

Dawn Health A/S

Sundkaj 153, 1., DK-2150 Copenhagen

Annual Report for 2025

CVR No. 37 68 32 64

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
01/04/2026

Alexander Mandix Hansen
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dawn Health A/S for the financial year 1 January - 31 December 2025.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Company and of the results of the Company operations for 2025.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 1 April 2026

Executive Board

Alexander Mandix Hansen
CEO

Board of Directors

Jørn Larsen
Chairman

John Rubek Lauritsen

Mads Lacoppidan

Arne Ansgar Kirchheim

Independent Auditor's report

To the shareholder of Dawn Health A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2025 and of the results of the Company's operations for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Dawn Health A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 1 April 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant

mne30221

Mads Lundemann

State Authorised Public Accountant

mne44181

Company information

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

Financial Highlights

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

(TDKK)	2025	2024	2023	2022	2021
Key figures					
Profit/loss					
Gross profit	21,206	26,783	51,562	47,157	27,486
Profit/loss of primary operations	-79,122	-51,909	-24,677	-10,905	3,176
Profit/loss of financial income and expenses	-2,280	-3,504	-4,904	-5,654	-496
Net profit/loss for the year	-78,217	-52,217	-25,287	-11,803	1,867
Balance sheet					
Balance sheet total	80,096	67,269	111,276	137,478	139,855
Equity	61,332	53,750	-29,035	-3,748	8,055
Number of employees	116	94	95	76	33
Ratios					
Return on assets	-98.8%	-77.2%	-22.2%	-7.9%	2.3%
Solvency ratio	76.6%	79.9%	-26.1%	-2.7%	5.8%
Return on equity	-135.9%	-422.6%	154.3%	-548.1%	26.2%

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

Management's review

Key activities

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

Development in the year

The income statement of the Company for 2025 shows a loss of DKK 78.217.456 and as of 31 December 2025 the balance sheet of the Company shows a positive equity of DKK 61,331,996. Management has assessed the result of the year and sees it as aligned with the strategy of the company, while being lower than the outlook provided in the financial statements for 2024. In 2025, the company has transformed its operating model to a license based setup, ensuring long-term commitments from customers and ensuring predictable future cash flows for the company. The investments made during the year are intended to ensure the company's growth and profitability in future years. The expectation is to continue to invest into these areas in future years. The company is part of the Dawn Health Group, which is well consolidated and has the liquidity to complete future investments until the company reaches a state of profitability.

Capital resources

Dawn Health Group secured an equity contribution of up to EUR 8 million on 9 February 2026. The capital will be utilized to accelerate the growth of Dawn Health A/S. Moreover, during the year Dawn Health A/S has received a debt to equity conversion on a loan owed to Dawn Holding ApS amounting DKK 85,799,866. Current budgets show sufficient liquidity, and the Company's burn rate is being monitored and evaluated on an ongoing basis.

Targets and expectations for the year ahead

The company is expecting a EBITDA loss of 50-65 MDKK in 2026.

Research and development

The Company's research and development activities are related to the development of the Dawn platform. The Dawn platform is a product of 10 years of innovation, incorporating the Company's patient-centric vision and extensive experience in delivering innovative solutions to the pharmaceutical sector across treatment areas.

Intellectual capital resources

The Company's knowledge resources is primarily embedded in its employees and organizational know-how within regulated digital health. Dawn Health applies its know-how to deliver world class digital solutions to customers around the world.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2025 of the Company and the results of the activities and cash flows of the Company for the financial year for 2025 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date, except for the capital commitment mentioned in the Capital Resource section. See note 17 for more information.

