

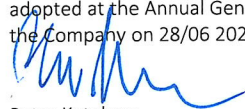
CTS DENMARK A/S

Porthusvej 4, DK-3490 Kvistgaard

Annual Report for 1 January –
31 December 2023

CVR No 25 95 49 71

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 28/06 2024



Peter Ketelsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CTS Denmark A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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.

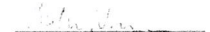
Kvistgaard, 28 June 2024

Executive Board



Scott Louis D'Angelo
Director

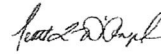
Board of Directors



Andrew Jeffrey Warren
Chairman



Jeffrey Charles Gulbranson



Scott Louis D'Angelo

The Independent Auditors Report

To the Shareholders of CTS Denmark A/S

Opinion

We have audited the Financial Statements of CTS Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company operations for the financial year 1 January - 31 December 2023 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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.

The Independent Auditors Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The Independent Auditors Report

Statement on Management Commentary

Management is responsible for Management Commentary.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Copenhagen, 28 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Per Frost Jensen

Per Frost Jensen
State Authorised Public Accountant
MNE no. mne27740



Ferass Hamade
State Authorised Public Accountant
MNE no. mne35441

Company Information

The Company	CTS DENMARK A/S Porthusvej 4 DK-3490 Kvistgård CVR No: 25 95 49 71 Founded: 15 March 2001 Financial period: 1 January - 31 December Municipality of reg. office: Helsingør
Board of Directors	Andrew Jeffrey Warren, Chairman Jeffrey Charles Gulbranson Scott Louis D'Angelo
Executive Board	Scott Louis D'Angelo
Auditors	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 DK-1561 København V

Management's Review

Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	113.490	115.229	93.426	89.468	102.152
Operating profit/loss	37.291	37.548	27.811	22.186	30.917
Profit/loss before financial income and expenses	37.291	37.548	27.811	22.186	30.917
Net financials	-265	1.607	-539	-1.393	-3.824
Net profit/loss for the year	28.844	30.156	21.382	16.280	21.186
Balance sheet					
Balance sheet total	94.371	106.484	109.199	134.219	131.910
Equity	67.588	83.644	87.604	83.497	65.422
Investment in property, plant and equipment	6.962	2.183	253	4.352	3.111
Number of employees	101	99	91	105	113
Ratios					
Return on assets	39,5%	35,3%	25,5%	16,5%	23,4%
Solvency ratio	71,6%	78,6%	80,2%	62,2%	49,6%
Return on equity	38,1%	35,2%	25,0%	21,9%	38,6%

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.

Managements Review

Main activity

The objects of the Company are to develop, produce and launch piezoceramic components along with other related activities.

Development in the year

During 2023 the Company managed to maintain its operating earnings despite a slight decline in gross profit which was driven predominantly by operating inefficiencies.

The income statement of the Company for 2023 shows a profit of DKK 28,844,296, and at 31 December 2023 the balance sheet of the Company shows equity of DKK 67,587,980.

The profit expectation for 2023 was for an increase in net profit between 2 – 4 mDKK as compared to 2022, based on further general growth in the Company's end markets as well as continued focus on managing costs and anticipated synergies from affiliated companies and increased investments in strategic investments.

Expectations for the coming year

The Company's outlook for the future continues to be affected by the conflict in Ukraine and Middle east, the measures imposed by governments as well as any derivative effects from the conflict, including, but not limited to, cost inflation and volatility.

The Company is monitoring the risks associated with these conflicts and is proactively implementing mitigation efforts to minimize any negative impacts to its financial results.

Management expectations are for an increase in net profit between 4 to 6 mDKK for the coming year as compared to 2023. This is based on continued general growth in the Company's end markets as well as continued focus on managing costs, further expected synergies with its affiliated companies, and continued investments in strategic initiatives.

Despite the uncertainty, it is Management's belief that the Company remain in position to mitigate any known negative consequences arising from global conflicts in comparison to the above expectations.

Research and development

Development activities primarily consist of development of special products.

Managements Review

External environment

The company has a developed strategy for handling environmental aspects as well as environmental politics and associated goals.

The company is ISO certified.

Intellectual capital resources

Production and delivery of special products constitutes part of the company's business model. This leads to high dependence on knowledge resources regarding employees, development, and business processes.

In order to be able to deliver these products, it is essential that the company can recruit and retain employees with a high level of education and as well as employees with a technical background.

The company has implemented procedures and objectives to support this.

Foreign exchange risks

The Company is exposed to both translation and transaction risk due to changes in foreign exchange rates. These risks principally relate to the US dollar/DKK rate, although exposure also exists in relation to other currency pairs.

