



NORDUnet A/S

Kastruplundgade 22, 1.
2770 Kastrup
CVR No. 17490346

Annual report 2021

The Annual General Meeting adopted the
annual report on 26.04.2022

René Michelsen

Chairman 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: 01.01.2021 - 31.12.2021
Phone number: +4532462500
URL: www.nordu.net

Board of Directors

Pekka Ilmari Uusitalo
Jón Ingi Einarsson
Tom Are Røtting
Gitte Julin Kudsk
Maria Sofia Häll

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 30.03.2022

Executive Board

Valter Bengt Martin Nordh

Board of Directors

Pekka Ilmari Uusitalo

Jón Ingi Einarsson

Tom Are Røtting

Gitte Julin Kudsk

Maria Sofia Häll

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 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 under the Danish Financial Statements Act.

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, 30.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Hillebrand

State Authorised Public Accountant
Identification No (MNE) mne26712

Management commentary

Financial highlights

	2021 EUR'000	2020 EUR'000	2019 EUR'000	2018 EUR'000	2017 EUR'000
Key figures					
Revenue	17,925	19,684	15,943	18,643	17,016
Gross profit/loss	5,817	6,136	4,708	6,590	5,843
Operating profit/loss	877	1,395	482	819	18
Net financials	(84)	(93)	(82)	(147)	(80)
Profit/loss for the year	531	1,400	257	521	(26)
Total assets	18,753	19,514	12,042	12,778	13,792
Investments in property, plant and equipment	3,598	2,973	2,115	744	1,159
Equity	5,490	4,964	3,550	3,294	2,782
Ratios					
Return on equity (%)	10.16	32.89	7.51	17.15	(0.93)
Equity ratio (%)	29.28	25.44	29.48	25.78	20.17

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

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 safe and stable internet and other network connectivity to the Nordic Research and Education community. NORDUnet also provides media services such as media management, video and web meeting services, to the community.

When procuring new equipment focus is on securing sustainable and resource efficient solutions. NORDUnet makes use of hosting centres in areas with natural cooling for increased energy efficiency. Both the Network and the Media operations have seen a strengthening of the Nordic collaboration in terms of increased NREN involvement in selected projects. Likewise, resources have been allocated to the implementation of the new strategy.

The company's GDPR activities have both been in alignment with the planned regular reviews and update of all relevant policies and guidelines, and seen extra focus in terms of further training of staff.

2021 saw a change in Management with René Buch leaving the company, and Valter Nordh taking over as CEO.

Development in activities and finances

The development in both of the primary fields of activity saw an increase to match the demands for both network traffic and media services. Despite the increased activity levels revenue saw a decrease derived from change in contribution and "COVID fee", which was introduced to cover the heavy increase in cost for the required capacity expansion for media services through external providers. Sufficient internal capacity proved available earlier than anticipated, leading to a reduction of the "COVID fee".

NETWORK OPERATION

During 2021 the major activities regarding the network area have been around the implementation of the agreed next generation NORDUnet network architecture and topology together with the Nordic NRENs.

As part of the implementation, NORDUnet has restructured the Nordic parts of the NORDUnet network to be built on top of the Nordic NRENs' fiber infrastructure and optical base networks.

The connectivity to Europe and the European network fiber infrastructure has been migrated to the next generation fiber topology, with increased redundancy and removal of dependencies on specific geographic regions and areas. The most important element was the establishment of direct fiber connectivity between Denmark and the Netherlands using the newly established COBRA sub-sea cable system.

These implementation and migration activities have been successfully completed during 2021, with a few elements to be completed during 2022. At the same time the IP network has been upgraded with increased capacity to cope with the growing demands for traffic driven by the increased use of cloud services and by large traffic flows to and from research infrastructures and repositories.

MEDIA SERVICE OPERATION

The NORDUnet Media Services continued to have a high utilisation during 2021. To better manage the increased utilisation and migrate from Amazon Web Services (AWS), additional equipment has been deployed in a distributed architecture with equipment in several Nordic countries in a major joint effort with Nordic NRENs.

The increased usage and additional load seen during 2021 has been driven by COVID lock-downs, but also by a more generic shift towards online education and use of video webinars and meetings as well as the increased use of recorded video material in teaching and education.

