
Semantix A/S

Sønderhøj 3, DK-8260 Viby J

Annual Report for 1 January - 31 December 2019

CVR No 18 30 26 91

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8 /7 2020

Britta Aagaard
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Semantix A/S for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Viby J, 8 July 2020

Executive Board

Britta Aagaard

Board of Directors

Jan Patrik Attemark
Chairman

Frederik Åkerman

Elisabeth Kerstin Olsson
Cardoso Da Silva

Independent Auditor's Report

To the Shareholder of Semantix 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Semantix A/S for the financial year 1 January - 31 December 2019, 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.

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.

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 misstate-

Independent Auditor's Report

ment, 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:

- 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

Independent Auditor's Report

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.

Aarhus, 8 July 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Nørgaard Christensen

State Authorised Public Accountant

mne40048

Company Information

The Company

Semantix A/S
Sønderhøj 3
DK-8260 Viby J

CVR No: 18 30 26 91

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

Board of Directors

Jan Patrik Attemark, Chairman

Frederik Åkerman

Elisabeth Kerstin Olsson Cardoso Da Silva

Executive Board

Britta Aagaard

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Nobelparken

Jens Chr. Skous Vej 1

DK-8000 Aarhus C

Financial Highlights

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

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Operating profit/loss	6,235	7,634	8,928	7,448	5,625
Profit/loss before financial income and expenses	6,235	7,634	8,928	7,448	5,625
Net financials	-111	-116	-100	140	13
Net profit/loss for the year	4,785	5,851	311	7,002	5,675
Balance sheet					
Balance sheet total	48,759	45,426	43,822	32,841	28,689
Equity	26,497	22,086	16,235	15,924	12,331
Investment in property, plant and equipment	0	-104	-577	-125	-272
Number of employees	63	60	70	49	45
Ratios					
Return on assets	12.8%	16.8%	20.4%	22.7%	19.6%
Solvency ratio	54.3%	48.6%	37.0%	48.5%	43.0%
Return on equity	19.7%	30.5%	1.9%	49.6%	52.1%

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

Management's Review

Key activities

The Company's activities consist of development and integration of communication solutions, advice regarding localization and internationalization of texts and software, translation into more than 40 languages, text consolidation, optimization and rationalization of work processes, terminology management, graphic production and interpretation.

Development in the year

The income statement of the Company for 2019 shows a profit of DKK 4,784,671, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 26,496,737.

Capital resources

The Company's most important assets are its employees and specialised expertise. The Company invests in continuous development of its human resources and knowledge assets.

Targets and expectations for the year ahead

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 1.

Before the COVID-19 outbreak, Management expected a modest revenue growth of about 5% and unchanged net profit for the year as compared to 2019. This was based on Management's assumption of flattening economic growth in Denmark and the Nordic region where the Company is selling its services and general intelligence about the growth of the language services market. However, the COVID-19 outbreak hit both our neighbouring countries and the Danish market, and Management expects this to have a negative impact on both revenue and net profit for 2020. The scope of the impact is, however, unknown at this time as it is uncertain to what extent the Company will be able to recapture lost revenue later in the year.

Research and development

The Company's research and development is based on developing better solutions for its customers, concentrating on better interactions with the Company.

External environment

The Company's activities are not affecting the environment materially. The Company complies with all relevant environmental requirements

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		37,026,798	36,218,917
Staff expenses	2	-27,097,853	-26,478,704
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3,694,006	-2,106,284
Profit/loss before financial income and expenses		6,234,939	7,633,929
Financial income		96,746	44,888
Financial expenses	3	-207,299	-160,878
Profit/loss before tax		6,124,386	7,517,939
Tax on profit/loss for the year	4	-1,339,715	-1,666,742
Net profit/loss for the year		4,784,671	5,851,197

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Completed development projects		3,038,202	5,703,891
Acquired trademarks		0	89,333
Goodwill		2,857,142	3,571,428
Intangible assets	5	5,895,344	9,364,652
Other fixtures and fittings, tools and equipment		19,616	91,982
Leasehold improvements		81,288	233,620
Property, plant and equipment	6	100,904	325,602
Investments in subsidiaries	7	1,239,085	1,239,085
Deposits	8	610,157	485,994
Fixed asset investments		1,849,242	1,725,079
Fixed assets		7,845,490	11,415,333
Trade receivables		25,491,365	21,514,786
Contract work in progress		2,078,404	2,205,324
Receivables from group enterprises		12,935,032	15,907
Other receivables		23,718	17,831
Prepayments	9	289,559	333,124
Receivables		40,818,078	24,086,972
Cash at bank and in hand		95,820	9,924,032
Currents assets		40,913,898	34,011,004
Assets		48,759,388	45,426,337

