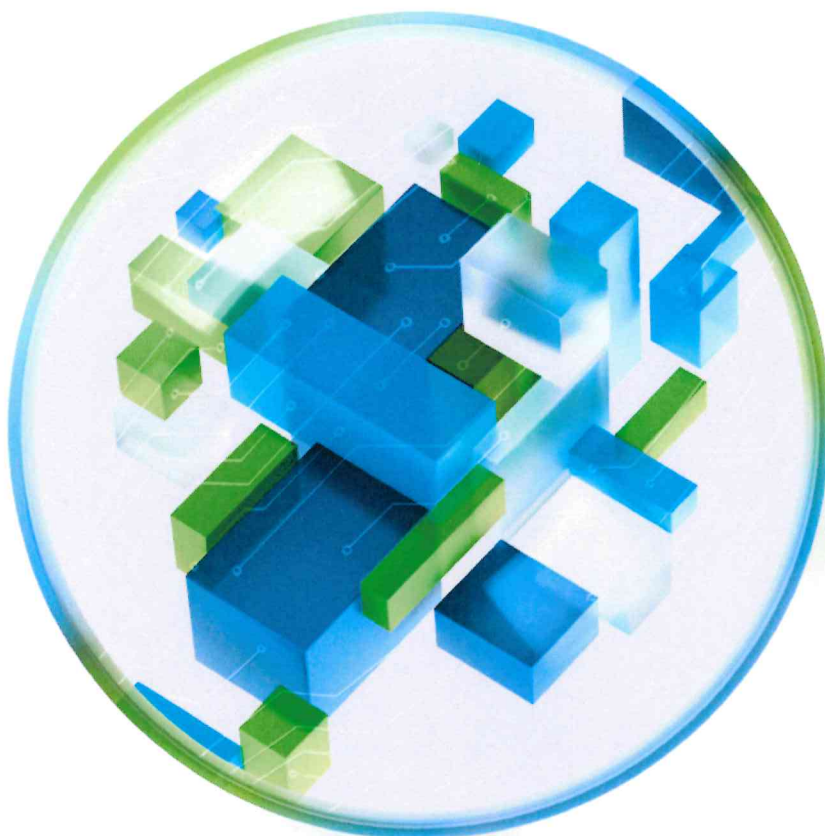




NORDUnet A/S

Kastruplundgade 22, 1.
2770 Kastrup
CVR No. 17490346

Annual report 2025

The Annual General Meeting adopted the annual
report on 22.04.2026

A handwritten signature in blue ink, appearing to read "Kimmo Koski".

Kimmo Koski

Chair of the General Meeting

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Entity details

Entity

NORDUnet A/S
Kastruplundgade 22, 1.
2770 Kastrup

Business Registration No.: 17490346
Registered office: Tårnby
Financial year: 01.01.2025 - 31.12.2025
Phone number: +4532462500
URL: www.nordu.net

Board of Directors

Pekka Ilmari Uusitalo
Maria Sofia Häll
Gitte Julin Kudsk, chair
Tom Are Røtting
Guðmundur Halldór Kjærnested

Executive Board

Valter Bengt Martin Nordh

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of NORDUnet A/S for the financial year 01.01.2025 - 31.12.2025.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2025 and of the results of its operations and cash flows for the financial year 01.01.2025 - 31.12.2025.

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.

Kastrup, 18.03.2026

Executive Board



Valter Bengt Martin Nordh

Board of Directors



Pekka Ilmari Uusitalo



Maria Sofia Häll



Gitte Julin Kudsk
chair



Tom Are Røtting



Guðmundur Halldór Kjærnested

Independent auditor's report

To the shareholders of NORDUnet A/S

Opinion

We have audited the financial statements of NORDUnet A/S for the financial year 01.01.2025 - 31.12.2025, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2025 and of the results of its operations and cash flows for the financial year 01.01.2025 - 31.12.2025 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 financial statements" section of this auditor's report. We are independent of the Entity 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 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 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

København, 18.03.2026

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



Lars Hillebrand

State Authorised Public Accountant

Identification No (MNE) mne26712

Management commentary

Financial highlights

	2025	2024	2023	2022	2021
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Revenue	18,572	18,162	16,365	17,563	17,925
Gross profit/loss	5,431	5,292	5,137	6,746	5,753
Operating profit/loss	196	787	546	1,967	877
Net financials	(48)	287	217	(90)	(84)
Profit/loss for the year	112	825	576	1,310	531
Total assets	22,578	19,348	19,550	18,521	18,753
Investments in intangible assets	0	1,031	0	0	2,635
Investments in property, plant and equipment	1,357	1,513	287	368	963
Equity	8,239	8,136	7,376	6,800	5,490
Ratios					
Return on equity (%)	1.37	10.64	8.13	21.32	10.14
Equity ratio (%)	36.49	42.05	37.73	36.72	29.28

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

NORDUnet A/S is a Danish registered company. The company is a collaboration between the National Research and Education Networks (NRENs) of the five Nordic countries and is jointly owned by the five Nordic stakeholders.

