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# *Dawn Health A/S*

Sundkaj 153, 1., DK-2150 Copenhagen

## Annual Report for 2023

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CVR No. 37 68 32 64

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 17/4 2024

Alexander Mandix  
Hansen  
Chairman of the  
general meeting



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# Independent Auditor's report

To the shareholder of Dawn Health A/S

## Opinion

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

We have audited the Financial Statements of Dawn Health A/S for the financial year 1 January - 31 December 2023, 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, 17 April 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff

State Authorised Public Accountant

mne30221

Martin Birch

State Authorised Public Accountant

mne42825

## Company information

<b>The Company</b>	Dawn Health A/S Sundkaj 153, 1. DK-2150 Copenhagen  CVR No: 37 68 32 64 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Lars Marcher, chairman Jørn Larsen John Rubek Lauritsen Mads Lacoppidan
<b>Executive Board</b>	Daniel Gewecke Daugaard-Jensen Alexander Mandix Hansen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit	51,562	47,157	27,486	22,566	15,044
Profit/loss of primary operations	-24,677	-10,905	3,176	6,104	2,279
Profit/loss of financial income and expenses	-4,904	-5,654	-496	-138	1,131
Net profit/loss for the year	-25,287	-11,803	1,867	4,645	2,914
<b>Balance sheet</b>					
Balance sheet total	111,276	137,478	139,855	16,807	12,865
Equity	-29,035	-3,748	8,055	6,189	6,954
Number of employees	95	76	33	21	15
<b>Ratios</b>					
Return on assets	-22.2%	-7.9%	2.3%	36.3%	17.7%
Solvency ratio	-26.1%	-2.7%	5.8%	36.8%	54.1%
Return on equity	154.3%	-548.1%	26.2%	70.7%	53.0%

# Management's review

## Key activities

The Company's activities consists of developing digital transformation strategies and digital disease interventions targeted at doctors and patients aiming to provide an improved disease course.

## Development in the year

The income statement of the Company for 2023 shows a loss of DKK 25,286,749, and at 31 December 2023 the balance sheet of the Company shows a negative equity of DKK 29,034,639.

Management has assessed the result of the year and sees it as aligned with the expectation in the budget and the strategy of the company. The investments made in the year shall ensure the company's growth and profitability in future years. The expectation is to continue to invest into these areas in future years. The company is part of the Dawn Health Group, which is well consolidated and has the liquidity to complete future investments until the company reaches a state of profitability.

## Capital resources

Current budgets show sufficient liquidity, and the Company's burn rate is being monitored and evaluated on an ongoing basis.

## Targets and expectations for the year ahead

The Company is expecting a gross profit of 52-67 MDKK in 2024.

## Research and development

The Company's research activities are related to the product that are developed internal.

## Intellectual capital resources

Guided by our mission "Code to Save Lives", our primary commitment is to develop products that epitomize this ethos. We firmly believe that our personnel are the cornerstone of our ability to realize this vision. The crux lies in assembling a team of adept individuals who not only share our mission but also possess the requisite expertise. Thus, our efforts extend from carefully identifying and attracting top-tier talents to cultivating an environment conducive to perpetual professional development across diverse domains of expertise.

## 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 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 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 January - 31 December

