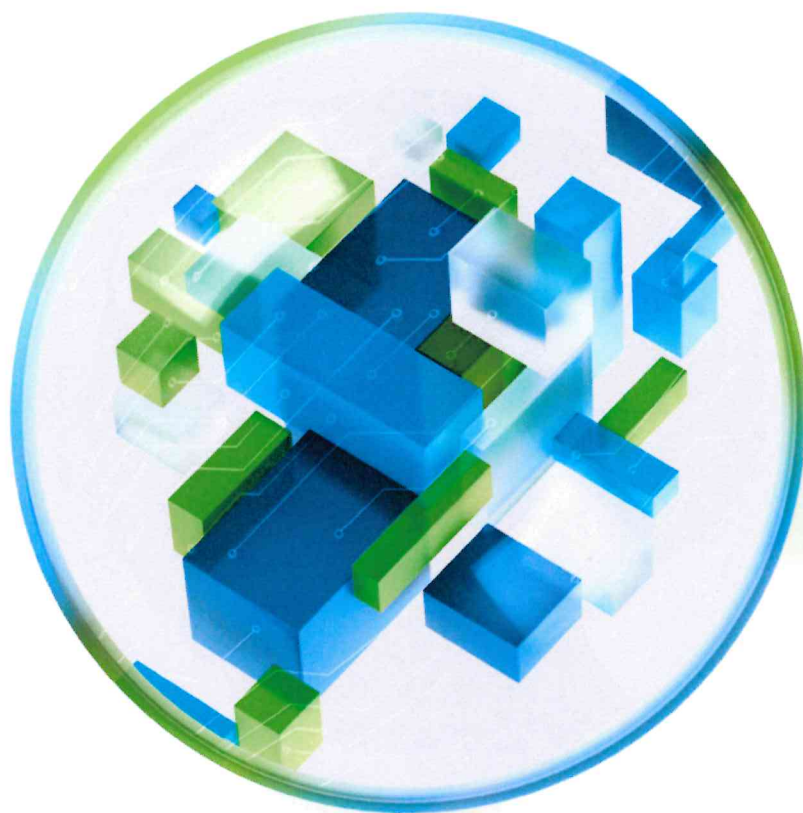


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NORDUnet A/S

Kastruplundgade 22, 1.
2770 Kastrup
CVR No. 17490346

Annual report 2024

The Annual General Meeting adopted the
annual report on 10.04.2025

Maria Thureson

Chair of the General Meeting

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Entity details

Entity

NORDUnet A/S
Kastruplundgade 22, 1.
2770 Kastrup

Business Registration No.: 17490346
Registered office: Tårnby
Financial year: 01.01.2024 - 31.12.2024
Phone number: +4532462500
URL: www.nordu.net

Board of Directors

Pekka Ilmari Uusitalo
Maria Sofia Häll
Guðmundur H. Kjærnested
Gitte Julin Kudsk, chair
Tom Are Røtting

Executive Board

Valter Bengt Martin Nordh

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of NORDUnet A/S for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kastrup, 25.03.2025

Executive Board



Valter Bengt Martin Nordh

Board of Directors



Pekka Ilmari Uusitalo



Maria Sofia Häll



Guðmundur H. Kjærnested



Gitte Julin Kudsk
chair



Tom Are Røtting

Independent auditor's report

To the shareholders of NORDUnet A/S

Opinion

We have audited the financial statements of NORDUnet A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

København, 25.03.2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



Lars Hillebrand

State Authorised Public Accountant

Identification No (MNE) mne26712

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Revenue	18,162	16,365	17,563	17,925	19,684
Gross profit/loss	5,292	5,137	6,746	5,752	6,052
Operating profit/loss	787	546	1,967	877	1,395
Net financials	287	217	(90)	(84)	(93)
Profit/loss for the year	825	576	1,310	530	1,400
Total assets	19,348	19,550	18,521	18,753	19,514
Investments in intangible assets	1,031	0	0	2,635	0
Investments in property, plant and equipment	1,513	287	368	963	2,973
Equity	8,136	7,376	6,800	5,490	4,964
Ratios					
Return on equity (%)	10.64	8.13	21.32	10.14	32.89
Equity ratio (%)	42.05	37.73	36.72	29.28	25.44

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

NORDUnet A/S is a Danish registered company. The company is a collaboration between the National Research and Education Networks (NRENs) of the five Nordic countries and is jointly owned by the five Nordic stakeholders.

