Tax information regarding convertibles - Denmark

Convertibles should be treated as shares. Interest income from the convertible should therefore be regarded as dividend distribution and accordingly capital income and no threshold on interest or social security consequences should arise. Further, the potential conversion of the convertible into shares should not be a taxable event.

In accordance with the above the interest income received from the convertible below the maximum assessment base of DKK 3m will be subject to capital taxation of 27%. Interest income received from the convertible exceeding the maximum assessment base of DKK 3m will be subject to capital taxation of 47%. Any gain derived from the convertible should be taxed at the highest rate of approx. 43%.

The interest income received needs to be reported by You to the Tax Authority. The reporting should be performed annually, at the time of the filing of your individual tax return.

When a potential conversion into shares will be performed no action should be required from You as the convertible has been issued at fair market value.

At the time of the sale of the shares, capital gain is triggered on the difference between the sale price and the acquisition price for the shares. You must report the potential capital gain to the tax authorities at the date of the sale.

Except for the above stated no further action will required by You.

Please note that the above is based on advice provided to ÅF Pöyry AB by Ernst & Young (EY). Your particular tax situation has not been assessed and you take part on the advice above on a non-reliance basis. We recommend that you consult your personal tax advisor.