



NORDUnet A/S

Kastruplundgade 22, 1.
2770 Kastrup
CVR No. 17490346

Annual report 2023

The Annual General Meeting adopted the annual report on 25.04.2024

Maria Thuveson

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: 01.01.2023 - 31.12.2023
Phone number: +4532462500
URL: www.nordu.net

Board of Directors

Tom Are Røtting, chairman
Pekka Ilmari Uusitalo
Jón Ingi Einarsson
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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 10.04.2024

Executive Board

Valter Bengt Martin Nordh

Board of Directors

Tom Are Røtting
chairman

Pekka Ilmari Uusitalo

Jón Ingi Einarsson

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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 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, 10.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Hillebrand

State Authorised Public Accountant
Identification No (MNE) mne26712

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Revenue	16,365	17,563	17,925	19,285	15,553
Gross profit/loss	5,182	6,771	5,817	6,136	4,708
Operating profit/loss	546	1,967	877	1,395	482
Net financials	217	(90)	(84)	(93)	(82)
Profit/loss for the year	576	1,310	531	1,400	257
Total assets	19,550	18,521	18,482	19,514	11,510
Investments in property, plant and equipment	287	368	1,923	2,973	3,577
Equity	7,376	6,800	5,490	4,964	3,550
Ratios					
Return on equity (%)	8.13	21.32	10.16	32.89	7.51
Equity ratio (%)	37.73	36.72	29.70	25.44	30.84

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

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.

2023 has seen a strengthening of the Nordic collaboration in terms of increased NREN involvement in joint projects, especially within the areas of Arctic connectivity and the European Open Science Cloud. Likewise, NREN resources have been allocated to the development of the new NORDUnet strategy. The company's GDPR activities have been in alignment with the planned regular reviews and update of all relevant policies and guidelines.

An updated strategy, spanning 2024-2028, has been developed and adopted by the NORDUnet board. The updated ambition for NORDUnet now 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.

A reorganisation reflecting the needs for delivering internal services as well as an external focus was completed during 2023. NORDUnet is now organised into three divisions; Finance, Core Services, and Strategic Engagement.

Development in activities and finances

FINANCE

As part of the efforts of automating workflows and optimizing the Finance Division a new ERP system was implemented in August 2023. The endeavors of further developing the ERP system and implementing additional functionality will continue during 2024.

CORE SERVICES

The formation of the Core Services Division has been resource intensive in terms of combining the Network, Infrastructure, Media, and Office Support departments into one streamlined unit.

Major activities within the Core Services area in 2023 include the deployment of a new data centre network infrastructure, and the deployment of an initial set of 400 Gb/sec capable routers in the IP Network (4 times increase in capacity). Significant resources have also been allocated to the development of a new network automation tool and a services invoicing automation platform in order to reduce manual processes.

STRATEGIC ENGAGEMENT

The Strategic Engagement Division oversees stakeholder engagement, strategy, external relations, collaborations, and projects, NORDUnet events, and general outreach. Activities that previously were scattered across the organization. During 2023 the major activities have been focused on projects investigating potential connectivity

between Europe and Asia across the North Pole, Nordic participation in European projects and answers to tenders relating to EuroHPC, European Open Science Cloud and digital infrastructure for research and education in general. Another major focus area of the Division has been the consolidation of NORDUnet's external communication and media presence, and the revival of the NORDUnet Community Workshop.

Profit/loss for the year in relation to expected developments

The Company's revenue for 2023 amounted to EUR 16.364.972 which is EUR 1.004.810 lower than the budgeted EUR 17.369.782. The deviation in the revenue compared to budget originates from a reduction in Contribution, lower Media Service income, and an increase in EC funding received.

The Company's result before taxes shows a profit of EUR 763.454 which is EUR 1.323.885 over the budgeted deficit of EUR 560.431. 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 2024 these objectives count:

Optimizing the organisation for the future:

Focuses on securing processes for compliance, business, and resources, both internally and in the Nordic community.

Future-ready service delivery:

Concentrates on ensuring the service delivery and ability to meet customer demands in order to stay relevant in the R&E area.

Increased European Impact:

Expresses the ambition that the Nordic NREN community should develop solutions for the future and bring these solutions to the world through European collaboration.

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, 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.

The deployment of the next generation optical network will be completed during 2024, with the addition of a fiber path from Copenhagen via southern Sweden and the isle of Bornholm to Germany.

Compliance with frameworks such as ISO-27001 and NIS-2 is becoming more important as external stakeholders to a large degree starts to require this and NORDUnet is working on achieving its ISO-27001 certification in the second half of 2024, followed by NIS-2 when the actual legislations come in place.

Total 2024 revenue is budgeted at 17,5 MEUR and the result before taxes at -0,2 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 2023

	Notes	2023 EUR	2022 EUR
Revenue		16,364,972	17,562,993
Other operating income	2	486,831	0
Cost of sales		(7,671,086)	(7,700,295)
Other external expenses		(3,998,953)	(3,091,459)
Gross profit/loss		5,181,764	6,771,239
Staff costs	3	(3,470,071)	(2,947,552)
Depreciation, amortisation and impairment losses		(1,165,261)	(1,856,938)
Operating profit/loss		546,432	1,966,749
Other financial income		463,067	159,796
Other financial expenses		(246,045)	(249,855)
Profit/loss before tax		763,454	1,876,690
Tax on profit/loss for the year	4	(187,164)	(566,923)
Profit/loss for the year	5	576,290	1,309,767

Balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Acquired rights		2,125,474	2,305,890
Intangible assets	6	2,125,474	2,305,890
Other fixtures and fittings, tools and equipment		796,107	1,505,900
Property, plant and equipment	7	796,107	1,505,900
Deposits		130,465	232,766
Financial assets	8	130,465	232,766
Fixed assets		3,052,046	4,044,556
Trade receivables		3,890,691	3,424,417
Deferred tax	9	221,659	297,048
Other receivables		107,503	125,108
Prepayments	10	3,205,910	2,537,698
Receivables		7,425,763	6,384,271
Cash		9,071,980	8,092,290
Current assets		16,497,743	14,476,561
Assets		19,549,789	18,521,117

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital		1,499,361	1,499,361
Retained earnings		5,876,458	5,300,168
Equity		7,375,819	6,799,529
Bank loans		1,678,570	1,785,856
Lease liabilities		285,536	722,149
Non-current liabilities other than provisions	11	1,964,106	2,508,005
Current portion of non-current liabilities other than provisions	11	738,724	1,243,432
Prepayments received from customers		3,040,643	2,315,740
Trade payables		3,058,187	1,902,971
Tax payable		29,062	358,983
Other payables		412,716	164,474
Deferred income	12	2,930,532	3,227,983
Current liabilities other than provisions		10,209,864	9,213,583
Liabilities other than provisions		12,173,970	11,721,588
Equity and liabilities		19,549,789	18,521,117
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 2023

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1,499,361	5,300,168	6,799,529
Profit/loss for the year	0	576,290	576,290
Equity end of year	1,499,361	5,876,458	7,375,819

Cash flow statement for 2023

	Notes	2023 EUR	2022 EUR
Operating profit/loss		546,432	1,966,749
Amortisation, depreciation and impairment losses		1,165,261	1,856,938
Other provisions		0	(200,696)
Receivables		(448,669)	1,118,587
Prepayments		(668,212)	169,517
Payables		1,533,459	245,533
Deferred income		297,451	32,198
Other adjustments		(7,308)	(14,166)
Cash flow from ordinary operating activities		2,418,414	5,174,660
Financial income received		463,067	159,796
Financial expenses paid		(246,045)	(249,855)
Taxes refunded/(paid)		(426,339)	(62,114)
Cash flows from operating activities		2,209,097	5,022,487
Acquisition etc of property, plant and equipment		(286,986)	(367,502)
Sale of fixed asset investments		0	13,015
Deposits		102,301	(5,517)
Cash flows from investing activities		(184,685)	(360,004)
Free cash flows generated from operations and investments before financing		2,024,412	4,662,483
Repayments of loans etc		(440,305)	(1,108,368)
Reduction of lease commitments		(604,417)	(869,523)
Cash flows from financing activities		(1,044,722)	(1,977,891)
Increase/decrease in cash and cash equivalents		979,690	2,684,592

Cash and cash equivalents beginning of year	8,092,290	5,407,698
Cash and cash equivalents end of year	9,071,980	8,092,290

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

Cash	9,071,980	8,092,290
Cash and cash equivalents end of year	9,071,980	8,092,290

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 from paid contributions to GÉANT operations in prior years.

3 Staff costs

	2023	2022
	EUR	EUR
Wages and salaries	3,378,209	2,873,809
Pension costs	21,060	21,502
Other social security costs	26,271	27,144
Other staff costs	44,531	25,097
	3,470,071	2,947,552
Average number of full-time employees	28	26

	Remuneration of Management 2023 EUR	Remuneration of Management 2022 EUR
Executive Board	240,226	247,706
Board of Directors	55,032	55,005
	295,258	302,711

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

	2023	2022
	EUR	EUR
Current tax	105,822	422,220
Change in deferred tax	81,342	9,010
Adjustment concerning previous years	0	135,693
	187,164	566,923

5 Proposed distribution of profit and loss

	2023 EUR	2022 EUR
Retained earnings	576,290	1,309,767
	576,290	1,309,767

6 Intangible assets

	Acquired rights EUR
Cost beginning of year	2,630,123
Cost end of year	2,630,123
Amortisation and impairment losses beginning of year	(329,307)
Amortisation for the year	(175,342)
Amortisation and impairment losses end of year	(504,649)
Carrying amount end of year	2,125,474

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	12,507,266
Additions	286,986
Disposals	(2,279,405)
Cost end of year	10,514,847
Depreciation and impairment losses beginning of year	(11,004,680)
Depreciation for the year	(991,212)
Reversal regarding disposals	2,277,152
Depreciation and impairment losses end of year	(9,718,740)
Carrying amount end of year	796,107
Recognised assets not owned by entity	34,046

8 Financial assets

	Deposits EUR
Cost beginning of year	232,767
Disposals	(102,302)
Cost end of year	130,465
Carrying amount end of year	130,465

9 Deferred tax

	2023 EUR	2022 EUR
Changes during the year		
Beginning of year	297,048	421,435
Recognised in the income statement	(75,389)	(124,387)
End of year	221,659	297,048

Deferred tax assets

Management's assessment is, that the deferred tax assets can be used within 5 years.

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 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR
Bank loans	302,214	639,016	1,678,570
Lease liabilities	436,510	604,416	285,536
	738,724	1,243,432	1,964,106

12 Deferred income

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

13 Unrecognised rental and lease commitments

	2023 EUR	2022 EUR
Liabilities under rental or lease agreements until maturity in total	443,867	758,301

14 Contingent liabilities

	2023 EUR	2022 EUR
Other contingent liabilities	8,683,951	8,019,271
Contingent liabilities	8,683,951	8,019,271

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 1-12 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 §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.

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	3-5 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.

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.

Tax receivable or payable

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

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.