
Ermax A/S

Vranderupvej 2, DK-6000 Kolding

Annual Report for 1 January - 31 December 2020

CVR No 15 27 73 35

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /5 2021

Axel Kierkegaard
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 Ermax A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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.

Kolding, 5 May 2021

Executive Board

Kristian Løvstrøm Olsen
Executive Officer

Board of Directors

Axel Kierkegaard
Chairman

Torben Pagh

Markus Schell

Independent Auditor's Report

To the Shareholder of Ermax 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ermax A/S for the financial year 1 January - 31 December 2020, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent Auditor's Report

- 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.

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 Financials Statements Act.

Independent Auditor's Report

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.

Trekantområdet, 5 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Madsen

State Authorized Public Accountant

mne10745

Jan Bunk Harbo Larsen

State Authorized Public Accountant

mne30224

Company Information

The Company

Ermax A/S
Vranderupvej 2
DK-6000 Kolding

Telephone: + 45 7552 5200
Website: www.ermamax.dk

CVR No: 15 27 73 35
Financial period: 1 January - 31 December
Municipality of reg. office: Kolding

Board of Directors

Axel Kierkegaard , Chairman
Torben Pagh
Markus Schell

Executive Board

Kristian Løvstrøm Olsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

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

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	14.362	13.696	34.490	30.635	36.353
Operating profit/loss	-7.323	-10.540	789	-4.937	401
Net financials	-245	83	-621	-1.331	-451
Net profit/loss for the year	-5.898	-8.077	287	-4.916	41
Balance sheet					
Balance sheet total	55.485	50.398	113.495	99.094	102.458
Equity	26.559	32.530	74.646	57.044	62.551
Investment in property, plant and equipment	-4.316	-741	-2.093	-2.070	1.201
Ratios					
Return on assets	-13,2%	-20,8%	0,9%	-5,0%	0,5%
Solvency ratio	47,9%	64,5%	65,8%	57,6%	61,1%
Return on equity	-20,0%	-15,1%	0,4%	-8,2%	0,1%

For definitions, see under accounting policies.

Management's Review

Key activities

The main activities of the company are development, production and distribution of lighting systems and electrical parts for heavy vehicle trailers, agricultural material, chassis, construction equipment and busses as well as accessories.

Development in the year

It is the view of the management that all important statements for judging the financial position of the company and the result of the year appear from the annual report and this statement.

In the financial year there has been a deficit after taxes of TDKK 5,898 compared with a deficit after taxes of TDKK 8,077 in 2019. In the light of the determined expansion strategy this is according to the expectation of the management to the financial year.

Ermax A/S has during the year announced closing of the division in Rødovre with full effect from April 2021. During the financial year there has been worked with implementation of this decision in praxis.

The result of the year has been influenced by elements related to the reconstruction of the company as mentioned above. These elements amount to non-recurrent expenditures of 1.800 TDKK.

The markets in Europe, Russia and Turkey for the main activities of the company have during the period been very hard influenced by a slowdown due to Covid-19 with considerable reduction in the number of produced heavy vehicles. Despite this factual reduction in the market, Ermax has succeeded to increase the market share considerably within the main activities of the company by means of a sales increase of 25% compared to the previous financial year.

The equity end 2020 amounts to TDKK 26,559 corresponding to a solidity of 48 %, and the company is thus very well equipped to realize the fixed expansion strategy and to deal with the challenges of the future.

Finally, a change concerning the CEO has been announced, which is carried out in the beginning of 2021.

Operating risks

If the Covid-19 crisis lasts for a large part of 2021 without an effective vaccine making it possible to make business travels in a larger scale, a general challenge to expand at the main markets of the company must be expected, which will impact on the result for 2021 in a negative way compared to the budgeted sales increase.

Management's Review

Foreign exchange risks

Part of the raw material for the company is paid in USD, and a current hedging hereof is made in order to minimize the impact of any exchange rate fluctuation, as the main part of the sale is made in EUR.

Targets and expectations for the year ahead

The outlook for the future activities is estimated positively by the management, an increase at the European market position is expected.

The development activities within complete lighting kits for heavy vehicles within a broad range of vehicle types has been handled at a very high level, which is expected to be shown in a significantly strengthened market position in Europe. It is expected that this strategic planned market position at that time will result in a suitable positive contribution, which will fully match up to this.

External environment

In the production strategy the company follows a decided "Code of Conduct". Overall high focus is kept on the general well-being of the staff through professional and social activities.

Intellectual capital resources

The management is aware of the dependence of special skills and covers this risk in a responsible way, therefore it is the estimation that the company is not vulnerable at this point.

