Deloitte.

Trunk Holding ApS

Hauser Plads 30 A, 1.
1127 København K
CVR No. 43728059

Annual report 2022

The Annual General Meeting adopted the annual report on 10.07.2023

Casper Kaae Sønderby
Chairman of the General Meeting

Contents

Entity details

Entity

Trunk Holding ApS

Hauser Plads 30 A, 1.

1127 København K

Business Registration No.: 43728059

Registered office: København

Financial year: 01.01.2022 - 31.12.2022

Executive Board

Casper Kaae Sønderby

Søren Kaae Sønderby

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Trunk Holding ApS for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen K, 10.07.2023

Executive Board

Casper Kaae Sønderby **Søren Kaae Sønderby**

Independent auditor's report

To the shareholders of Trunk Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Trunk Holding ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 10.07.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Management commentary

Financial highlights

	2022 DKK'000
Key figures	
Gross profit/loss	68,989
Operating profit/loss	62,875
Net financials	50
Profit/loss for the year	49,302
Balance sheet total	57,583
Investments in property, plant and equipment	497
Equity	42,459
Cash flows from operating activities	63,926
Cash flows from investing activities	(4,050)
Cash flows from financing activities	(7,449)
Ratios	
Equity ratio (%)	73.74

The group was established in 2022. There are therefore no main and key figures for previous years.

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

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The group develops software and trades power on the European power markets.

The group consits of the companies Trunk Holding ApS, Twig Energy ApS and Twig Redwood ApS

Development in activities and finances

In 2022 the group developed its software platform and initiated its activities across most European power markets. These activities will continue in 2023. The group has realized a profit of T.DKK 49.302 for the year which the management finds satisfying.

The year's result is significantly influenced by introduction to the market with a finished product and also the development of the electricity market in general.

Uncertainty relating to recognition and measurement

The group invests in the development of software to the power market.

Expenses in the development phase are capitalised at cost on initial recognition and are valued on an ongoing basis by the groups Management. The groups Management assesses the completion costs and expected future cash flows for each development project.

An impairment loss is only recognized if management estimates that the future net income is less than the value of the development project. Future net income is based on significant estimates and is thus associated with some uncertainty. The bookvalue per 31.12.2022 at T.DKK 2.930 is estimated to be correct, as significant cash flows are expected in the future.

Outlook

The company will continue to develop its software platform for the power markets in 2023. The result for 2023 is expected to be in the interval T.DKK 35.000 to T.DKK 60.000. The results will be significantly affected by the macro economic environment on the energy markets increasing the uncertainty of the outlook.

Use of financial instruments

The group is significantly affected by the electricity market in general. The management continuously monitors the electricity market and tries to adapt its activity to this. No price protection is used.

The group has transactions in several currencies. Electricity is often bought and sold in the same currency. Exchange rate hedging is not used.

The company's trading strategies and maximal financial exposures are set by an internal risk management board. The company follows a trading strategy that miminimes the financial exposures and the financial risk is estimated to be small.

The company has minimal debt and a strong liquidity and is not expected to be impacted by increasing interest rates or other increases in financial costs.

Knowledge resources

The group's employees are central to the ongoing development of the group and also the development project. The group has extensive knowledge of the electricity market and also the technical skills to develop the software solution for the electricity market. It is the group's ambition to continuously maintain and further develop its knowledge resources and, if necessary, recruit in the future.

Environmental performance

The company has a minimal direct impact on the environment and tries to minimize any negative impacts on the environment. The company expects to invest significantly in CO_2e reducing activities in 2023 and going forward.

Research and development activities

The group continuously develops development projects, so that this is continuously improved and also maintained. Improvements are capitalized in the balance sheet as a development project, while maintenance is expensed in the income statement.

