



DSTNY A/S

Skodsborgvej 305D, 2850 Nærum

CVR no. 28 31 31 60

**Annual report for the period
1 January to 31 December 2024**

Adopted at the annual general meeting on 18 June 2025

Kåre Bo Jacobsen
Chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of DSTNY A/S for the financial year 1 January - 31 December 2024.

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 company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Nærum, 18 June 2025

Executive board

Kåre Bo Jacobsen

Supervisory board

Joris Van Rymenant
chairman

Daan De Wever

Kåre Bo Jacobsen

Independent auditor's report

To the shareholders of DSTNY A/S

Opinion

We have audited the financial statements of DSTNY A/S for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 the 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.

Independent auditor's report

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, we conclude that 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 of management's review.

Copenhagen, 18 June 2025

EY
Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Allan Nørgaard
state authorised public accountant
mne35501

Jesper Dalsgaard
state authorised public accountant
mne50618

Company details

The company	DSTNY A/S Skodsborgvej 305D 2850 Nærum CVR no.: 28 31 31 60 Reporting period: 1 January - 31 December 2024 Domicile: Rudersdal
Supervisory board	Joris Van Rymenant, chairman Daan De Wever Kåre Bo Jacobsen
Executive board	Kåre Bo Jacobsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg

Financial highlights

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

	2024	2023	2022/21	2021/20	2020/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	44.549	38.951	64.365	50.921	54.461
Profit before depreciation and write-downs (EBITDA)	8.118	421	7.718	17.172	18.702
Profit/loss before net financials	-5.891	-15.096	-14.263	7.479	7.422
Profit/loss from extraordinary items	-2.802	-15.096	-14.263	7.479	7.422
Net financials	-2.838	-4.449	-1.021	-510	-565
Profit/loss for the year	-8.144	-16.313	-13.432	4.152	7.742
Balance sheet					
Balance sheet total	88.831	102.672	78.687	88.406	86.762
Investment in property, plant and equipment	0	-425	-346	-761	-495
Equity	11.830	19.974	20.136	31.019	31.236
Number of employees	57	63	68	66	62
Financial ratios					
Return on assets	-6,2%	-16,6%	-17,1%	8,5%	11,5%
Solvency ratio	13,3%	19,5%	25,6%	35,1%	36,0%
Return on equity	-51,2%	-81,3%	-52,5%	13,3%	24,9%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

The company's primary activities are to serve as a telecom and network operator. The company is part of the European Dstny Group.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Financial review

The company's income statement for the year ended 31 December 2024 shows a loss of DKK 8.143.940, and the balance sheet at 31 December 2024 shows equity of DKK 11.830.174.

In the 2024 annual report, management expected a result in the range of DKK 1–2 million.

Management acknowledges that the financial results for the year fell short of expectations, primarily due to financing costs related to interest on internal loans and management fees from the Dstny Group. These factors had a notable impact on the year's overall profitability.

Significant events occurring after the end of the financial year

No events have occurred after the end of the financial year that would materially affect the company's financial position.

Knowledge resources

DSTNY A/S is a knowledge-based company, and to continuously deliver high-quality and stable services, it is essential to attract and retain employees with the appropriate level of expertise. DSTNY A/S continuously trains existing employees and has a workforce with very long seniority and deep knowledge of the products delivered.

Research and development activities

The company continually invests in development activities with the aim of ensuring its products and solutions benefit its customers and to optimize internal processes.

Environmental impact

The company is a service business with a limited environmental footprint. However, it is in the process of reducing energy consumption and producing solar energy at a level that will, at minimum, reduce total energy impact by 50%.

Management's review

Expected development

In 2025, the company's revenue is expected to increase by approximately 5–6% as a result of continued growth in its core markets. Based on this, a positive result of approx 1-2 mio. DKK is expected.