	Note	2023	2022
		DKK	DKK
<b>Gross profit</b>		<b>51,562,172</b>	<b>47,157,389</b>
Staff expenses	1	-70,898,997	-57,520,637
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-5,339,994	-541,677
<b>Profit/loss before financial income and expenses</b>		<b>-24,676,819</b>	<b>-10,904,925</b>
Financial income	3	1,390,816	581,717
Financial expenses	4	-6,295,012	-6,235,941
<b>Profit/loss before tax</b>		<b>-29,581,015</b>	<b>-16,559,149</b>
Tax on profit/loss for the year	5	4,294,266	4,755,990
<b>Net profit/loss for the year</b>	6	<b>-25,286,749</b>	<b>-11,803,159</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		26,859,150	8,451,873
Development projects in progress		1,521,376	13,480,187
<b>Intangible assets</b>	7	<b>28,380,526</b>	<b>21,932,060</b>
Other fixtures and fittings, tools and equipment		1,706,556	1,998,199
Leasehold improvements		347,870	233,480
<b>Property, plant and equipment</b>	8	<b>2,054,426</b>	<b>2,231,679</b>
Receivables from group enterprises	9	13,639,851	6,349,036
Deposits	9	2,476,178	3,083,443
<b>Fixed asset investments</b>		<b>16,116,029</b>	<b>9,432,479</b>
<b>Fixed assets</b>		<b>46,550,981</b>	<b>33,596,218</b>
Trade receivables		15,019,536	9,773,344
Contract work in progress	10	293,311	4,954,749
Receivables from group enterprises		0	90,796
Other receivables		86,711	86,711
Corporation tax		2,382,176	4,825,053
Corporation tax receivable from group enterprises		993,227	878,288
Prepayments	11	2,519,851	2,707,073
<b>Receivables</b>		<b>21,294,812</b>	<b>23,316,014</b>
<b>Cash at bank and in hand</b>		<b>43,430,350</b>	<b>80,565,642</b>
<b>Current assets</b>		<b>64,725,162</b>	<b>103,881,656</b>
<b>Assets</b>		<b>111,276,143</b>	<b>137,477,874</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		404,211	404,211
Reserve for development costs		22,136,811	17,107,007
Retained earnings		-51,575,661	-21,259,108
<b>Equity</b>		<b>-29,034,639</b>	<b>-3,747,890</b>
Provision for deferred tax	12	0	918,863
<b>Provisions</b>		<b>0</b>	<b>918,863</b>
Payables to group enterprises		128,250,000	129,078,072
<b>Long-term debt</b>	13	<b>128,250,000</b>	<b>129,078,072</b>
Trade payables		4,431,832	4,825,029
Other payables		7,628,950	6,403,800
<b>Short-term debt</b>		<b>12,060,782</b>	<b>11,228,829</b>
<b>Debt</b>		<b>140,310,782</b>	<b>140,306,901</b>
<b>Liabilities and equity</b>		<b>111,276,143</b>	<b>137,477,874</b>
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Subsequent events	16		
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## Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	404,211	17,107,007	-21,259,108	-3,747,890
Development costs for the year	0	8,445,897	-8,445,897	0
Depreciation, amortisation and impairment for the year	0	-3,416,093	3,416,093	0
Net profit/loss for the year	0	0	-25,286,749	-25,286,749
<b>Equity at 31 December</b>	<b>404,211</b>	<b>22,136,811</b>	<b>-51,575,661</b>	<b>-29,034,639</b>

# Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	64,072,975	53,104,465
Pensions	5,922,912	3,751,584
Other social security expenses	846,487	648,662
Other staff expenses	56,623	15,926
	<u>70,898,997</u>	<u>57,520,637</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	2,203,400	
Board of directors	100,000	
	<u>2,303,400</u>	
Including remuneration to the Executive Board and Board of Directors		<u>1,376,250</u>
Average number of employees	<u>95</u>	<u>76</u>
	2023	2022
	DKK	DKK
<b>2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	4,379,606	0
Depreciation of property, plant and equipment	960,388	541,677
	<u>5,339,994</u>	<u>541,677</u>
	2023	2022
	DKK	DKK
<b>3. Financial income</b>		
Interest received from group enterprises	109,376	106,191
Other financial income	1,281,440	475,526
	<u>1,390,816</u>	<u>581,717</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>4. Financial expenses</b>		
Impairment losses on financial assets	2,343,590	1,790,003
Interest paid to group enterprises	3,876,709	3,763,796
Other financial expenses	45,079	467,932
Exchange loss	29,634	214,210
	<u><b>6,295,012</b></u>	<u><b>6,235,941</b></u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>5. Income tax expense</b>		
Current tax for the year	-3,375,403	-5,703,341
Deferred tax for the year	-918,863	947,351
	<u><b>-4,294,266</b></u>	<u><b>-4,755,990</b></u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>6. Profit allocation</b>		
Retained earnings	-25,286,749	-11,803,159
	<u><b>-25,286,749</b></u>	<u><b>-11,803,159</b></u>