The group has a focus on ongoing research and development of the core product, so that it always strives to be the best in the market.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2022

	Notes	2022 DKK
Gross profit/loss		**68,989,029**
Staff costs	1	(4,980,330)
Depreciation, amortisation and impairment losses	2	(1,134,038)
Operating profit/loss		**62,874,661**
Other financial income		268,388
Other financial expenses		(217,972)
Profit/loss before tax		**62,925,077**
Tax on profit/loss for the year	3	(13,623,445)
Profit/loss for the year	4	**49,301,632**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK
Completed development projects	6	2,929,732
Acquired intangible assets		55,790
Intangible assets	5	**2,985,522**
Other fixtures and fittings, tools and equipment		377,885
Property, plant and equipment	7	**377,885**
Deposits		135,000
Financial assets	8	**135,000**
Fixed assets		**3,498,407**
Other receivables		1,573,221
Prepayments	9	84,827
Receivables		**1,658,048**
Cash		**52,426,340**
Current assets		**54,084,388**
Assets		**57,582,795**

Equity and liabilities

	Notes	2022 DKK
Contributed capital		409,304
Retained earnings		42,049,202
Equity		**42,458,506**
Deferred tax	10	642,541
Provisions		**642,541**
Trade payables		520,918
Payables to owners and management		426,392
Tax payable		12,986,904
Other payables		547,534
Current liabilities other than provisions		**14,481,748**
Liabilities other than provisions		**14,481,748**
Equity and liabilities		**57,582,795**
Unrecognised rental and lease commitments	12	
Assets charged and collateral	13	
Transactions with related parties	14	
Subsidiaries	15	

Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Contributed upon formation	409,304	196,903	0	0	606,207
Extraordinary dividend paid	0	0	0	(7,449,333)	(7,449,333)
Transfer to reserves	0	(196,903)	196,903	0	0
Profit/loss for the year	0	0	41,852,299	7,449,333	49,301,632
Equity end of year	**409,304**	**0**	**42,049,202**	**0**	**42,458,506**

Consolidated cash flow statement for 2022

	Notes	2022 DKK
Operating profit/loss		62,874,661
Amortisation, depreciation and impairment losses		1,134,038
Working capital changes	11	(133,160)
Cash flow from ordinary operating activities		**63,875,539**
Financial income received		268,388
Financial expenses paid		(217,972)
Cash flows from operating activities		**63,925,955**
Acquisition etc. of intangible assets		(3,888,650)
Acquisition etc. of property, plant and equipment		(443,794)
Acquisition of fixed asset investments		(135,000)
Acquisitions through business combinations etc		417,162
Cash flows from investing activities		**(4,050,282)**
Free cash flows generated from operations and investments before financing		**59,875,673**
Dividend paid		(7,449,333)
Cash flows from financing activities		**(7,449,333)**
Increase/decrease in cash and cash equivalents		**52,426,340**
Cash and cash equivalents end of year		**52,426,340**
Cash and cash equivalents at year-end are composed of:		
Cash		52,426,340
Cash and cash equivalents end of year		**52,426,340**

Notes to consolidated financial statements

1 Staff costs

	2022 DKK
Wages and salaries	4,814,825
Pension costs	18,900
Other social security costs	19,502
Other staff costs	127,103
	4,980,330

Average number of full-time employees	6

	Remuneration of management 2022 DKK
Executive Board	1,502,668
	1,502,668

2 Depreciation, amortisation and impairment losses

	2022 DKK
Amortisation of intangible assets	1,014,708
Depreciation on property, plant and equipment	119,330
	1,134,038

3 Tax on profit/loss for the year

	2022 DKK
Current tax	12,986,904
Change in deferred tax	636,541
	13,623,445

4 Proposed distribution of profit/loss

	2022 DKK
Extraordinary dividend distributed in the financial year	7,449,333
Retained earnings	41,852,299
	49,301,632

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK
Addition through business combinations etc	0	111,580
Additions	3,888,650	0
Cost end of year	**3,888,650**	**111,580**
Amortisation for the year	(958,918)	(55,790)
Amortisation and impairment losses end of year	**(958,918)**	**(55,790)**
Carrying amount end of year	**2,929,732**	**55,790**

6 Development projects

During the financial year, our company developed a development project related to the creation of a machine learning model. The objective of this project was to gain an enhanced understanding of electricity markets. This innovative machine learning model aims to leverage advanced algorithms and vast data sets to anticipate market trends, price fluctuations, and other important factors in the electricity market. The insights generated by this model are intended to support strategic decisions, optimize energy trading, and ultimately lead to improved financial performance. The project, in its development phase, has required significant investment for data procurement, infrastructure development, and specialized personnel hiring. This development has been classified as completed development projects and will be depreciated over the projected useful life of the model. We believe that this project represents an investment in our company's future capabilities and competitiveness in a rapidly evolving market.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Addition through business combinations etc	53,421
Additions	443,794
Cost end of year	**497,215**
Depreciation for the year	(119,330)
Depreciation and impairment losses end of year	**(119,330)**
Carrying amount end of year	**377,885**

8 Financial assets

	Deposits DKK
Additions	135,000
Cost end of year	**135,000**
Carrying amount end of year	**135,000**

9 Prepayments

Prepayments recognised under assets include expenses incurred relating to subsequent financial years. Prepayments are measured at cost.