Income statement 1 January - 31 December

	Note	2024 DKK	2023 DKK
Gross profit		44.549.405	38.951.109
Staff costs	1	-36.431.154	-38.530.304
Profit/loss before amortisation/depreciation and impairment losses		8.118.251	420.805
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-14.008.869	-15.517.133
Profit/loss before net financials		-5.890.618	-15.096.328
Financial income		170.026	212.695
Financial costs	3	-3.008.507	-4.662.094
Profit/loss before tax		-8.729.099	-19.545.727
Tax on profit/loss for the year	4	585.159	3.233.064
Profit/loss for the year		-8.143.940	-16.312.663

Balance sheet at 31 December 2024

	Note	2024 DKK	2023 DKK
Assets			
Completed development projects		9.974.727	14.743.571
Goodwill		39.626.768	46.206.811
Intangible assets	6	49.601.495	60.950.382
Other fixtures and fittings, tools and equipment	7	342.287	679.720
Tangible assets		342.287	679.720
Deposits	8	382.533	376.716
Fixed asset investments		382.533	376.716
Total non-current assets		50.326.315	62.006.818
Goods for resale and consumables		1.394.782	1.450.283
Inventory		1.394.782	1.450.283
Trade receivables		19.310.008	21.391.034
Other receivables		2.040.319	1.298.094
Joint taxation contributions receivable		0	351.425
Prepayments	9	12.301.966	13.925.658
Receivables		33.652.293	36.966.211
Cash at bank and in hand		3.457.459	2.248.991
Total current assets		38.504.534	40.665.485
Total assets		88.830.849	102.672.303

Balance sheet at 31 December 2024

	Note	2024 DKK	2023 DKK
Equity and liabilities			
	10		
Share capital		2.399.240	2.399.240
Reserve for development expenditure		7.780.287	11.499.986
Retained earnings		1.650.647	6.074.888
Equity		11.830.174	19.974.114
Provision for deferred tax	11	0	585.159
Total provisions		0	585.159
Payables to parent		26.779.814	26.779.814
Other payables		3.708.695	3.605.426
Total non-current liabilities	12	30.488.509	30.385.240
Trade payables		13.371.312	12.803.346
Payables to parent		6.177.820	13.234.705
Other payables		10.199.427	7.249.967
Deferred income	13	16.763.607	18.439.772
Total current liabilities		46.512.166	51.727.790
Total liabilities		77.000.675	82.113.030
Total equity and liabilities		88.830.849	102.672.303
Distribution of profit	5		
Own equity shares	10		
Rent and lease liabilities	15		
Subsequent events	14		
Contingent liabilities	16		
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Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	2.399.240	11.499.986	6.074.888	19.974.114
Net profit/loss for the year	0	-3.719.699	-4.424.241	-8.143.940
Equity at 31 December	2.399.240	7.780.287	1.650.647	11.830.174

The company has received a letter of comfort from the group company Destilink BV in which that entity states that it will provide the cash for the company to continue its operations should such support be necessary.

Notes

	2024 DKK	2023 DKK
1 Staff costs		
Wages and salaries	33.615.245	34.142.014
Pensions	2.384.331	4.260.281
Other social security costs	431.578	537.338
Other staff costs	0	-409.329
	36.431.154	38.530.304
Including remuneration to the executive board: Executive Board	1.903.173	3.676.049
	1.903.173	3.676.049
Number of fulltime employees on average	57	63
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	13.671.431	15.134.791
Depreciation tangible assets	337.438	382.342
	14.008.869	15.517.133

Notes

	2024 DKK	2023 DKK
3 Financial costs		
Financial expenses, group entities	2.843.289	3.177.286
Other financial costs	165.218	1.484.808
	3.008.507	4.662.094
4 Tax on profit/loss for the year		
Current tax for the year	0	-322.255
Deferred tax for the year	-700.634	-2.910.809
Adjustment of deferred tax concerning previous years	115.475	0
	-585.159	-3.233.064
5 Distribution of profit		
Transferred to reserve for development expenditure	-3.719.699	-4.929.184
Retained earnings	-4.424.241	-11.383.479
	-8.143.940	-16.312.663