NORDUnet operates a world-reaching network providing secure and stable internet and network connectivity services to the Nordic Research and Education community. NORDUnet also provides various services to support research and education like media management, video and web meeting services.

Development in activities and finances

During 2025, strategic emphasis has been placed on value creation through deeper Nordic collaboration and increased organisational maturity. Compliance and governance have become increasingly important to both owners and users. In this context, NORDUnet successfully achieved its ISO/IEC 27001 certification within the scope: *"Delivering business critical e-infrastructure services, including media management, real-time communication and network connectivity"*. The certification process engaged all parts of the organisation and represented a significant milestone in strengthening NORDUnet's information security governance framework.

Obtaining the ISO/IEC 27001 certification constituted a foundational step in ensuring compliance with the Danish implementation of the NIS2 Directive, which entered into force in autumn 2025. Under this legislation, NORDUnet has been formally designated as critical infrastructure. The certification therefore supports both regulatory compliance and the continued resilience and reliability of NORDUnet's services.

Network resilience was further enhanced through the completion of a new optical subsea fibre link from Copenhagen via Southern Sweden and Bornholm to Berlin. This submarine cable significantly improves redundancy and capacity within the Nordic and European backbone infrastructure.

In preparation for the forthcoming EuroHPC hyperconnectivity infrastructure rollout in 2026, the optical transport network was upgraded to support terabit connectivity and beyond. Correspondingly routers were deployed within the IP backbone to ensure readiness for increased traffic demands and high-performance computing connectivity requirements.

A new Point of Presence (PoP) was established in Tokyo, supporting NORDUnet's strategic focus on strengthening Europe-Asia connectivity and expanding its global network reach.

To support the Nordic NRENs in improving procurement agility and ensuring compliance with public procurement regulations, NORDUnet has established new Dynamic Purchasing Systems (DPS). The systems provide a structured and transparent procurement mechanism on behalf of the NRENs, enabling access to innovative and cost-effective service offerings within a competitive framework.

NORDUnet has actively contributed to strengthening Nordic participation and influence in key European strategic initiatives. This includes advancing the Polar Connect initiative of establishing resilient connectivity between Europe and Asia across the North Pole; supporting the evolution of the European Open Science Cloud (EOSC) and preparations for the EOSC Federation; contributing to the collective delivery of EuroHPC hyperconnectivity infrastructure by the European NRENs; and supporting the establishment of the EuroHPC Federation platform.

Together with the Nordic NRENs, NORDUnet participates in a growing portfolio of externally funded initiatives aimed at strengthening Nordic engagement and influence in the digital transformation of research and education infrastructure and engages in collaborations to promote NREN services and activities such as the In the Field stories website.

In September the NORDUnet Community Workshop in Copenhagen brought together Nordic stakeholders for three days of intensive knowledge sharing and collaboration. The workshop resulted in several concrete follow-up actions, including the initiation of a Nordic high-precision network time distribution pilot.

Profit/loss for the year in relation to expected developments

The Company's revenue for 2025 amounted to EUR 18.571.506 which is EUR 1.269.107 lower than the budgeted EUR 19.840.613. The deviation in the revenue compared to budget mainly originates from a delay in the transition to 'Zoom Hybrid' and a change in the scope of the North Pole Fiber project resulting in a reduction of EC funding.

The Company's result before taxes shows a profit of EUR 147.399 which is EUR 637.408 over the budgeted deficit of EUR -490.009. The deviation in the annual result compared to the budget is mainly due to lower expenses in EC funded project activities and delays in the deployment of new infrastructure and cost savings related to staff training and travel expenses.

Outlook

In 2026, NORDUnet will in close collaboration with the Nordic NRENs, focus on three key objectives that guide the organisation's evolution and long-term value creation for the Nordic research and education community:

Building AI maturity to advance digitalisation will focus on responsibly creating practical value and achieving shared learning with application of an emerging technology. We will strengthen organisational AI capabilities and mature the application of AI across services and ways of working. AI offers significant opportunities — from enhanced Nordic service collaboration to improved network operations.

Increase operational readiness in response to global changes remains essential. NORDUnet's and the Nordic NRENs' networks and services are increasingly recognised as critical infrastructure, with growing expectations for resilience, sovereignty, control, capacity, and uptime. In 2026, we will further develop processes, compliance, and infrastructure resilience in close coordination with the NRENs, advance preparations for NIS2 compliance, and expand core infrastructure to meet increasing connectivity and service demands, such as EuroHPC hyperconnectivity and federation platform.