Income statement 1 January - 31 December

(DKK)	Note	2025	2024
Gross profit		21,205,781	26,782,950
Staff expenses	1	-90,117,685	-70,408,498
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-10,210,464	-8,283,557
Profit/loss before financial income and expenses		-79,122,368	-51,909,105
Financial income	3	615,712	1,707,206
Financial expenses	4	-2,895,509	-5,210,958
Profit/loss before tax		-81,402,165	-55,412,857
Tax on profit/loss for the year	5	3,184,709	3,195,568
Net profit/loss for the year	6	-78,217,456	-52,217,289

Balance sheet 31 December

Assets

(DKK)	Note	2025	2024
Completed development projects		25,822,960	31,240,625
Development projects in progress		9,854,367	482,399
Intangible assets	7	35,677,327	31,723,024
Other fixtures and fittings, tools and equipment		1,654,642	2,206,258
Leasehold improvements		261,792	326,717
Property, plant and equipment	8	1,916,434	2,532,975
Receivables from group enterprises	9	0	101,041
Deposits	9	2,495,195	2,489,516
Fixed asset investments		2,495,195	2,590,557
Fixed assets		40,088,956	36,846,556
Trade receivables		3,274,782	14,085,545
Contract work in progress	10	3,845,788	10,281,583
Receivables from group enterprises	11	1,668,297	137,492
Other receivables		10,691	0
Corporation tax		2,829,638	2,321,997
Corporation tax receivable from group enterprises		355,071	873,571
Prepayments	12	6,323,993	2,250,667
Receivables		18,308,260	29,950,855
Cash at bank and in hand		21,698,850	471,547
Current assets		40,007,110	30,422,402
Assets		80,096,066	67,268,958

Balance sheet 31 December

Liabilities and equity

(DKK)	Note	2025	2024
Share capital		404,211	404,211
Reserve for development costs		27,828,315	24,743,959
Retained earnings		33,099,470	28,601,416
Equity		61,331,996	53,749,586
Payables to group enterprises		0	1,322,230
Long-term debt	13	0	1,322,230
Trade payables		5,692,319	4,273,171
Contract work in progress	10	2,654,933	0
Payables to group enterprises	13	2,117,682	0
Other payables		8,018,185	7,923,971
Deferred income	14	280,951	0
Short-term debt		18,764,070	12,197,142
Debt		18,764,070	13,519,372
Liabilities and equity		80,096,066	67,268,958
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Statement of changes in equity

(DKK)	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January	404,211	24,743,959	28,601,416	53,749,586
Contribution from group	0	0	85,799,866	85,799,866
Development costs for the year	0	3,084,356	-3,084,356	0
Net profit/loss for the year	0	0	-78,217,456	-78,217,456
Equity at 31 December	404,211	27,828,315	33,099,470	61,331,996

Notes to the Financial Statements

1. Staff expenses

(DKK)	2025	2024
Wages and salaries	83,006,646	64,303,949
Pensions	5,478,367	4,800,201
Other social security expenses	1,041,451	787,204
Other staff expenses	591,221	517,144
	90,117,685	70,408,498
Including remuneration to the Executive Board and Board of Directors:		
Executive board	4,120,408	4,178,520
Board of directors	100,000	100,000
	4,220,408	4,278,520
Average number of employees	116	94

2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment

(DKK)	2025	2024
Amortisation of intangible assets	8,907,686	7,212,033
Depreciation of property, plant and equipment	1,302,778	1,071,524
	10,210,464	8,283,557

3. Financial income

(DKK)	2025	2024
Interest from group enterprises	385,633	203,672
Other financial income	230,079	1,030,848
Exchange gains	0	472,686
	615,712	1,707,206

4. Financial expenses

(DKK)	2025	2024
Impairment losses on financial assets	0	110,362
Interest to group enterprises	1,659,641	3,900,846
Other financial expenses	607,112	1,199,750
Exchange loss	628,756	0
	2,895,509	5,210,958

Notes to the Financial Statements

5. Income tax expense

(DKK)	2025	2024
Current tax for the year	-3,184,709	-3,195,568
	-3,184,709	-3,195,568

6. Profit allocation

(DKK)	2025	2024
Retained earnings	-78,217,456	-52,217,289
	-78,217,456	-52,217,289

7. Intangible fixed assets

(DKK)	Completed development projects	Development projects in progress
Cost at 1 January	42,832,264	482,399
Additions for the year	0	12,861,989
Transfers for the year	3,490,021	-3,490,021
Cost at 31 December	46,322,285	9,854,367
Impairment losses and amortisation at 1 January	11,591,639	0
Amortisation for the year	8,907,686	0
Impairment losses and amortisation at 31 December	20,499,325	0
Carrying amount at 31 December	25,822,960	9,854,367
Amortised over	5 years	

Development projects relate to the development of the Company's operational business systems as well as the Company's sales systems. The operational business systems are used as an integrated part of the software platform for delivering the Company's services and revenue generation.