Notes

6 Intangible assets

	Completed development projects DKK	Goodwill DKK	Total DKK
Cost at 1 January	116.294.804	75.219.270	191.514.074
Additions for the year	2.322.544	0	2.322.544
Cost at 31 December	118.617.348	75.219.270	193.836.618
Impairment losses and amortisation at 1 January	101.551.233	29.012.459	130.563.692
Amortisation for the year	7.091.388	6.580.043	13.671.431
Impairment losses and amortisation at 31 December	108.642.621	35.592.502	144.235.123
Carrying amount at 31 December	9.974.727	39.626.768	49.601.495
Depreciated over	5 years	10 years	

Special assumptions regarding development projects

DSTNY A/S provides software-based cloud services and develops a range of software sold on a subscription basis. The software developed by DSTNY is a crucial factor in generating the revenue that constitutes DSTNY's business, as well as being an integral part of the delivery processes and servicing of DSTNY's customers, thus enhancing the efficiency of DSTNY's daily operations.

The development projects contribute to strengthening DSTNY's competitive position in the market, with ongoing development and improvements made to the software in use. Based on the management's assessment of future earnings resulting from the ongoing development work, the value of the development projects is considered to be appropriately valued. Development costs consist of salaries, outsourced services, and other expenses.

Goodwill

The management have prepared an impairment analysis of the netbooked goodwill. Based on expectations for future earnings, no need for writedowns have been identified.

Notes

7 Tangible assets

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	3.536.642
Cost at 31 December	3.536.642
Impairment losses and depreciation at 1 January	2.856.922
Depreciation for the year	337.433
Impairment losses and depreciation at 31 December	3.194.355
Carrying amount at 31 December	342.287
Depreciated over	3-5 years

8 Fixed asset investments

	Deposits
	DKK
Cost at 1 January	376.716
Additions for the year	5.817
Cost at 31 December	382.533
Carrying amount at 31 December	382.533

9 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance, subscriptions and interest.

Notes

10 Equity

The share capital is distributed as follows:

A-Shares, 2.399.240 stk. a nom. 1,00 kr.

2024	2023
DKK	DKK
2.399.240	2.399.240
2.399.240	2.399.240

The share capital has developed as follows over the past two years

Saldo primo	2.399.240	2.399.240
Change in capital	0	0
	2.399.240	2.399.240

Own shares

The company's holding 629,866 own shares with a value of nominal 1 DKK each, which corresponds to 27% of the company's capital.

Notes

	2024 DKK	2023 DKK
11 Provision for deferred tax		
Provision for deferred tax at 1 January	585.159	3.497.547
Deferred tax recognised in income statement	-919.706	-2.910.809
Adjustment of deferred tax concerning previous years	115.475	0
Provisions for deferred tax through mergers and business combinations	0	-1.579
Accounting Impairment of deferred tax assets	219.072	0
Provision for deferred tax at 31 December	0	585.159

12 Long term debt

	Debt at 1 January DKK	Debt at 31 December DKK	Instalment next year DKK	Debt outstanding after 5 years DKK
Payables to parent	26.779.814	26.779.814	0	26.779.814
Other payables	3.605.426	3.708.695	0	3.708.695
	30.385.240	30.488.509	0	30.488.509

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

14 Subsequent events

No subsequent events have occurred after the end of the reporting period that could significantly affect the company's financial position.

Notes

	2024	2023
	DKK	DKK
15 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	1.442.364	2.356.415
Between 1 and 5 years	625.260	1.342.620
	2.067.624	3.699.035

16 Contingent liabilities

The company is jointly taxed with the parent company Destiny Denmark Service Center ApS acting as the administration company and is jointly liable with other jointly taxed companies for the payment of corporate tax starting from the income year 2024, as well as for withholding tax on interest, royalties, and dividends.

17 Mortgages and collateral

As security for debt to the financial institution, the company has provided a company mortgage of nominally TDKK 15,000. The company mortgage includes inventory, receivables from sales and services, other assets, development projects, and goodwill, which has a carrying amount of TDKK 70,649 as of the balance sheet date.

