agreements), regardless of whether the agreement is financial or operational. Lease fees are recognised on a straight-line basis over the lease term.

## Appropriations

Group contributions are recognised as year-end appropriations.