Subsequent events

There have been no events from balance sheet day and until today, which will change the estimation of the annual report.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Gross profit/loss		14.362	13.696
Staff expenses	1	-20.104	-22.285
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.572	-1.911
Profit/loss before financial income and expenses		-7.314	-10.500
Financial income	2	226	637
Financial expenses	3	-471	-554
Profit/loss before tax		-7.559	-10.417
Tax on profit/loss for the year	4	1.661	2.340
Net profit/loss for the year		-5.898	-8.077

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Acquired licenses		120	329
Intangible assets	5	120	329
Land and buildings		428	442
Other fixtures and fittings, tools and equipment		5.584	2.817
Property, plant and equipment	6	6.012	3.259
Other receivables		403	405
Fixed asset investments	7	403	405
Fixed assets		6.535	3.993
Inventories		35.045	38.293
Trade receivables		1.324	2.050
Receivables from group enterprises		8.163	2.276
Other receivables		8	119
Deferred tax asset	8	4.336	2.831
Prepayments		57	524
Receivables		13.888	7.800
Cash at bank and in hand		17	312
Currents assets		48.950	46.405
Assets		55.485	50.398

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		5.000	5.000
Retained earnings		21.559	27.530
Equity		26.559	32.530
Trade payables		4.336	2.238
Payables to group enterprises		19.345	12.669
Other payables		5.245	2.961
Short-term debt		28.926	17.868
Debt		28.926	17.868
Liabilities and equity		55.485	50.398
Distribution of profit	9		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	5.000	27.530	32.530
Fair value adjustment of hedging instruments, beginning of year	0	-95	-95
Tax on adjustment of hedging instruments for the year	0	22	22
Net profit/loss for the year	0	-5.898	-5.898
Equity at 31 December	5.000	21.559	26.559

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
1 Staff expenses		
Wages and salaries	17.900	20.102
Pensions	1.223	1.276
Other social security expenses	107	117
Other staff expenses	874	790
	20.104	22.285
 Including remuneration to the Executive Board and Board of Directors	2.362	2.693
 Average number of employees	31	34
 2 Financial income		
Other financial income	4	15
Exchange gains	222	622
	226	637
 3 Financial expenses		
Other financial expenses	471	554
	471	554
 4 Tax on profit/loss for the year		
Current tax for the year	0	-4
Deferred tax for the year	-1.683	-2.340
	-1.683	-2.344
which breaks down as follows:		
Tax on profit/loss for the year	-1.661	-2.340
Tax on changes in equity	-22	-4
	-1.683	-2.344

Notes to the Financial Statements

5 Intangible assets

	Acquired licenses TDKK
Cost at 1 January	13.054
Additions for the year	37
Cost at 31 December	13.091
Impairment losses and amortisation at 1 January	12.725
Amortisation for the year	246
Impairment losses and amortisation at 31 December	12.971
Carrying amount at 31 December	120

6 Property, plant and equipment

	Land and buildings TDKK	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 January	835	18.274
Additions for the year	0	4.364
Disposals for the year	0	-285
Cost at 31 December	835	22.353
Impairment losses and depreciation at 1 January	393	15.457
Depreciation for the year	14	1.312
Impairment losses and depreciation at 31 December	407	16.769
Carrying amount at 31 December	428	5.584

Notes to the Financial Statements

7 Fixed asset investments

	Other receiv- ables TDKK
Cost at 1 January	405
Disposals for the year	-2
Cost at 31 December	403
Carrying amount at 31 December	403

8 Deferred tax asset

	2020 TDKK	2019 TDKK
Deferred tax asset at 1 January	2.831	893
Amounts recognised in the income statement for the year	1.661	2.340
Amounts utilized of tax losses in joint taxation	-156	-402
Deferred tax asset at 31 December	4.336	2.831

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next two to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to have an effect in the coming years.

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
9 Distribution of profit		
Retained earnings	-5.898	-8.077
	-5.898	-8.077

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Future lease and rent commitments until expiration	3.174	4.462
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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 BPW Finans A/S, 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.

Including to group enterprises

Rental and lease obligations	939	2.422
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Notes to the Financial Statements

11 Related parties

	<u>Basis</u>
Controlling interest	
BPW Bergische Achsen, Wiehl, Germany	Ultimate parent
Other related parties	
Axel Kierkegaard	Board member
Torben Pagh	Board member
Markus Schell	Board member

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
BPW Finans A/S	Kolding, Denmark

The Group Annual Report of BPW Finans A/S may be obtained at the following address:

BPW Finans A/S, Vranderupvej 2, 6000 Kolding, CVR-nr. 19201112

12 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Ermax A/S for 2020 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 2020 are presented in TDKK.

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 BPW Finans A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

Business combinations

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Notes to the Financial Statements

13 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods 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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

13 Accounting Policies (continued)

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 changes in deferred tax for the year. The tax attributable to the profit for the 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 danish group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 20 years.

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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 buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

Notes to the Financial Statements

13 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Prepayments

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

Notes to the Financial Statements

13 Accounting Policies (continued)

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 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 liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$