

Elverdals Prof Danish Products A/S

Risbyvej 28, 2765 Smørum
CVR no. 30 73 25 96

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 08.04.25

Jens Bo Vitus Thorsager
Dirigent

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The company

Elverdals Prof Danish Products A/S
Risbyvej 28
2765 Smørum
Registered office: Smørum
CVR no.: 30 73 25 96
Financial year: 01.01 - 31.12

Executive Board

Jens Bo Vitus Thorsager

Board of Directors

Jens Bo Vitus Thorsager
Andrzej Marcin Sas
Bartosz Jan Krzeminski

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Elverdals Prof Danish Products A/S.

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 company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Smørum, April 8, 2025

Executive Board

Jens Bo Vitus Thorsager

Board of Directors

Jens Bo Vitus Thorsager

Andrzej Marcin Sas

Bartosz Jan Krzeminski

To the shareholder of Elverdals Prof Danish Products A/S**Opinion**

We have audited the financial statements of Elverdals Prof Danish Products A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. 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 company's financial position at 31.12.24 and of the results of the company's operations for the financial year 01.01.24 - 31.12.24 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 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.

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.

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 judgment 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are

responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility 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 by law and regulations.

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

Soeborg, Copenhagen, April 8, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Jan Lundqvist
State Authorised Public Accountant
MNE-no. mne19740

Primary activities

The company's main activities are trading, production, service, and financing of sports equipment, playground equipment, furniture, and related businesses.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 1,571,259 against DKK 11,014,335 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 11,664,092.

The management considers the net profit for the year to be satisfactory.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2024 DKK	2023 DKK
	24,576,591	35,451,911
Gross profit		
2 Staff costs	-20,858,228	-21,220,431
	3,718,363	14,231,480
Profit before depreciation, amortisation, write-downs and impairment losses		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-1,295,764	-1,077,011
	2,422,599	13,154,469
Operating profit		
3 Income from equity investments in group enterprises	275,247	1,920,316
4 Financial income	39,001	197,929
5 Financial expenses	-666,626	-1,574,673
	2,070,221	13,698,041
Profit before tax		
6 Tax on profit for the year	-498,962	-2,683,706
	1,571,259	11,014,335
Profit for the year		
Proposed appropriation account		
Reserve for net revaluation according to the equity method	275,246	1,778,564
Proposed dividend for the financial year	0	10,000,000
Retained earnings	1,296,013	-764,229
	1,571,259	11,014,335
Total		

Balance sheet

ASSETS		31.12.24	31.12.23
		DKK	DKK
Note			
	Completed development projects	3,003,409	2,973,674
7	Total intangible assets	3,003,409	2,973,674
	Other fixtures and fittings, tools and equipment	829,778	1,212,209
8	Total property, plant and equipment	829,778	1,212,209
9	Equity investments in group enterprises	5,515,155	5,239,910
	Total investments	5,515,155	5,239,910
	Total non-current assets	9,348,342	9,425,793
	Raw materials and consumables	3,040,043	2,394,588
	Manufactured goods and goods for resale	672,828	1,803,567
	Total inventories	3,712,871	4,198,155
10	Work in progress for third parties	3,625,896	2,555,263
	Trade receivables	11,665,088	6,336,188
	Receivables from group enterprises	218,267	5,483,454
	Other receivables	27,000	898,032
	Prepayments	175,000	0
	Total receivables	15,711,251	15,272,937
	Cash	1,496,457	1,633,782
	Total current assets	20,920,579	21,104,874
	Total assets	30,268,921	30,530,667

EQUITY AND LIABILITIES		31.12.24	31.12.23
		DKK	DKK
Note			
	Share capital	1,000,000	1,000,000
	Reserve for net revaluation according to the equity method	4,874,226	4,598,980
	Reserve for development costs	2,342,659	2,319,015
	Retained earnings	3,447,207	2,174,838
	Proposed dividend for the financial year	0	10,000,000
	Total equity	11,664,092	20,092,833
	Provisions for deferred tax	1,359,017	1,140,239
	Total provisions	1,359,017	1,140,239
11	Other payables	1,154,401	1,122,257
	Total long-term payables	1,154,401	1,122,257
10	Prepayments received from work in progress for third parties	1,420,394	997,143
	Trade payables	4,489,029	2,004,113
	Payables to group enterprises	7,234,668	2,525,907
	Income taxes	280,170	1,262,426
	Other payables	2,667,150	1,385,749
	Total short-term payables	16,091,411	8,175,338
	Total payables	17,245,812	9,297,595
	Total equity and liabilities	30,268,921	30,530,667
12	Contingent liabilities		