Notes to the Financial Statements

8. Property, plant and equipment

(DKK)	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January	5,028,670	504,165
Additions for the year	645,587	40,650
Cost at 31 December	5,674,257	544,815
Impairment losses and depreciation at 1 January	2,822,412	177,448
Depreciation for the year	1,197,203	105,575
Impairment losses and depreciation at 31 December	4,019,615	283,023
Carrying amount at 31 December	1,654,642	261,792

9. Other fixed asset investments

(DKK)	Deposits
Cost at 1 January	2,489,516
Additions for the year	5,679
Cost at 31 December	2,495,195
Carrying amount at 31 December	2,495,195

10. Contract work in progress

(DKK)	2025	2024
Selling price of work in progress	28,535,347	69,357,066
Payments received on account	-27,344,492	-59,075,483
	1,190,855	10,281,583
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3,845,788	10,281,583
Prepayments received recognised in debt	-2,654,933	0
	1,190,855	10,281,583

Notes to the Financial Statements

11. Receivables

The following receivables fall due for payment more than 1 year after year end:

(DKK)	2025	2024
Receivables from group enterprises	1,668,297	101,041
	1,668,297	101,041

12. Prepayments

Prepayments consist of prepaid rent, consultancy fees, etc.

13. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

(DKK)	2025	2024
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	0	1,322,230
Long-term part	0	1,322,230
Other short-term debt to group enterprises	2,117,682	0
	2,117,682	1,322,230

14. Deferred income

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

Notes to the Financial Statements

15. Contingent assets, liabilities and other financial obligations

(DKK)	2025	2024
Charges and security		
The following assets have been placed as security with bankers:		
The value of the business mortgage comprise a total of:	20,000,000	20,000,000
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,881,311	2,878,750
	2,881,311	2,878,750

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Dawn Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

16. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Dawn Holding ApS	Ultimate parent
Transactions	
The sale of goods to group companies, DKK 11,434,848	
Interest received from group companies of DKK 385,633	
Interest paid to group companies of DKK 1,659,641	
Receivables from group companies of DKK 1,668,297	
Payables to group companies of DKK 2,117,682	
A debt to equity conversion is made from Dawn Holding ApS. It is amounting DKK 85,799,866. Furthermore, a debt forgiveness of DKK 1,362,045 has been granted to Dawn Health Dubai ApS (Under voluntary liquidation)	
All above transactions are between Dawn Health A/S and Group Companies. Apart from the above, there have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration	
Consolidated Financial Statements	
The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:	
Name	Place of registered office
Dawn Holding ApS	Copenhagen, Denmark

Notes to the Financial Statements

17. Subsequent events

Dawn Holding has secured an equity contribution of up to EUR 8 million from a new investor, of which the first tranche was completed on 9 February 2026 and the second is expected to be completed on 28 February 2027. The investment is structured as an equity investment, with the proceeds paid in cash to Dawn Holding.

The Group has received a loan of DKK 40 million to support the Groups to strengthens its capacity for growth and reinforces their commitment to delivering exceptional value to our customers, both today and in the future. The loan came in through Skandinaviska Enskilda Banken AB and the Export and Investment Fund of Denmark (EIFO).

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Dawn Health A/S for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2025 are presented in DKK.

Cash flow statement

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

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

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

Income statement

Revenue

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

Notes to the Financial Statements

18. Accounting policies (continued)

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

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for premises, marketing cost, travel cost, office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, direct expenses and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Dawn Holding ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

18. Accounting policies (continued)

Balance sheet

Intangible fixed assets

Development projects

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

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

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

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

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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Notes to the Financial Statements

18. Accounting policies (continued)

Other fixed asset investments

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

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

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

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

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

Prepayments

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial liabilities

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

Notes to the Financial Statements

18. Accounting policies (continued)

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

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