
VMware Denmark ApS

Frydenlundsvej 30, DK-2950 Vedbæk

Annual Report for 1 February 2022 - 31 January 2023

CVR No. 30 58 27 05

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 31/5 2023

Thomas Gjør-Trønning
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Financial Statements of VMware Denmark ApS for the financial year 1 February 2022 - 31 January 2023.

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 31 January 2023 of the Company and of the results of the Company operations and cash flows for 2022/23.

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.

Vedbæk, 31 May 2023

Executive Board

Lars-Bo Klausen

Craig Douglas Norris

Kieran Barry Murphy

Independent Auditor's report

To the shareholder of VMware Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 January 2023 and of the results of the Company's operations and cash flows for the financial year 1 February 2022 - 31 January 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of VMware Denmark ApS for the financial year 1 February 2022 - 31 January 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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, 31 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

State Authorised Public Accountant

mne32209

Company information

The Company	VMware Denmark ApS Frydenlundsvej 30 DK-2950 Vedbæk Telephone: +45 70 10 68 88 CVR No: 30 58 27 05 Financial period: 1 February 2022 - 31 January 2023 Incorporated: 8 May 2007 Financial year: 17th financial year Municipality of reg. office: Rudersdal
Executive board	Lars-Bo Klausen Craig Douglas Norris Kieran Barry Murphy
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Lawyers	Bech-Bruun Langelinie Alle 35 2100 København Ø
Bankers	Citibank H. C. Andersens Boulevard 12 1553 København V

Financial Highlights

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

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	94,516	98,521	84,925	85,726	75,772
Gross profit/loss	89,356	94,793	80,389	76,162	67,326
Profit/loss of ordinary primary operations	4,725	4,816	3,914	4,151	3,704
Profit/loss before financial income and expenses	4,725	4,816	3,914	4,151	3,704
Profit/loss of financial income and expenses	-476	-371	-120	-220	-214
Net profit/loss	3,220	3,421	2,937	2,835	2,492
Balance sheet					
Balance sheet total	44,967	51,291	54,814	43,368	40,048
Investment in property, plant and equipment	71	46	122	997	0
Equity	32,554	29,334	25,912	22,976	20,141
Number of employees	50	50	49	46	42
Ratios					
Gross margin	94.5%	96.2%	94.7%	88.8%	88.9%
Profit margin	5.0%	4.9%	4.6%	4.8%	4.9%
Return on assets	10.5%	9.4%	7.1%	9.6%	9.2%
Solvency ratio	72.4%	57.2%	47.3%	53.0%	50.3%
Return on equity	10.4%	12.4%	12.0%	13.2%	24.7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions, see under accounting policies.

Management's review

Key activities

The principal activities of the company are, firstly to provide marketing support to its shareholder, VMware International Unlimited Company, in the Danish territory. Support includes the provision of marketing and promotional services in relation to the VMware software technology. Secondly, to conduct research and development services for the benefit of VMware International Unlimited Company.

Development in the year

The income statement of the Company for 2022/23 shows a profit of DKK 3,220,420, and at 31 January 2023 the balance sheet of the Company shows positive equity of DKK 32,554,181.

The past year and follow-up on development expectations from last year

Going into the financial year 2022-23 we expected a net profit before tax between DKK 4-5 million. The net profit before tax amounted to DKK 4.2 million which was in line with expectations and the Executive Board finds the results satisfactory. There were no significant developments in the past year compared with expectations. The business model remained the same and there were no changes in the intercompany agreement.

Special risks - operating risks and financial risks

Operating risks

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the company and the compliance team & company finance department take on an important oversight role in this regard. The audit committee of VMware Inc. is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

Foreign exchange risks

The company is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the company's functional currency and from the change in value of recognised assets and liabilities denominated in a currency that is not the company's functional currency. The company's policy is to ensure that its net exposure is kept to an acceptable level.

Due to the nature of the Company's business arrangements, the directors believe that risk attributable to interest rates, credit and cash flow are low. The ultimate parent company, VMware Inc., has appropriate risk management programmes in place to manage any such risks that may arise.