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24						
Balance as at 01.01.24	1,000,000	4,598,980	2,319,015	2,174,838	10,000,000	20,092,833
Dividend paid	0	0	0	0	-10,000,000	-10,000,000
Transfers to/from other reserves	0	0	23,644	-23,644	0	0
Net profit/loss for the year	0	275,246	0	1,296,013	0	1,571,259
Balance as at 31.12.24	1,000,000	4,874,226	2,342,659	3,447,207	0	11,664,092

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2024 DKK	2023 DKK
Gain related to debtors	Gross profit	0	799,984

2. Staff costs

Wages and salaries	20,578,533	20,859,213
Other social security costs	279,695	361,218
Total	20,858,228	21,220,431

Average number of employees during the year	41	42
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3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	275,247	1,920,316
Total	275,247	1,920,316

4. Financial income

Interest, group enterprises	0	196,028
Other interest income	13,801	1,901
Other financial income	25,200	0
Total	39,001	197,929

5. Financial expenses

Interest, group enterprises	94,373	0
Other interest expenses	221,957	462,300
Foreign exchange losses	159,266	832,556
Other financial expenses	191,030	279,817
Total	666,626	1,574,673

6. Tax on profit for the year

Current tax for the year	280,184	1,262,426
Adjustment of deferred tax for the year	218,778	1,421,280
Total	498,962	2,683,706

7. Intangible assets

Figures in DKK	Completed development projects
Cost as at 01.01.24	3,800,195
Additions during the year	911,279
Cost as at 31.12.24	4,711,474
Amortisation and impairment losses as at 01.01.24	-826,522
Amortisation during the year	-881,543
Amortisation and impairment losses as at 31.12.24	-1,708,065
Carrying amount as at 31.12.24	3,003,409

Development assets include the company's web-based 3D builder solution as well as the ERP-system. The costs include internal costs in the form of salaries for full-time employees on the project and external costs for consultants.

The 3D builder system is assessed to have provided significant competitive advantages and a substantial increase in activity levels. The projects are depreciated over 5 years.

8. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	4,416,051
Additions during the year	31,790
Disposals during the year	-140,708
Cost as at 31.12.24	4,307,133
Depreciation and impairment losses as at 01.01.24	-3,203,842
Depreciation during the year	-414,221
Depreciation of and impairment losses on disposed assets for the year	140,708
Depreciation and impairment losses as at 31.12.24	-3,477,355
Carrying amount as at 31.12.24	829,778

9. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.01.24	640,929
Cost as at 31.12.24	640,929
Revaluations as at 01.01.24	4,598,980
Foreign currency translation adjustment of foreign enterprises	-214,432
Net profit/loss from equity investments	489,678
Revaluations as at 31.12.24	4,874,226
Carrying amount as at 31.12.24	5,515,155
Name and registered office:	Ownership interest
Subsidiaries:	
Elverdals Lektplatser AB, Sverige	100%
Elverdals Uderum AS, Norge	100%
Elverdals Spielgeraete GmbH, Tyskland	100%

	31.12.24	31.12.23
	DKK	DKK

10. Work in progress for third parties

Work in progress for third parties	19,252,896	12,097,356
On-account invoicing	-17,047,305	-10,539,236
Total work in progress for third parties	2,205,591	1,558,120

Work in progress for third parties is recognized in the balance sheet as:

Work in progress for third parties	3,625,896	2,555,263
Prepayments received from work in progress for third parties, short-term payables	-1,420,394	-997,143
Total	2,205,502	1,558,120

11. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Other payables	0	1,154,401	1,154,401	1,122,257
Total	0	1,154,401	1,154,401	1,122,257

12. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 24 months and total lease payments of t.DKK 2.000.

Recourse guarantee commitments

The company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to t.DKK 0 at the balance sheet date.

Guarantee commitments

The company has provided work guarantees through a financial institution amounting to t.DKK 1.235.

13. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

13. Accounting policies - continued -

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, change in inventories of finished goods and work in progress, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion.

13. Accounting policies - continued -

Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the

13. Accounting policies - continued -

following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	5 år	
Other plant, fixtures and fittings, tools and equipment	5 år	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

13. Accounting policies - continued -**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Intangible assets***Completed development projects*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

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

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

13. Accounting policies - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

13. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

13. Accounting policies - continued -

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained

13. Accounting policies - continued -

earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.