It is expected that the usage of the Media Services will decline post COVID, but that the effect of the paradigm shift towards online education and use of recorded material will remain.

Profit/loss for the year in relation to expected developments

The Company's revenue for 2021 amounted to EUR 17,925,243 which is EUR 1,166,213 lower than the budgeted EUR 19,091,456. The decrease in revenue is related to change in contribution and COVID fee.

The Company's result before taxes shows a profit of EUR 793,158 which is EUR 1,449,108 over the budgeted deficit of EUR -655,950. The improvement in the annual result compared to the budget is mainly due to a lower expense level caused by a reduced activity in the implementation of adopted strategical initiatives as well as delays in the migration to the Next Gen Network. In addition to this, the cost for capacity expansion within the media services, has been lower than anticipated. Finally, the COVID-19 pandemic has led to a general cancellation of planned conferences, events, training and other physical meeting activities resulting in major cost savings within T&E.

Outlook

NORDUnet will continue to deliver core infrastructure for research and education in the Nordic countries, and stay focused 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 and Nordic NREN and general community project work, security, data privacy and knowledge sharing.

The deployment of the next-generation optical network will be completed during 2022.

Total revenue for 2022 is expected to be in alignment with 2021, and the budgeted result is estimated at -0.8 MEUR.

Foreign branches

NORDUnet A/S has had a branch in Stockholm, Sweden. With the agreement with The Swedish Research Council/SUNET, the activities of this branch were transferred to SUNET on 2nd January 2019. As of this date all operations were discontinued. For tax reasons a non-operational entity will have to remain 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 2021

	Notes	2021 EUR	2020 EUR
Revenue		17,925,243	19,684,247
Cost of sales		(8,926,206)	(10,926,091)
Other external expenses		(3,181,896)	(2,621,907)
Gross profit/loss		5,817,141	6,136,249
Staff costs	2	(2,821,268)	(3,223,411)
Depreciation, amortisation and impairment losses		(2,118,760)	(1,517,878)
Operating profit/loss		877,113	1,394,960
Other financial income		145,792	391,718
Other financial expenses		(229,747)	(484,451)
Profit/loss before tax		793,158	1,302,227
Tax on profit/loss for the year	3	(262,654)	97,872
Profit/loss for the year	4	530,504	1,400,099

Balance sheet at 31.12.2021

Assets

	Notes	2021 EUR	2020 EUR
Acquired rights		2,481,618	0
Intangible assets	5	2,481,618	0
Other fixtures and fittings, tools and equipment		2,832,623	3,842,428
Property, plant and equipment	6	2,832,623	3,842,428
Deposits		227,249	205,095
Financial assets	7	227,249	205,095
Fixed assets		5,541,490	4,047,523
Trade receivables		4,518,760	5,346,344
Deferred tax	8	421,435	545,212
Other receivables		149,352	101,192
Tax receivable		7,273	0
Prepayments	9	2,707,215	2,530,566
Receivables		7,804,035	8,523,314
Cash		5,407,698	6,943,132
Current assets		13,211,733	15,466,446
Assets		18,753,223	19,513,969

Equity and liabilities

	Notes	2021 EUR	2020 EUR
Contributed capital		1,499,361	1,498,797
Retained earnings		3,990,401	3,465,503
Equity		5,489,762	4,964,300
Other provisions	10	200,696	0
Provisions		200,696	0
Bank loans		2,543,646	1,252,371
Lease liabilities		1,326,566	1,439,259
Other payables	11	0	284,192
Non-current liabilities other than provisions	12	3,870,212	2,975,822
Current portion of non-current liabilities other than provisions	12	1,859,116	1,502,440
Prepayments received from customers		2,520,633	3,982,927
Trade payables		1,488,182	2,184,034
Tax payable		0	61,048
Other payables		128,837	623,127
Deferred income	13	3,195,785	3,220,271
Current liabilities other than provisions		9,192,553	11,573,847
Liabilities other than provisions		13,062,765	14,549,669
Equity and liabilities		18,753,223	19,513,969
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	14		
Related parties with controlling interest	15		

Statement of changes in equity for 2021

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1,498,797	3,465,503	4,964,300
Exchange rate adjustments	564	(5,606)	(5,042)
Profit/loss for the year	0	530,504	530,504
Equity end of year	1,499,361	3,990,401	5,489,762

