
ZYLINC A/S

Skelbækgade , 4,2, DK-1717 Copenhagen

Annual Report for 1 October 2021 - 30 September 2022

CVR No. 28 88 85 97

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 9/1 2023

Peter Stig Andersen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of ZYLINC A/S for the financial year 1 October 2021 - 30 September 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 9 January 2023

Executive Board

René Viborg
CEO

Board of Directors

Peter Stig Andersen
Chairman

René Viborg

Klaus Melchior

Independent Auditor's report

To the shareholder of ZYLINC A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ZYLINC A/S for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 9 January 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

Company information

The Company	ZYLINC A/S Skelbækgade , 4,2 DK-1717 Copenhagen CVR No: 28 88 85 97 Financial period: 1 October 2021 - 30 September 2022 Incorporated: 1 July 2005 Financial year: 17th financial year Municipality of reg. office: Copenhagen
Board of Directors	Peter Stig Andersen, chairman René Viborg Klaus Melchior
Executive board	René Viborg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Lawyers	Nielsen Nørager Advokatpartnerselskab Frederiksberggade 16 1459 København K
Bankers	Danske Bank Holberggade 2 1057 København K

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	27,451	28,010	27,022	29,037	26,194
Profit/loss of ordinary primary operations	2,615	6,512	6,524	5,728	-1,750
Profit/loss of financial income and expenses	102	618	191	-1,113	2,024
Net profit/loss	2,234	7,129	5,088	3,317	409
Balance sheet					
Balance sheet total	21,462	24,548	41,022	35,214	34,628
Equity	11,450	18,045	17,916	24,017	24,854
Number of employees	28	26	29	35	44
Ratios					
Solvency ratio	53.3%	58.1%	43.7%	68.2%	100.9%
Return on equity	16.2%	31.1%	24.3%	13.6%	1.7%

Due to changes in the accounting policies in 2018/19 regarding the recognition of revenue the financial highlights for the financial years 2017/18 and 2018/19 have been adapted to the new accounting principles.

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management's review

Key activities

The Zylinc business suite combines Information and Communication Technology (ICT) in a unique way to provide strategic value to all kinds of enterprises by enabling supreme customer experience at lower costs, boosting employee productivity, and improving business process efficiency based on a unique cloud architecture enabling agile development, easy onboarding and subsequent maintenance of new customers.

Zylinc's market awareness and footprint are continuously increasing as a leading provider in the Nordics of cloud-based UC software solutions. Zylinc's unique business suite is positioned in the fastest growing segments of UC with growth rates at 10-15% p.a. in a global market of around USD 20bn in annual revenues.

Zylinc's software solutions are offered as cloud-based services (UCaaS) by hosting partners and telecom operators with recurring revenues or implemented in mixed environments (hybrid), where the Software is licensed by Zylinc to end-customers in a combined upfront and recurring revenue model. As the UCaaS business model has become the dominated one, almost all new customers are onboarded on this model.

Zylinc's unique business suite holds a strong market position, where our key differentiators are as follows:

- Same modular software solution offering towards different business needs within enterprises
- Agnostic towards enterprises' underlying communications infrastructure and applications portfolio
- Customer value products and features are offered in a state-of-the-art mobility-based version also

Combined with Zylinc's vast experience working with Nordic enterprises developing and benefitting from the "Nordic way of working" to deliver superior customer experience and internal organizational engagement, our business suite as a mission critical application portfolio, creates long lasting value to our customers.

Development in the year

In FY2022, Zylinc leveraged further our new cloud platform launched late in FY2020, marketed as Zylinc Cloud. This new platform is built to run together with leading Cloud providers, e.g. Azure, AWS, and Google Cloud. In addition to this, Zylinc further strengthened our API only implementation. With this, Zylinc and our customers can integrate easily to other business applications, e.g. CRM applications such as Salesforce or ITSM applications such as ServiceNow. Combined with leveraging the new platform, Zylinc also maintained high efficiency and execution ratio in our development organization, enhancing the platform further. Throughout FY2022, a lot of new customers are onboarded easily on our new Novus platform, and with solid customer experience and satisfaction as a result.

Further in FY2022, Zylinc has invested significantly in our commercial organization and efforts including Marketing, Presales, Sales, Product Management, and Customer Success functions, providing the company with enhanced market presence, go-to market sales channels and sales funnels, which have all been focal in executing Zylinc's revenues growth strategy based on our newly launched cloud platform. Development in sales pipeline volumes, channel partner programs and product roadmap progress all prove a solid foundation to realize above-market growth rates in FY2023 and beyond.

Zylinc's financial performance in FY2022 is deemed satisfactory by management as net revenues were flat, while at the same time we transformed the revenue generation from the hybrid revenues business model and OTC's towards a recurring revenues business model, implying a significantly higher normalized growth.

Significant improvements within the company's software development productivity and cloud-based customer handling, though as planned offset by increased commercial investments and organizational strengthening meant that the company realized an EBITDA of DKK 3,100,692 in FY2022, down from DKK 6,809,232 in FY2021. Net profit after tax was DKK 2,233,574 in FY2022, down from DKK 5,300,164 in FY2021.

Further, operational earnings are associated with corresponding cash earnings as Zylinc continuously takes all investments in e.g. software development and commercial enhancements as Opex within a fiscal year, thereby funding future revenue generating activities with current earnings. Finally, the company has a substantial cash position and is net debt free. Management therefore deems the financial position of the company as satisfactory.