Transaction risk arises where revenues and/or costs of the Company are denominated in a currency other than DKK. The Company's policy is currently not to formally hedge transaction currency exposures, though exposure is constantly monitored and attempted hedged naturally.

Income Statement 1 January - 31 December

	Note	2023 DKK	2022 DKK
Gross profit/loss		113.489.632	115.229.382
Staff expenses	1	-66.276.803	-67.351.275
Profit/loss before depreciations		47.212.829	47.878.107
Depreciation, amortisation and impairment of fixed assets		-9.922.324	-10.330.090
Profit/loss before financial income and expenses		37.290.505	37.548.017
Financial income	2	4.122.619	5.477.525
Financial expenses	3	-4.387.423	-3.870.993
Profit/loss before tax		37.025.701	39.154.549
Tax on profit/loss for the year	4	-8.181.405	-8.998.103
Net profit/loss for the year	5	28.844.296	30.156.446

Balance Sheet 31 December

Assets

	Note	2023 DKK	2022 DKK
Software		1.377.129	2.112.230
Intangible assets	6	1.377.129	2.112.230
Other fixtures and fittings, tools and equipment		16.355.679	17.605.721
Leasehold improvements		2.976.876	4.269.520
Property, plant and equipment	7	19.332.555	21.875.241
Deposits	8	1.124.338	1.124.338
Fixed asset investments		1.124.338	1.124.338
Non-current assets		21.834.022	25.111.809
Inventories	9	28.584.500	26.993.531
Trade receivables		23.014.670	28.869.662
Receivables from group enterprises		3.549.741	4.300.000
Other receivables		1.592.757	712.145
Prepayments	10	2.622.555	3.725.425
Receivables		30.779.723	37.607.232
Cash at bank and in hand		13.172.682	16.771.027
Currents assets		72.536.905	81.371.790
Assets		94.370.927	106.483.599

Balance Sheet 31 December

Liabilities and equity

	Note	2023 DKK	2022 DKK
Share capital		26.500.000	26.500.000
Retained earnings		27.087.980	29.743.684
Proposed dividend for the year		14.000.000	27.400.000
Equity		67.587.980	83.643.684
Provision for deferred tax	11	4.047.411	4.677.280
Other provisions	12	65.000	45.000
Provisions		4.112.411	4.722.280
Prepayments		320.930	0
Trade payables		4.394.972	5.720.341
Payables to group enterprises		1.889.508	219.080
Corporation tax		8.811.274	5.285.807
Other payables		7.253.852	6.892.407
Total current liabilities		22.670.536	18.117.635
Total Liabilities		22.670.536	18.117.635
Liabilities and equity		94.370.927	106.483.599
Contingent assets, liabilities and other financial obligations	13		
Related parties and ownership	14		
Subsequent events	15		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	26.500.000	29.743.684	27.400.000	83.643.684
Ordinary dividend paid	0	0	-27.400.000	-27.400.000
Extraordinary dividend paid	0	-17.500.000	0	-17.500.000
Net profit/loss for the year	0	14.844.296	14.000.000	28.844.296
Equity at 31 December	26.500.000	27.087.980	14.000.000	67.587.980

Notes to the Balance Sheet

	<u>2023</u>	<u>2022</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	59.914.223	61.494.693
Pensions	5.316.878	4.872.851
Other social security expenses	1.045.702	983.731
	<u>66.276.803</u>	<u>67.351.275</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
Average number of employees	<u>101</u>	<u>99</u>
2 Financial income		
Other financial income	717.086	151.225
Exchange rate adjustments	3.405.533	5.326.300
	<u>4.122.619</u>	<u>5.477.525</u>
3 Financial expenses		
Other financial expenses	236.184	403.363
Exchange rate adjustments	4.151.239	3.467.630
	<u>4.387.423</u>	<u>3.870.993</u>

Notes to the Balance Sheet

	2023	2022
	DKK	DKK
4 Tax on profit/loss for the year		
Current tax concerning previous year	0	-101.198
Current tax for the year	8.811.274	8.529.807
Deferred tax for the year	-629.869	569.494
	8.181.405	8.998.103

5 Distribution of profit

Proposed distribution of profit

Extraordinary dividend, paid	17.500.000	34.370.100
Proposed dividend for the year	14.000.000	27.400.000
Retained earnings	-2.655.704	-31.613.654
	28.844.296	30.156.446

6 Intangible assets

	Software
	DKK
Cost at 1 January	4.362.175
Additions for the year	53.831
Cost at 31 December	4.416.006
Impairment losses and depreciation at 1 January	2.249.945
Depreciation for the year	788.932
Impairment losses and depreciation at 31 December	3.038.877
Carrying amount at 31 December	1.377.129