Credit risks

Credit risk arises from credit exposure to trade receivables and cash and cash equivalents including deposits with banks. The group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors.

Liquidity risks

The company has in place a programme of financial and non-financial performance indicators as part of its management reporting systems.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, surplus funds are placed with related parties with short notice demand features.

Management's review

Targets and expectations for the year ahead

The Company's main objective is to maintain the efficiency of and grow the local business and infrastructure, to better support the VMware business operations in the local market in light of the growing business uncertainties (increasing competition) in the technology industry in which VMware are a market leader. For the financial year 2023-24 we expect the results before tax to be in line with last year which are in between the range of DKK 4-5 million.

External environment

At VMware, we believe technology can have a positive impact on society and the planet. We operationalize ESG throughout our organization and believe there is an opportunity for VMware to support customers throughout their own ESG journeys. VMware's 2030 Agenda represents our ESG strategy focused on driving sustainability, equity and trust by providing:

- Sustainable digital infrastructure supporting the transition to net zero carbon emissions and decarbonization for our customers, supply chain and operations.
- Equitable, unbiased and inclusive access to opportunities for all by enabling people to work where and how they want to work.
- Trusted commitments to data privacy, security, ethics and transparent business practices. Additional information about our 2030 Agenda and ESG programs can be found in VMware's annual ESG Report on our website <https://www.vmware.com/company/esg.htm>.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 January 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022/23 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 February 2022 - 31 January 2023

	Note	2022/23 DKK	2021/22 DKK
Revenue		94,516,309	98,520,608
Other external expenses		-5,160,252	-3,727,288
Gross profit		89,356,057	94,793,320
Staff expenses	1	-84,552,701	-89,804,427
Depreciation and impairment losses of property, plant and equipment		-78,030	-173,018
Profit/loss before financial income and expenses		4,725,326	4,815,875
Financial income		64,589	20,355
Financial expenses	2	-541,041	-391,251
Profit/loss before tax		4,248,874	4,444,979
Tax on profit/loss for the year	3	-1,028,454	-1,023,589
Net profit/loss for the year	4	3,220,420	3,421,390

Balance sheet 31 January 2023

Assets

	Note	2022/23 DKK	2021/22 DKK
Other fixtures and fittings, tools and equipment		150,064	156,937
Property, plant and equipment	5	150,064	156,937
Deposits	6	36,000	36,000
Fixed asset investments		36,000	36,000
Fixed assets		186,064	192,937
Receivables from group enterprises		9,807,444	15,187,195
Other receivables		607,000	703,598
Deferred tax asset	7	43,514	51,857
Corporation tax		0	160,130
Prepayments		164,084	436,735
Receivables		10,622,042	16,539,515
Cash at bank and in hand		34,159,198	34,558,967
Current assets		44,781,240	51,098,482
Assets		44,967,304	51,291,419

Balance sheet 31 January 2023

Liabilities and equity

	Note	2022/23	2021/22
		DKK	DKK
Share capital	8	125,000	125,000
Retained earnings		32,429,181	29,208,761
Equity		32,554,181	29,333,761
Trade payables		0	94,951
Corporation tax		12,722	0
Other payables		12,400,401	21,862,707
Short-term debt		12,413,123	21,957,658
Debt		12,413,123	21,957,658
Liabilities and equity		44,967,304	51,291,419
Contingent assets, liabilities and other financial obligations	11		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 February	125,000	29,208,761	29,333,761
Net profit/loss for the year	0	3,220,420	3,220,420
Equity at 31 January	125,000	32,429,181	32,554,181