NORDUnet operates a world-reaching network providing secure and stable internet and network connectivity services to the Nordic Research and Education community. NORDUnet also provides various services to support research and education like media management, video and web meeting services.

Procurement of new equipment is executed with focus on securing sustainable and resource efficient solutions. Where feasible NORDUnet aims to utilize hosting centres in areas with natural cooling and green power to minimise its environmental impact.

2024 was the first year of the updated strategy for 2024 to 2028, where the ambition reads:

NORDUnet's ambition is to be recognized as the best international collaborators in the world, deliver a world-class technology platform for the knowledge sector, and actively enhance the digitalization of research and education for the benefit of the Nordic countries.

Realising the strategy happens through annual strategic objectives defined by the Board through an inclusive process involving NORDUnet and NREN staff, setting the focus areas for the year. For 2024 the strategic objectives read as follows:

- Optimizing the organization for the future.
- Future-ready service delivery.
- Increased European impact.

The objectives have provided direction to the major activities mentioned below.

A major overall organizational achievement has been the revision of the shareholders agreement for NORDUnet in order to allow NORDUnet to participate in EU activities where "EU-27 Ownership and Control" is a requirement. This change was adopted at an extraordinary General Assembly in November 2024.

Another major activity involving all parts of the organisation has been the work preparing NORDUnet to have its critical services certified according to ISO27001 during the first half of 2025. The ISO certification is a natural first step in ensuring compliance with the Danish implementation of the NIS-2 directive which is scheduled to take effect late 2025.

Development in activities and finances

CORE SERVICES

Major activities within Core Services in 2024 include deploying new data centre compute infrastructure for Media Management services and establishing a new optical fibre link from Copenhagen through Southern Sweden and Bornholm to Berlin to enhance NORDUnet network resilience. Additionally, 400 Gb/sec capable routers were deployed in the IP Network. Resources were also allocated to develop the eduMEET Open-Source e-meeting software, and an on-premise AI speech to text engine saw its initial deployment in 2024 with the aim to introduce both as independent services in due course.

STRATEGIC ENGAGEMENT

Within Strategic Engagement the focus has been on Nordic NREN participation in European projects and tenders

and continued activities related to Polar Connect – the vision to establish network connectivity between Europe and Asia across the North Pole. NORDUnet, together with the Nordic NRENs, now participate in a growing number of externally funded activities, all relating to digital infrastructures for research and education. The NORDUnet Conference in Bergen was well visited and the conferences are broadly considered being an excellent meeting place for the international NREN community.

Profit/loss for the year in relation to expected developments

The Company's revenue for 2024 amounted to EUR 18.161.941 which is EUR 683.622 higher than the budgeted EUR 17.478.319. The deviation in the revenue compared to budget originates from an increase in EC funding received.

The Company's result before taxes shows a profit of EUR 1.074.068 which is EUR 1.241.261 over the budgeted deficit of EUR -167.193. The deviation in the annual result compared to the budget is mainly due to a lower expense level related to the strategic initiatives, as well as a delay in the deployment of new infrastructure. In addition, significant earnings were generated from interest income.

Outlook

NORDUnet's updated strategy identifies yearly goals and strategic objectives. For 2025 these objectives are:

Develop collaboration models to take Nordic collaboration to the next level:

Focuses on further developing our collaboration toolboxes

Increase organisational maturity to be effective in leveraging strengths:

Concentrates on utilising existing capabilities to ensure consistency, dependability, and security, and to allow the organisation to manage a larger portfolio of activities.

Establish Nordic projects to identify value creation through collaboration:

By establishing more joint Nordic activities that investigate possible collaboration areas such as security, AI, non-data networking, and the EOSC federation.

NORDUnet will continue to deliver core infrastructure for research and education in the Nordic countries, and to focus on delivering a secure platform for online lecturing and collaboration as part of the media services portfolio. Collaborative activities on projects relating to major research instruments, and strategic opportunities for inter-continental networking through the Arctic will remain target areas alongside both Nordic NREN and general community project work. To this should also be added core focus areas such as security, data privacy and knowledge sharing.

In collaboration with partners NORDUnet will continue to work to secure funding for EU projects that will allow NORDUnet to increase the company's activities within Arctic connectivity and smart cables, an area that continues to be of strategic importance.