## Notes to the Financial Statements

### 7. Intangible fixed assets

	Completed development projects	Develop- ment projects in progress
	DKK	DKK
Cost at 1 January	8,451,873	13,480,187
Additions for the year	9,306,696	1,521,376
Transfers for the year	13,480,187	-13,480,187
Cost at 31 December	<u>31,238,756</u>	<u>1,521,376</u>
Impairment losses and amortisation at 1 January	0	0
Amortisation for the year	4,379,606	0
Impairment losses and amortisation at 31 December	<u>4,379,606</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>26,859,150</u></b>	<b><u>1,521,376</u></b>
Amortised over	<u>5 years</u>	

### 8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	3,241,160	233,480
Additions for the year	578,850	204,285
Cost at 31 December	<u>3,820,010</u>	<u>437,765</u>
Impairment losses and depreciation at 1 January	1,242,961	0
Depreciation for the year	870,493	89,895
Impairment losses and depreciation at 31 December	<u>2,113,454</u>	<u>89,895</u>
<b>Carrying amount at 31 December</b>	<b><u>1,706,556</u></b>	<b><u>347,870</u></b>

# Notes to the Financial Statements

## 9. Other fixed asset investments

	Receivables from group enterprises	Deposits
	DKK	DKK
Cost at 1 January	6,349,036	3,083,443
Additions for the year	7,290,815	0
Disposals for the year	0	-607,265
Cost at 31 December	<u>13,639,851</u>	<u>2,476,178</u>
<b>Carrying amount at 31 December</b>	<b><u>13,639,851</u></b>	<b><u>2,476,178</u></b>

## 10. Contract work in progress

	2023	2022
	DKK	DKK
Selling price of work in progress	28,885,619	20,176,344
Payments received on account	-28,592,308	-15,221,595
	<u>293,311</u>	<u>4,954,749</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	<u>293,311</u>	<u>4,954,749</u>
	<b><u>293,311</u></b>	<b><u>4,954,749</u></b>

## 11. Prepayments

Prepayments consist of prepaid rent, consultancy fees, etc.

## 12. Provision for deferred tax

	2023	2022
	DKK	DKK
Deferred tax liabilities at 1 January	918,863	-28,488
Amounts recognised in the income statement for the year	-918,863	947,351
Deferred tax liabilities at 31 December	<u>0</u>	<u>918,863</u>



## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>13. Long-term debt</b>		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
<b>Payables to group enterprises</b>		
After 5 years	0	0
Between 1 and 5 years	<u>128,250,000</u>	<u>129,078,072</u>
Long-term part	<u>128,250,000</u>	<u>129,078,072</u>
Within 1 year	<u>0</u>	<u>0</u>
	<u><b>128,250,000</b></u>	<u><b>129,078,072</b></u>

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>14. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	4,935,000	4,935,000
Between 1 and 5 years	<u>822,500</u>	<u>5,346,250</u>
	<u><b>5,757,500</b></u>	<u><b>10,281,250</b></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 for Dawn 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

## 15. Related parties and disclosure of consolidated financial statements

### 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.

### Consolidated Financial Statements

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

Name	Place of registered office
Dawn Holding ApS	Copenhagen, Denmark

## 16. Subsequent events

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

# Notes to the Financial Statements

## 17. Accounting policies

The Annual Report of Dawn Health A/S for 2023 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 2023 are presented in DKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Dawn Holding ApS, the Company has not prepared a cash flow statement.

### 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.

### 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; however, see the section on hedge accounting.

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

## Income statement

### Revenue

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

# Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

## Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

## Other external expenses

Other external expenses comprise expenses for premises, marketing cost, travel cost, 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, expenses for raw materials and consumables 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 intangible assets and property, plant and equipment.

## 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 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 Dawn 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).

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

### 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	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and 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 amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Other fixed asset investments

Other fixed asset investments consist of receivables from group enterprises and deposits.

# Notes to the Financial Statements

## 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.

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## 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, 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

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

# Notes to the Financial Statements

## Financial Highlights

### Explanation of financial ratios

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