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	DKK	DKK
Cost at 1 January	70.986.673	37.463.241
Additions for the year	4.391.140	2.571.359
Adjustments to prior years	-144.636	144.636
Disposals for the year	-892.350	0
Cost at 31 December	74.340.827	40.179.236
Impairment losses and depreciation at 1 January	53.380.952	33.193.721
Depreciation for the year	5.269.388	3.864.003
Adjustments to prior years	-144.636	144.636
Impairment and depreciation of sold assets for the year	-520.556	0
Impairment losses and depreciation at 31 December	57.985.148	37.202.360
Carrying amount at 31 December	16.355.679	2.976.876

8 Fixed asset investments

	Deposits
	DKK
Cost at 1 January	1.124.338
Carrying amount at 31 December	1.124.338

9 Inventories

	2023	2022
	DKK	DKK
Raw materials and consumables	3.170.189	2.955.762
Work in progress	19.159.777	20.196.113
Finished goods and goods for resale	6.254.534	3.841.656
2023	28.584.500	26.993.531

	2023	2022
	DKK	DKK
10 Prepayments		
Other prepayments	2.622.555	3.725.425
	2.622.555	3.725.425

11 Provision for deferred tax

Provision for deferred tax 1 January	4.677.280	4.107.786
Deferred tax for the year	-629.869	569.494
	4.047.411	4.677.280

12 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, general provisions of kDKK 65 (2022: kDKK 45) have been recognized for expected warranty claims. No warranty provision has been booked to cover the expected cost of replacements under warranty for specific ongoing warranty claims.

	2023	2022
	DKK	DKK
Provision for warranties , general	65.000	45.000
	65.000	45.000
The provisions are expected to mature as follows:		
Within 1 year:	65.000	45.000
	65.000	45.000

13 Contingent assets, liabilities and other financial obligations

Rental agreements and leases	2023	2022
	DKK	DKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	104.589	338.279
Between 1 and 5 years	0	188.730
	104.589	527.009
Rental agreements	1.319.705	1.308.919

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group, with CTS Denmark Holding A/S as the management company of the joint taxation.

The company has no other contingent liabilities.

14 Related parties and ownership

Related parties

Related parties to CTS Denmark include CTS Denmark Holding A/S and its affiliates.

The company's related parties also include the Board of Directors and the Executive Board, as well as the related family members of these persons. Related parties also include companies in which the aforementioned group of persons has significant interests.

All transactions have taken place on market terms.

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:

CTS Denmark Holding A/S
Porthusvej 4
3490 Kvistgaard
Denmark

Consolidated Financial Statements

The Company is included in the Group Annual Report of CTS Corporation, USA

The Group Annual Report may be obtained at the following address:

www.ctscorp.com

15 Subsequent events

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

16 Accounting Policies

Basis of Preparation

The Annual Report of CTS Denmark A/S for 2023 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.
Financial Statements for 2023 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of the Ultimate Parent Company, 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 is 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 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.

Recognition and measurement consider predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

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.

Fair value adjustments on foreign exchange contracts are recognized 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 as financial income and expenses in the income statement.

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

Income Statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured excluding VAT and after rebate associated.

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.

Under other external expenses are also research and development expenses not meeting the criteria for capitalization, including expenses for maintenance of the existing product portfolio.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production related.

Amortisation, depreciation and impairment

Amortisation, depreciation and impairment comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment and provisions for abandonment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised currency adjustments.

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

Software and Property, plant and equipment

Software and 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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub suppliers.

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:

Production buildings	50	years
Other fixtures and fittings, tools and equipment	3 - 20	years
Leasehold improvements	5 - 10	years
Software	3 - 5	years

Depreciation periods and residual values are reassessed annually.

Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

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

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour, other direct cost and related production overheads, based on normal operating capacity, and is determined using the first-in first-out (FIFO) method.

Abnormal variations between actual/forecasted volumes and normal operating capacity are excluded from the valuation of inventory.

The net realisable value of inventories is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Government grants

Grants are recognised when the general conditions for recognition are met, and when the conditions attaching to the grants are met.

Subsidies granted to cover expenses are recognised in the income statement in the rate they earned.

Grants to investments in assets are recognised as reduction of the carrying amount of asset by the amount of grants.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Equity**Dividend**

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

Provisions

Provisions are recognised when in consequence of an event occurred before or on the balance sheet date the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period within one year and provision for abandonment. Provisions for warranties are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

Deferred tax assets and liabilities

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

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

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

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