Cash flow statement for 2021

	Notes	2021 EUR	2020 EUR
Operating profit/loss		877,113	1,394,960
Amortisation, depreciation and impairment losses		2,118,760	1,517,878
Other provisions		200,696	0
Receivables		762,680	(4,245,181)
Prepayments		(176,649)	(438,050)
Payables		(2,936,628)	(60,916)
Deferred income		(24,486)	3,205,212
Other adjustments		(91,692)	734
Cash flow from ordinary operating activities		729,794	1,374,637
Financial income received		145,792	391,718
Financial expenses paid		(229,747)	(484,451)
Taxes refunded/(paid)		(103,272)	(51,139)
Cash flows from operating activities		542,567	1,230,765
Acquisition etc of property, plant and equipment		(3,597,859)	(2,973,312)
Sale of fixed asset investments		8,334	7,923
Deposits		(22,154)	(4,402)
Cash flows from investing activities		(3,611,679)	(2,969,791)
Free cash flows generated from operations and investments before financing		(3,069,112)	(1,739,026)
Loans raised		3,187,981	1,055,061
Repayments of loans etc		(865,080)	(161,873)
Incurrence of lease obligations		265,246	2,391,201
Reduction of lease commitments		(1,054,469)	(417,941)
Cash flows from financing activities		1,533,678	2,866,448
Increase/decrease in cash and cash equivalents		(1,535,434)	1,127,422

Cash and cash equivalents beginning of year	6,943,132	5,815,710
Cash and cash equivalents end of year	5,407,698	6,943,132

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

Cash	5,407,698	6,943,132
Cash and cash equivalents end of year	5,407,698	6,943,132

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 Staff costs

	2021	2020
	EUR	EUR
Wages and salaries	2,709,800	3,085,753
Pension costs	20,120	31,201
Other social security costs	25,767	21,879
Other staff costs	65,581	84,578
	2,821,268	3,223,411
Average number of full-time employees	24	26

	Remuneration of Management 2021 EUR
Executive Board	437,847
Board of Directors	55,062
	492,909

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

3 Tax on profit/loss for the year

	2021	2020
	EUR	EUR
Current tax	196,371	206,696
Change in deferred tax	123,961	(304,568)
Adjustment concerning previous years	(57,678)	0
	262,654	(97,872)

4 Proposed distribution of profit and loss

	2021	2020
	EUR	EUR
Retained earnings	530,504	1,400,099
	530,504	1,400,099

5 Intangible assets

	Acquired rights EUR
Additions	2,634,931
Cost end of year	2,634,931
Amortisation for the year	(153,313)
Amortisation and impairment losses end of year	(153,313)
Carrying amount end of year	2,481,618

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	14,426,748
Exchange rate adjustments	5,432
Additions	962,928
Disposals	(56,098)
Cost end of year	15,339,010
Depreciation and impairment losses beginning of year	(10,548,320)
Exchange rate adjustments	(39,986)
Depreciation for the year	(1,966,712)
Reversal regarding disposals	48,631
Depreciation and impairment losses end of year	(12,506,387)
Carrying amount end of year	2,832,623
Recognised assets not owned by entity	1,406,157

7 Financial assets

	Deposits EUR
Cost beginning of year	205,095
Exchange rate adjustments	77
Additions	22,077
Cost end of year	227,249
Carrying amount end of year	227,249

8 Deferred tax

Changes during the year	2021 EUR
Beginning of year	545,212
Recognised in the income statement	(123,777)
End of year	421,435

9 Prepayments

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

10 Other provisions

Other provisions covers expected costs and is expected to be used in full within one year.

11 Other payables

	2021 EUR	2020 EUR
Holiday pay obligation	0	284,192
	0	284,192

12 Non-current liabilities other than provisions

	Due within 12 months 2021 EUR	Due within 12 months 2020 EUR	Due after more than 12 months 2021 EUR
Bank loans	1,032,099	500,698	2,543,646
Lease liabilities	827,017	1,001,742	1,326,566
	1,859,116	1,502,440	3,870,212

13 Deferred income

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

14 Unrecognised rental and lease commitments

	2021 EUR	2020 EUR
Liabilities under rental or lease agreements until maturity in total	1,052,870	1,285,033

15 Related parties with controlling interest

In relation to the Danish Statement Act §98c, 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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.