Platform for Nordic Collaboration to facilitate joint value creation serves as a vehicle for joint Nordic action. In 2026 NORDUnet and the NRENs will explore working closer together on service and infrastructure engineering and operations than today. We will facilitate Nordic impact on European initiatives such as EuroHPC hyperconnectivity infrastructure, EOSC Nodes, and the GÉANT project, while sustaining momentum in the Polar Connect initiative. EU co-funded projects will remain an important instrument for delivering impact. We will also pursue community collaboration in emerging areas such as digital wallets, smart cables, optical fibre sensing, and precise network time signal distribution.

During 2026 NORDUnet and the Nordic NREN's will deploy EuroHPC hyperconnectivity to support the Pan-European EuroHPC hyperconnectivity infrastructure project that will provide terabit connectivity to appointed EuroHPC sites.

Additionally, as part of a Nordic collaborative initiative, an on-premise AI-based speech-to-text engine will be put into production early 2026 strengthening service capabilities within secure and privacy-preserving environments.

Also, during the year NORDUnet will relocate its main office to create a collaborative and welcoming environment for Nordic partners and guests. Together with Sunet, NORDUnet will host the 33rd NORDUnet Conference in Luleå, providing an important forum for dialogue, knowledge sharing, and strategic alignment across the Nordic research and education community.

For 2026 total revenue is budgeted at MEUR 20,0 and the result before taxes at MEUR -0,3.

Foreign branches

NORDUnet A/S had a branch in Stockholm, Sweden. Since 2nd January 2019 all operations were discontinued. For tax reasons a non-operational entity remains active.

Events after the balance sheet date

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

Income statement for 2025

	Notes	2025 EUR	2024 EUR
Revenue		18,571,506	18,161,941
Cost of sales		(8,852,343)	(8,763,343)
Other external expenses		(4,288,244)	(4,106,839)
Gross profit/loss		5,430,919	5,291,759
Staff costs	2	(4,369,602)	(3,810,160)
Depreciation, amortisation and impairment losses		(865,465)	(694,165)
Operating profit/loss		195,852	787,434
Other financial income		225,960	515,401
Other financial expenses		(274,413)	(228,766)
Profit/loss before tax		147,399	1,074,069
Tax on profit/loss for the year	3	(35,372)	(249,275)
Profit/loss for the year	4	112,027	824,794

Balance sheet at 31.12.2025

Assets

	Notes	2025 EUR	2024 EUR
Acquired rights		2,684,069	2,931,181
Intangible assets	5	2,684,069	2,931,181
Other fixtures and fittings, tools and equipment		2,588,446	1,834,282
Property, plant and equipment in progress		0	16,841
Property, plant and equipment	6	2,588,446	1,851,123
Deposits		256,576	131,784
Financial assets	7	256,576	131,784
Fixed assets		5,529,091	4,914,088
Trade receivables		4,572,710	4,576,872
Other receivables		147,994	104,438
Tax receivable		56,477	52,703
Prepayments	8	2,086,120	3,172,147
Receivables		6,863,301	7,906,160
Cash		10,185,411	6,527,635
Current assets		17,048,712	14,433,795
Assets		22,577,803	19,347,883

Equity and liabilities

	Notes	2025 EUR	2024 EUR
Contributed capital		1,492,857	1,494,638
Retained earnings		6,746,159	6,641,791
Equity		8,239,016	8,136,429
Deferred tax	9	36,819	2,145
Provisions		36,819	2,145
Bank loans		2,461,201	2,727,756
Non-current liabilities other than provisions	10	2,461,201	2,727,756
Current portion of non-current liabilities other than provisions	10	482,557	770,950
Prepayments received from customers		740,333	1,856,719
Trade payables		3,511,544	2,090,688
Other payables		3,904,042	372,103
Deferred income	11	3,202,291	3,391,093
Current liabilities other than provisions		11,840,767	8,481,553
Liabilities other than provisions		14,301,968	11,209,309
Equity and liabilities		22,577,803	19,347,883
Events after the balance sheet date	1		
Contingent liabilities	12		
Related parties with controlling interest	13		

Statement of changes in equity for 2025

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1,494,638	6,641,791	8,136,429
Exchange rate adjustments	(1,781)	(7,659)	(9,440)
Profit/loss for the year	0	112,027	112,027
Equity end of year	1,492,857	6,746,159	8,239,016