Notes

18 Related parties and ownership structure

Controlling interest

Destilink BV, Belgicastraat 17, 1930 Zaventem, Belgium, ultimate owner

Destiny Denmark Service Center ApS, Skodsborgvej 305 D, 2850 Nærum, parent company

Other related parties

Flexfone A/S, Danmarksvej 26, 8660 Skanderborg, related company

Destiny B.V. NL, Sluitappel 49-51, 5491 TS Sint-Oedenrode, Holland, related company

Destiny NV/SA, Belgicastraat 17, 1930 Zaventem, Belgium, related company

Destilink Finco BV, Belgicastraat 17, 1930 Zaventem, Belgium, related company

Destiny Sweden Service Center AB, Lumaparksvägen 9, 12031 Stockholm, Sverige, related company

Destiny GIS, Belgicastraat 17, 1930 Zaventem, Belgium, related company

Destiny for Service Providers AB, Lumaparksvägen 9, SE-120 31 Stockholm, Sverige, related company

Destiny Sweden AB, Lumaparksvägen 9, 12031 Stockholm, Sverige. related company

Notes

18 Related parties and ownership structure (continued)

Transactions

The company has had the following transactions with related parties.

	2024	2023
	kr.	kr.
Purchase of goods from group entities	45.700	15.8
Sale of services to group entities	34.250	-385.2
Purchase of services from group entities	42.363.703	38.333.5
Interest expenses from group entities	-2.843.289	-3.177.2
Payable to group entities	-33.369.861	-40.014.5

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Destilink BV, Belgicastraat 17, 1930 Zaventem, Belgium

The group annual report of Destilink BV may be obtained at the address mentioned above.

Accounting policies

The annual report of Dsteny A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

With reference to the Danish Financial Statements Act §86, para. 4, the cash flow statement has been omitted, as the company is included in the consolidated cash flow statement of the parent company, Destilink BV

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition

Income from the sale service is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Materials and consumables

Costs of materials and consumables include the materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

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.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Completed development projects	5 years
Goodwill	10 years
Other fixtures and fittings, tools and equipment	3-5 years

Research and development costs

Development costs comprise costs relating to development projects that do not qualify for recognition in the balance sheet and amortisation of recognised development projects.

Accounting policies

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts related to the financial year. Financial items include interest income and expenses, received dividends, etc., from other securities and equity holdings, as well as supplements and reimbursements under the advance tax scheme, etc.

Tax

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortized over its estimated economic lifespan, determined based on management's experiences within the various business areas. Goodwill is amortized on a straight-line basis over an amortization period of 10 years.

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources, and a potential future market or development opportunity within the company can be demonstrated, and where there is an intention to produce, market, or utilize the project, are recognized as intangible assets if the cost can be reliably measured and there is sufficient assurance that future earnings will cover production, sales, and administrative costs. Other development costs are recognized in the income statement as they are incurred.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Accounting policies

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment. The cost includes the acquisition price and costs directly related to the acquisition until the point where the asset is ready for use.

Gains or losses are determined as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses from the sale of tangible assets are recognized in the income statement as other operating income and other operating expenses, respectively.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Leases

The company has chosen IAS 17 as the interpretative contribution for the classification and recognition of leasing contracts.

Leasing contracts in which the company does not have all significant benefits and risks associated with ownership are classified as operating leases. Payments related to operating leases and other rental agreements are recognized in the income statement over the duration of the contract. The company's total obligations regarding operating leases and rental agreements are disclosed under contingent liabilities.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

Accounting policies

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Inventory

Inventory are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of inventory is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Accounting policies

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Financial Highlights

Definitions of financial ratios.

Gross margin	Result before financial items adjusted for other operating income and other operating expenses.
Return on assets	$\frac{\text{Result before financial items} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Ordinary profit after tax} \times 100}{\text{Average equity}}$