Management's review

Targets and expectations for the year ahead

Management will continue execution of the current strategy plan, which among others include the following:

- Further build and enhance the company's commercial reach and activities across Europe
- Continuously strengthen our new cloud-based platform with additional products and features
- Leverage on Zylinc's long-standing customer portfolio for increased satisfaction and use adoption

Financially in FY2023, management expects that revenues will grow in the range of 8-12% compared to FY2022. Further, management expects a significant increase in EBITDA margins to approx. 15% and within the corresponding cash earnings as well as the new software business suite, Zylinc Cloud, will show its competitiveness, easy to onboard and use attractiveness, as well as borderless scalability and modularity. During FY2023, management will continuously assess investment opportunities to support our growth aspiration even further, and as earnings and cash earnings increase, utilize these earnings into investments.

Unusual events

The financial position at 30 September 2022 of the Company and the results of the activities of the Company for the financial year for 2021/22 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 October 2021 - 30 September 2022

	Note	2021/22	2020/21
		DKK	DKK
Gross profit		27,837,351	28,002,118
Staff expenses	1	-24,736,659	-21,192,886
Depreciation and impairment losses of property, plant and equipment		-485,621	-305,477
Profit/loss before financial income and expenses		2,615,071	6,503,755
Financial income	2	237,619	1,306,664
Financial expenses		-135,604	-682,028
Profit/loss before tax		2,717,086	7,128,391
Tax on profit/loss for the year	3	-483,512	-1,828,227
Net profit/loss for the year		2,233,574	5,300,164

Distribution of profit

	2021/22	2020/21
	DKK	DKK
Proposed distribution of profit		
Proposed dividend for the year	0	7,000,000
Retained earnings	2,233,574	-1,699,836
	2,233,574	5,300,164

Balance sheet 30 September 2022

Assets

	Note	2021/22 DKK	2020/21 DKK
Other fixtures and fittings, tools and equipment		811,478	595,500
Leasehold improvements		1,592,143	653,787
Property, plant and equipment	4	2,403,621	1,249,287
Investments in subsidiaries	5	0	0
Deposits	6	845,567	198,702
Fixed asset investments		845,567	198,702
Fixed assets		3,249,188	1,447,989
Trade receivables		9,007,360	8,814,320
Receivables from group enterprises		5,052,858	4,137,009
Other receivables		0	1,124
Deferred tax asset		0	15,911
Prepayments		741,443	416,730
Receivables		14,801,661	13,385,094
Cash at bank and in hand		3,431,383	13,096,664
Current assets		18,233,044	26,481,758
Assets		21,482,232	27,929,747

Balance sheet 30 September 2022

Liabilities and equity

	Note	2021/22	2020/21
		DKK	DKK
Share capital		1,000,000	1,000,000
Retained earnings		10,449,319	8,215,745
Proposed dividend for the year		0	7,000,000
Equity		11,449,319	16,215,745
Provision for deferred tax		27,667	0
Provisions		27,667	0
Credit institutions		0	753
Prepayments received from customers		3,381,150	3,160,323
Trade payables		1,779,943	1,226,328
Corporation tax		378,934	1,711,138
Payables to group enterprises relating to corporation tax		1,711,138	2,104,258
Other payables		2,754,081	3,511,202
Short-term debt		10,005,246	11,714,002
Debt		10,005,246	11,714,002
Liabilities and equity		21,482,232	27,929,747
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	1,000,000	8,215,745	7,000,000	16,215,745
Ordinary dividend paid	0	0	-7,000,000	-7,000,000
Net profit/loss for the year	0	2,233,574	0	2,233,574
Equity at 30 September	1,000,000	10,449,319	0	11,449,319

Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	21,816,629	19,380,238
Pensions	1,837,264	1,611,367
Other social security expenses	63,245	60,213
Other staff expenses	1,019,521	141,068
	<u>24,736,659</u>	<u>21,192,886</u>
Average number of employees	<u>28</u>	<u>26</u>

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
2. Financial income		
Interest received from group enterprises	204,781	0
Other financial income	32,838	1,306,664
	<u>237,619</u>	<u>1,306,664</u>

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
3. Income tax expense		
Current tax for the year	549,934	1,711,138
Deferred tax for the year	43,578	117,089
Adjustment of tax concerning previous years	-110,000	0
	<u>483,512</u>	<u>1,828,227</u>

Notes to the Financial Statements

4. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 October	1,697,698	1,197,081
Additions for the year	506,250	1,133,706
Cost at 30 September	<u>2,203,948</u>	<u>2,330,787</u>
Impairment losses and depreciation at 1 October	1,102,198	543,295
Depreciation for the year	290,272	195,349
Impairment losses and depreciation at 30 September	<u>1,392,470</u>	<u>738,644</u>
Carrying amount at 30 September	<u>811,478</u>	<u>1,592,143</u>
	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK

5. Investments in subsidiaries

Cost at 1 October	0	4,437,719
Disposals for the year	0	-4,437,719
Cost at 30 September	<u>0</u>	<u>0</u>
Value adjustments at 1 October	0	-3,961,634
Disposals for the year	0	3,961,634
Value adjustments at 30 September	<u>0</u>	<u>0</u>
Carrying amount at 30 September	<u>0</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Zylinc AB	Sweden	100%

Notes to the Financial Statements

6. Other fixed asset investments

	<u>Deposits</u> DKK
Cost at 1 October	198,702
Additions for the year	845,567
Disposals for the year	<u>-198,702</u>
Cost at 30 September	<u>845,567</u>
Carrying amount at 30 September	<u>845,567</u>

	<u>2021/22</u> DKK	<u>2020/21</u> DKK
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7. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,352,098	629,265
Between 1 and 5 years	<u>2,421,450</u>	<u>0</u>
	<u>3,773,548</u>	<u>629,265</u>

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Viborg Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8. Accounting policies

The Annual Report of ZYLINC A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Income statement

Net sales

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, direct expenses and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Viborg Holding ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes to the Financial Statements

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$