Cash flow statement for 2025

	Notes	2025 EUR	2024 EUR
Operating profit/loss		195,852	787,434
Amortisation, depreciation and impairment losses		865,465	649,165
Receivables		(43,167)	(735,820)
Prepayments		1,086,026	(1,150,160)
Payables		3,836,409	(1,008,112)
Deferred income		(188,802)	460,561
Other adjustments		1,724	11,035
Cash flow from ordinary operating activities		5,753,507	(985,897)
Financial income received		225,960	515,400
Financial expenses paid		(270,040)	(228,766)
Taxes refunded/(paid)		(4,467)	(96,086)
Cash flows from operating activities		5,704,960	(795,349)
Acquisition etc of property, plant and equipment		(1,367,442)	(2,543,553)
Deposits		(124,792)	(1,319)
Cash flows from investing activities		(1,492,234)	(2,544,872)
Free cash flows generated from operations and investments before financing		4,212,726	(3,340,221)
Loans raised		270,000	1,534,600
Repayments of loans etc		(532,002)	(302,214)
Reduction of lease commitments		(292,948)	(436,510)
Cash flows from financing activities		(554,950)	795,876
Increase/decrease in cash and cash equivalents		3,657,776	(2,544,345)
Cash and cash equivalents beginning of year		6,527,635	9,071,980
Cash and cash equivalents end of year		10,185,411	6,527,635
Cash and cash equivalents at year-end are composed of:			
Cash		10,185,411	6,527,635
Cash and cash equivalents end of year		10,185,411	6,527,635

Notes

1 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.

2 Staff costs

	2025 EUR	2024 EUR
Wages and salaries	4,288,757	3,757,366
Pension costs	46,972	24,246
Other social security costs	33,873	28,548
	4,369,602	3,810,160
Average number of full-time employees	33	30

	Remuneration of Management 2025 EUR	Remuneration of Management 2024 EUR
Executive Board	257,608	251,734
Board of Directors	54,879	54,968
	312,487	306,702

3 Tax on profit/loss for the year

	2025 EUR	2024 EUR
Current tax	1,645	25,824
Change in deferred tax	34,703	223,451
Adjustment concerning previous years	(976)	0
	35,372	249,275

4 Proposed distribution of profit and loss

	2025 EUR	2024 EUR
Retained earnings	112,027	824,794
	112,027	824,794

5 Intangible assets

	Acquired rights EUR
Cost beginning of year	3,658,638
Exchange rate adjustments	(4,360)
Cost end of year	3,654,278
Amortisation and impairment losses beginning of year	(727,457)
Exchange rate adjustments	867
Amortisation for the year	(243,619)
Amortisation and impairment losses end of year	(970,209)
Carrying amount end of year	2,684,069

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Property, plant and equipment in progress EUR
Cost beginning of year	11,997,341	16,841
Exchange rate adjustments	(14,263)	0
Transfers	16,841	(16,841)
Additions	1,357,453	0
Disposals	(2,322,738)	0
Cost end of year	11,034,634	0
Depreciation and impairment losses beginning of year	(10,163,059)	0
Exchange rate adjustments	12,111	0
Depreciation for the year	(617,978)	0
Reversal regarding disposals	2,322,738	0
Depreciation and impairment losses end of year	(8,446,188)	0
Carrying amount end of year	2,588,446	0

7 Financial assets

	Deposits EUR
Cost beginning of year	131,784
Additions	124,792
Cost end of year	256,576
Carrying amount end of year	256,576

8 Prepayments

Prepayments comprise incurred cost relating to subsequent financial years such as subscriptions, membership fees, service agreements and insurance.

9 Deferred tax

	2025 EUR	2024 EUR
Changes during the year		
Beginning of year	(2,145)	221,659
Recognised in the income statement	(34,703)	(223,451)
Exchange rate adjustments	29	(353)
End of year	(36,819)	(2,145)

10 Non-current liabilities other than provisions

	Due within 12 months 2025 EUR	Due within 12 months 2024 EUR	Due after more than 12 months 2025 EUR	Outstanding after 5 years 2025 EUR
Bank loans	482,557	478,002	2,461,201	812,400
Lease liabilities	0	292,948	0	0
	482,557	770,950	2,461,201	812,400

11 Deferred income

Deferred income comprise received income for recognition in subsequent financial years.

12 Contingent liabilities

	2025 EUR	2024 EUR
Other contingent liabilities	9,667,883	8,834,753
Contingent liabilities	9,667,883	8,834,753

Other contingent liabilities comprise non-terminable contracts with NORDUnet's service suppliers. The service contracts all covers operation and maintenance linked to the core activity of NORDUnet.

The service contracts expire in 1-15 years.

No contracts are related to assets and liabilities reported under IFRS 16.

13 Related parties with controlling interest

In relation to the Danish Statement Act §98c, section 7 non-arm's length transactions with related parties should be disclosed. There has not been completed any transactions on non-arm's length with related parties in the financial year.

Accounting policies

Basis for financial statements

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

The accounting policies applied to these financial statements are consistent with those applied last year.

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.

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

Revenue

Revenue from the sale of services 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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

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, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income and net capital or gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and net capital or exchange losses on payables and transactions in foreign currencies.

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.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

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 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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	3-8 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Receivables

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

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

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.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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 income taxes 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, including acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.