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		1,000,000	1,000,000
Reserve for development costs		2,369,798	5,415,521
Retained earnings		<u>23,126,939</u>	<u>15,670,327</u>
Equity	10	<u>26,496,737</u>	<u>22,085,848</u>
Provision for deferred tax	12	<u>614,805</u>	<u>1,493,311</u>
Provisions		<u>614,805</u>	<u>1,493,311</u>
Trade payables		10,741,451	9,877,227
Payables to group enterprises		1,354,948	328,615
Corporation tax		1,617,011	58,806
Other payables		7,934,436	6,648,860
Deferred income	13	<u>0</u>	<u>4,933,670</u>
Short-term debt		<u>21,647,846</u>	<u>21,847,178</u>
Debt		<u>21,647,846</u>	<u>21,847,178</u>
Liabilities and equity		<u>48,759,388</u>	<u>45,426,337</u>
Subsequent events	1		
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,000,000	5,415,521	15,670,327	22,085,848
Development costs for the year	0	-3,045,723	2,671,941	-373,782
Net profit/loss for the year	0	0	4,784,671	4,784,671
Equity at 31 December	1,000,000	2,369,798	23,126,939	26,496,737

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date 31 December 2019, which is therefore a non-adjusting event to the Company.

Many of the Company's customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

	2019 DKK	2018 DKK
2 Staff expenses		
Wages and salaries	24,643,881	24,040,601
Pensions	1,891,222	1,898,115
Other social security expenses	562,750	539,988
	27,097,853	26,478,704
Average number of employees	63	60

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Financial expenses

Interest paid to group enterprises	69,281	3,206
Other financial expenses	138,018	157,672
	207,299	160,878

Notes to the Financial Statements

4 Tax on profit/loss for the year

Current tax for the year	2,245,385	1,242,319
Deferred tax for the year	-878,506	424,423
Adjustment of deferred tax concerning previous years	-27,164	0
	<u>1,339,715</u>	<u>1,666,742</u>

Notes to the Financial Statements

5 Intangible assets

	Completed development projects DKK	Acquired trade- marks DKK	Goodwill DKK
Cost at 1 January	8,816,566	446,664	5,000,000
Cost at 31 December	8,816,566	446,664	5,000,000
Impairment losses and amortisation at 1 January	3,112,675	357,331	1,428,572
Amortisation for the year	2,665,689	89,333	714,286
Impairment losses and amortisation at 31 December	5,778,364	446,664	2,142,858
Carrying amount at 31 December	3,038,202	0	2,857,142
Amortised over	3 years	5 years	7 years

The completed development projects consist of a new system used internally in the Company to better serve their customers.

Notes to the Financial Statements

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	3,799,052	862,265
Cost at 31 December	3,799,052	862,265
Impairment losses and depreciation at 1 January	3,707,070	628,645
Depreciation for the year	72,366	152,332
Impairment losses and depreciation at 31 December	3,779,436	780,977
Carrying amount at 31 December	19,616	81,288
	2019	2018
	DKK	DKK

7 Investments in subsidiaries

Cost at 1 January	1,239,085	1,239,085
Carrying amount at 31 December	1,239,085	1,239,085

8 Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	485,994
Additions for the year	124,163
Cost at 31 December	610,157
Carrying amount at 31 December	610,157

9 Prepayments

Prepayments consist of prepaid expenses.

Notes to the Financial Statements

10 Equity

The share capital consists of 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2019 DKK	2018 DKK
11 Distribution of profit		
Retained earnings	4,784,671	5,851,197
	4,784,671	5,851,197

12 Provision for deferred tax

Provision for deferred tax 1 January	1,493,311	1,068,888
Amounts recognised in the income statement for the year	-878,506	424,423
Provision for deferred tax at 31 December	614,805	1,493,311

Deferred tax has been provided at 22% corresponding to the current tax rate.

13 Deferred income

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

14 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

The Company has pledged security of EUR 40k to the European Parliament.

The following assets have been placed as security with bankers:

As security of the Company's engagement with its bank a letter of indemnity has been issued of nominally DKK 6,000k granting company charge in unsecured claims, rights, operating equipment, and goodwill.

Notes to the Financial Statements

	<u>2019</u>	<u>2018</u>
	DKK	DKK
14 Contingent assets, liabilities and other financial obligations (continued)		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	976,125	484,192
Between 1 and 5 years	<u>633,213</u>	<u>0</u>
	<u>1,609,338</u>	<u>484,192</u>

Notes to the Financial Statements

15 Related parties

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.

No transactions with related parties outside the normal business course in the financial year.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Semantix International AB, Linnégatan 89E, Box 10059, 100 55 Stockholm, Sweden owning 100%

Consolidated Financial Statements

The Company is a part of the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
Semantix International Group AB	Sweden

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Semantix A/S for 2019 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 2019 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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 Semantix International Group AB, 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. 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

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.

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

Other external expenses

Other external expenses comprise rent, office costs, 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 and other external expenses.

Staff expenses

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

Notes to the Financial Statements

16 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, 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 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.

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 7 years.

The goodwill reflects a significant value in terms of the acquired customer portfolio. The amortization period is based on the experienced and expected economic lifetime.

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 10 years.

Development costs and costs relating to rights developed by the Company are recognised at the lower of cost less accumulated amortisation and recoverable amount. Completed development projects are amortised over 3 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. All indirectly attributable borrowing expenses are

Notes to the Financial Statements

16 Accounting Policies (continued)

recognised in the income statement.

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.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of 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 regarding service 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial debts

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

Deferred income

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

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$