Cash flow statement 1 February 2022 - 31 January 2023

	Note	2022/23	2021/22
		DKK	DKK
Result of the year		3,220,420	3,421,390
Adjustments	9	1,582,936	1,567,503
Change in working capital	10	-3,808,257	-13,397,493
Cash flow from operations before financial items		995,099	-8,408,600
Financial income		64,589	20,355
Financial expenses		-541,041	-391,251
Cash flows from ordinary activities		518,647	-8,779,496
Corporation tax paid		-847,259	-996,000
Cash flows from operating activities		-328,612	-9,775,496
Purchase of property, plant and equipment		-71,157	-79,945
Cash flows from investing activities		-71,157	-79,945
Change in cash and cash equivalents		-399,769	-9,855,441
Cash and cash equivalents at 1 February		34,558,967	44,414,408
Cash and cash equivalents at 31 January		34,159,198	34,558,967
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		34,159,198	34,558,967
Cash and cash equivalents at 31 January		34,159,198	34,558,967

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	77,906,031	82,455,845
Pensions	6,476,897	7,170,241
Other social security expenses	168,797	174,160
Other staff expenses	976	4,181
	<u>84,552,701</u>	<u>89,804,427</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>50</u>	<u>50</u>
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	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
2. Financial expenses		
Other financial expenses	240,674	241,289
Exchange adjustments, expenses	300,367	149,962
	<u>541,041</u>	<u>391,251</u>

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
3. Income tax expense		
Current tax for the year	1,011,203	1,036,350
Deferred tax for the year	8,343	-12,761
Adjustment of tax concerning previous years	8,908	0
	<u>1,028,454</u>	<u>1,023,589</u>

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
4. Profit allocation		
Retained earnings	3,220,420	3,421,390
	<u>3,220,420</u>	<u>3,421,390</u>

5. Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	DKK
Cost at 1 February	2,492,822
Additions for the year	71,157
Cost at 31 January	<u>2,563,979</u>
Impairment losses and depreciation at 1 February	2,335,885
Depreciation for the year	78,030
Impairment losses and depreciation at 31 January	<u>2,413,915</u>
Carrying amount at 31 January	<u>150,064</u>

6. Other fixed asset investments

	<u>Deposits</u>
	DKK
Cost at 1 February	36,000
Cost at 31 January	<u>36,000</u>
Carrying amount at 31 January	<u>36,000</u>

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
7. Deferred tax asset		
Deferred tax asset at 1 February	51,857	39,096
Property, plant and equipment	-43,514	-51,857
Transferred to deferred tax asset	43,514	51,857
Amounts recognised in the income statement for the year	-8,343	12,761
Deferred tax asset at 31 January	<u>43,514</u>	<u>51,857</u>

8. Share capital

The share capital consists of 125 shares of a nominal value of DKK 1,000. No shares carry any special rights

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
9. Cash flow statement - Adjustments		
Financial income	-64,589	-20,355
Financial expenses	541,041	391,251
Depreciation, amortisation and impairment losses, including losses and gains on sales	78,030	173,018
Tax on profit/loss for the year	1,028,454	1,023,589
	<u>1,582,936</u>	<u>1,567,503</u>

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
10. Cash flow statement - Change in working capital		
Change in receivables	5,748,998	-6,453,860
Change in trade payables, etc	-9,557,255	-6,943,633
	<u>-3,808,257</u>	<u>-13,397,493</u>

11. Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 January 2023.

Notes to the Financial Statements

12. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
VMware, INC. Palo Alto, California, United States	Ultimate Parent
VMware International Unlimited Company Dublin 2, Ireland	Immediate Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

All intercompany transactions with entities in the VMware Group have been made at arm's length.

Consolidated Financial Statements

The Company is included in the Group Annual Report for the smallest and largest Parent Company:

<u>Name</u>	<u>Place of registered office</u>
VMware Inc	USA

The Group Annual Report of VMware Inc may be obtained at the following address:

3401 Hillview Avenue
Palo Alto
California
94304, United States

Notes to the Financial Statements

13. Accounting policies

The Annual Report of VMware Denmark ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 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.

Leases

Leases are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or VMware Denmark ApS's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for VMware Denmark ApS's other fixed assets.

VMware Denmark ApS has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Net sales

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue is measured at the fair value of the consideration received or receivable and represents mark-up charged to a related party on all the expenses incurred for operating the Company. The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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.

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	3-7 years
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Notes to the Financial Statements

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 are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

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 are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by off-set 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.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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