During the second half of 2025 we expect to see the start of the EuroHPC network upgrade take place, primarily involving Sweden and Finland.

Compliance with frameworks such as ISO-27001 and NIS-2 is becoming more important as there is a clear trend from external stakeholders to require such compliance from their collaboration partners. NORDUnet is working on completing its ISO-27001 certification during 2025.

Total 2025 revenue is budgeted at 19,8 MEUR and the result before taxes at -0,5 MEUR.

Foreign branches

NORDUnet A/S had a branch in Stockholm, Sweden. Since 2nd January 2019 all operations were discontinued. For tax reasons a non-operational entity remains active.

Events after the balance sheet date

No other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2024

	Notes	2024 EUR	2023 EUR
Revenue		18,161,941	16,364,972
Other operating income	2	0	486,831
Cost of sales		(8,763,343)	(7,671,086)
Other external expenses		(4,106,839)	(4,043,484)
Gross profit/loss		5,291,759	5,137,233
Staff costs	3	(3,810,160)	(3,425,540)
Depreciation, amortisation and impairment losses		(694,165)	(1,165,261)
Operating profit/loss		787,434	546,432
Other financial income		515,400	463,067
Other financial expenses		(228,766)	(246,045)
Profit/loss before tax		1,074,068	763,454
Tax on profit/loss for the year	4	(249,274)	(187,164)
Profit/loss for the year	5	824,794	576,290

Balance sheet at 31.12.2024

Assets

	Notes	2024 EUR	2023 EUR
Acquired rights		2,931,181	2,125,474
Intangible assets	6	2,931,181	2,125,474
Other fixtures and fittings, tools and equipment		1,834,282	796,107
Property, plant and equipment in progress		16,841	0
Property, plant and equipment	7	1,851,123	796,107
Deposits		131,784	130,465
Financial assets	8	131,784	130,465
Fixed assets		4,914,088	3,052,046
Trade receivables		4,576,872	3,890,691
Deferred tax	9	0	221,659
Other receivables		104,438	107,503
Tax receivable		52,704	0
Prepayments	10	3,172,146	3,205,910
Receivables		7,906,160	7,425,763
Cash		6,527,635	9,071,980
Current assets		14,433,795	16,497,743
Assets		19,347,883	19,549,789

Equity and liabilities

	Notes	2024 EUR	2023 EUR
Contributed capital		1,494,638	1,499,361
Retained earnings		6,641,791	5,876,458
Equity		8,136,429	7,375,819
Deferred tax	9	2,145	0
Provisions		2,145	0
Bank loans		2,727,756	1,678,570
Lease liabilities		0	285,536
Non-current liabilities other than provisions	11	2,727,756	1,964,106
Current portion of non-current liabilities other than provisions	11	770,950	738,724
Prepayments received from customers		1,856,719	3,040,643
Trade payables		2,090,688	3,058,187
Tax payable		0	29,062
Other payables		372,103	412,716
Deferred income	12	3,391,093	2,930,532
Current liabilities other than provisions		8,481,553	10,209,864
Liabilities other than provisions		11,209,309	12,173,970
Equity and liabilities		19,347,883	19,549,789
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		

Statement of changes in equity for 2024

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1,499,361	5,876,458	7,375,819
Exchange rate adjustments	(4,723)	(59,461)	(64,184)
Profit/loss for the year	0	824,794	824,794
Equity end of year	1,494,638	6,641,791	8,136,429

Cash flow statement for 2024

	Notes	2024 EUR	2023 EUR
Operating profit/loss		787,434	546,432
Amortisation, depreciation and impairment losses		649,165	1,165,261
Receivables		(735,820)	(448,669)
Prepayments		(1,150,160)	(668,212)
Payables		(1,008,112)	1,533,459
Deferred income		460,561	297,451
Other adjustments		11,035	(7,308)
Cash flow from ordinary operating activities		(985,897)	2,418,414
Financial income received		515,400	463,067
Financial expenses paid		(228,766)	(246,045)
Taxes refunded/(paid)		(96,086)	(426,339)
Cash flows from operating activities		(795,349)	2,209,097
Acquisition etc of property, plant and equipment		(2,543,553)	(286,986)
Deposits		(1,319)	102,301
Cash flows from investing activities		(2,544,872)	(184,685)
Free cash flows generated from operations and investments before financing		(3,340,221)	2,024,412
Loans raised		1,534,600	0
Repayments of loans etc		(302,214)	(440,305)
Reduction of lease commitments		(436,510)	(604,417)
Cash flows from financing activities		795,876	(1,044,722)
Increase/decrease in cash and cash equivalents		(2,544,345)	979,690