10 Deferred tax

	2022 DKK
Intangible assets	645,839
Property, plant and equipment	(3,298)
Deferred tax	**642,541**

Changes during the year	2022 DKK
Recognised in the income statement	636,541
Acquisitions through business combinations etc	6,000
End of year	**642,541**

11 Changes in working capital

	2022 DKK
Increase/decrease in receivables	(1,137,493)
Increase/decrease in trade payables etc.	1,004,333
	(133,160)

12 Unrecognised rental and lease commitments

	2022 DKK
Total liabilities under rental or lease agreements until maturity	405,000

13 Assets charged and collateral

Of the company's liquid funds, DKK 11.2 million has been deposited for security for balances on energy trading.

14 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

15 Subsidiaries

	Registered in	Corporate form	Ownership %
Twig Energy ApS	Copenhagen	ApS	100.00
Twig Redwood ApS	Copenhagen	ApS	100.00

Parent income statement for 2022

	Notes	2022 DKK
Gross profit/loss		**(78,000)**
Income from investments in group enterprises		49,379,632
Profit/loss before tax		**49,301,632**
Tax on profit/loss for the year		0
Profit/loss for the year	1	**49,301,632**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK
Investments in group enterprises		42,536,506
Financial assets	2	**42,536,506**
Fixed assets		**42,536,506**
Joint taxation contribution receivable		12,986,904
Receivables		**12,986,904**
Current assets		**12,986,904**
Assets		**55,523,410**

Equity and liabilities

	Notes	2022 DKK
Contributed capital		409,304
Reserve for net revaluation according to equity method		33,930,299
Retained earnings		8,118,903
Equity		**42,458,506**
Trade payables		78,000
Tax payable		12,986,904
Current liabilities other than provisions		**13,064,904**
Liabilities other than provisions		**13,064,904**
Equity and liabilities		**55,523,410**
Employees	3	
Contingent liabilities	4	
Assets charged and collateral	5	
Transactions with related parties	6	

Parent statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Contributed upon formation	409,304	196,903	0	0	0
Extraordinary dividend paid	0	0	0	0	(7,449,333)
Dividends from group enterprises	0	0	(15,449,333)	15,449,333	0
Transfer to reserves	0	(196,903)	0	196,903	0
Profit/loss for the year	0	0	49,379,632	(7,527,333)	7,449,333
Equity end of year	**409,304**	**0**	**33,930,299**	**8,118,903**	**0**

	Total DKK
Contributed upon formation	606,207
Extraordinary dividend paid	(7,449,333)
Dividends from group enterprises	0
Transfer to reserves	0
Profit/loss for the year	49,301,632
Equity end of year	**42,458,506**

Notes to parent financial statements

1 Proposed distribution of profit and loss

	2022 DKK
Extraordinary dividend distributed in the financial year	7,449,333
Retained earnings	41,852,299
	49,301,632

2 Financial assets

	Investments in group enterprises DKK
Addition through business combinations etc	606,207
Additions	8,000,000
Cost end of year	**8,606,207**
Share of profit/loss for the year	49,379,632
Dividend	(15,449,333)
Revaluations end of year	**33,930,299**
Carrying amount end of year	**42,536,506**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

3 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

4 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

5 Assets charged and collateral

Of the company's liquid funds, DKK 11.2 million has been deposited for security for balances on energy trading.

6 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Non-comparability
This is the Entity's first financial year, so no comparative figures has been included. The financial year consists of the period 01.01.2022 - 31.12.2022.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised, other operating income, costs of sales and external expenses.

Revenue

Revenue from the sale of the power trading is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc . for entity staff.

Depreciation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	'2-5

Estimated useful lives and residual values are reassessed annually.
Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary

differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.