Cash and cash equivalents beginning of year	9,071,980	8,092,290
Cash and cash equivalents end of year	6,527,635	9,071,980

Cash and cash equivalents at year-end are composed of:

Cash	6,527,635	9,071,980
Cash and cash equivalents end of year	6,527,635	9,071,980

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Other operating income

Other operating income comprise a extraordinary refund in 2023 from paid contributions to GÉANT operations in prior years.

3 Staff costs

	2024	2023
	EUR	EUR
Wages and salaries	3,757,366	3,378,209
Pension costs	24,246	21,060
Other social security costs	28,548	26,271
	3,810,160	3,425,540
Average number of full-time employees	30	28

	Remuneration of Management 2024 EUR	Remuneration of Management 2023 EUR
Executive Board	251,734	240,226
Board of Directors	54,968	55,032
	306,702	295,258

Pursuant to section 98b (3)(2) of the Danish Financial Statements Act, the remuneration to Management has not been disclosed separately.

4 Tax on profit/loss for the year

	2024	2023
	EUR	EUR
Current tax	25,823	105,822
Change in deferred tax	223,451	81,342
	249,274	187,164

5 Proposed distribution of profit and loss

	2024 EUR	2023 EUR
Retained earnings	824,794	576,290
	824,794	576,290

6 Intangible assets

	Acquired rights EUR
Cost beginning of year	2,630,123
Exchange rate adjustments	(2,503)
Additions	1,031,018
Cost end of year	3,658,638
Amortisation and impairment losses beginning of year	(504,649)
Exchange rate adjustments	481
Amortisation for the year	(223,289)
Amortisation and impairment losses end of year	(727,457)
Carrying amount end of year	2,931,181

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Property, plant and equipment in progress EUR
Cost beginning of year	10,514,847	0
Exchange rate adjustments	6,802	0
Additions	1,495,694	16,841
Disposals	(20,002)	0
Cost end of year	11,997,341	16,841
Depreciation and impairment losses beginning of year	(9,718,740)	0
Exchange rate adjustments	9,250	0
Depreciation for the year	(471,021)	0
Reversal regarding disposals	17,452	0
Depreciation and impairment losses end of year	(10,163,059)	0
Carrying amount end of year	1,834,282	16,841

8 Financial assets

	Deposits EUR
Cost beginning of year	130,465
Exchange rate adjustments	1,319
Cost end of year	131,784
Carrying amount end of year	131,784

9 Deferred tax

	2024 EUR	2023 EUR
Changes during the year		
Beginning of year	221,659	297,048
Recognised in the income statement	(223,451)	(75,389)
Exchange rate adjustments	(353)	0
End of year	(2,145)	221,659

10 Prepayments

Prepayments comprise incurred cost relating to subsequent financial years such as subscriptions, membership fees, service agreements and insurance.

11 Non-current liabilities other than provisions

	Due within 12 months 2024 EUR	Due within 12 months 2023 EUR	Due after more than 12 months 2024 EUR
Bank loans	478,002	302,214	2,727,756
Lease liabilities	292,948	436,510	0
	770,950	738,724	2,727,756

12 Deferred income

Deferred income comprise received income for recognition in subsequent financial years.

13 Unrecognised rental and lease commitments

	2024 EUR	2023 EUR
Liabilities under rental or lease agreements until maturity in total	198,526	443,867

14 Contingent liabilities

	2024 EUR	2023 EUR
Other contingent liabilities	8,834,753	8,683,951
Contingent liabilities	8,834,753	8,683,951

Other contingent liabilities comprise non-terminable contracts with NORDUnet's service suppliers. The service contracts all covers operation and maintenance linked to the core activity of NORDUnet.

The service contracts expire in 1-15 years.

No contracts are related to assets and liabilities reported under IFRS 16.

15 Related parties with controlling interest

In relation to the Danish Statement Act 598c, section 7 non-arm's length transactions with related parties should be disclosed. There has not been completed any transactions on non-arm's length with related parties in the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including project refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income and net capital or gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and net capital or exchange losses on payables and transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-8 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Finance lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.