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# ***Howden Holdings ApS***

Industrivej 23, DK-4700 Næstved

## **Annual Report for 1 January - 31 December 2022**

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CVR No 29 61 64 50

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
3 /8 2023

Kenneth Ladefoged  
Petersen  
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 Howden Holdings ApS for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations and cash flows for 2022.

Further, in our opinion, Management's Review gives a fair review of the matters discussed in the Management's Review.

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

Næstved, 3 August 2023

## **Executive Board**

Kenneth Ladefoged Petersen

## **Board of Directors**

Jillian Evanko  
Chairman

Frederick James Hearle

Kenneth Ladefoged Petersen

# Independent Auditor's Report

To the Shareholder of Howden Holdings ApS

## **Adverse Opinion**

### **Adverse opinion on the consolidated financial statements**

We have audited the Financial Statements of Howden Holdings ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

As described in the "basis for adverse opinion" section of our report, the group has not prepared consolidated financial statements, which give a true and fair view in accordance with the Danish Financial Statements Act.

We recommend that the general meeting of shareholders should not approve the Financial Statements.

### **Opinion on the parent company financial statements**

In our opinion, the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2022 and of the results of the Parent Company's operations as well as the Parent Company's cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

### **Basis for Adverse Opinion**

Howden Holdings ApS is parent company for several subsidiaries. Management has not prepared consolidated financial statements for the group, which in our view is in conflicts with the Danish Financial Statements Act.

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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the Financial Statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### **Management's responsibilities for the consolidated financial statements and the parent company financial statements**

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements

## **Independent Auditor's Report**

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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent company 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

## **Independent Auditor's Report**

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### **Statement on 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.

As stated in the "basis for adverse opinion" section, our opinion on the consolidated financial statements is modified as Management has not prepared consolidated financial statements for the Group. For the same reason, we have concluded that the Management's Review omits information concerning the Group's conditions as required in the Danish Financial Statements Act. It is our assessment that the Management's Review is prepared in accordance with the Parent Company Financial Statements.

Copenhagen, 3 August 2023

**EY**

Godkendt Revisionspartnerselskab

*CVR No 30 70 02 28*

Rasmus Bloch Jespersen

State Authorised Public Accountant

mne35503

## **Company Information**

### **The Company**

Howden Holdings ApS  
Industrivej 23  
DK-4700 Næstved

CVR No: 29 61 64 50  
Financial period: 1 January - 31 December  
Municipality of reg. office: Næstved

### **Board of Directors**

Jillian Evanko, Chairman  
Frederick James Hearle  
Kenneth Ladefoged Petersen

### **Executive Board**

Kenneth Ladefoged Petersen

### **Auditors**

EY  
Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
DK-2000 Frederiksberg

### **Bankers**

Danske Bank

## Financial Highlights

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	EURk	EURk	EURk	EURk	EURk
<b>Key figures</b>					
<b>Profit/loss</b>					
Operating profit/loss	-77	-50	-7	-13	0
Net financials	2.055	31.179	2.180	-5.218	-33.446
Net profit/loss for the year	914	29.465	2.662	-5.016	-32.898
<b>Balance sheet</b>					
Balance sheet total	345.053	337.072	303.388	298.471	315.103
Equity	193.627	192.713	163.248	160.586	165.603
Investment in property, plant and equipment	0	0	0	0	0
<b>Ratios</b>					
Solvency ratio	56,1%	57,2%	53,8%	53,8%	52,6%
Return on equity	0,5%	16,6%	1,6%	-3,1%	-18,1%

See the description under accounting policies.



# Management's Review

## **Key activities**

The Company's main activity is to act as a holding company for Howden Group's activities in more countries worldwide.

## **Development in the year**

The income statement of the Company for 2022 shows a profit of EURk 914, and at 31 December 2022 the balance sheet of the Company shows equity of EURk 193,627.

## **Operating risks and financial risks**

### ***Financial risks***

The Company monitors the risk factors that may affect the operations and financial results on a regular basis.

### ***Foreign exchange risks***

There is no hedging of currency risk on foreign currency assets and liabilities.

### ***Interest rate risks***

The interest rates on intercompany receivables and loans are variable linked to the LIBOR. As such, the Company interest income and expenses are exposed to fluctuations in market interest rates.

## **Targets and expectations for the year ahead**

For 2023, the Company expects to realise a result before tax at the same level as in 2022 +/- 10% depending on the level of dividend income and fluctuations in interest levels.

## **Subsequent events**

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

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> EURk	<u>2021</u> EURk
<b>Gross profit/loss</b>		<b>-77</b>	<b>-50</b>
Income from investments in subsidiaries		5.720	42.365
Financial income	3	3.214	773
Financial expenses	4	<u>-6.879</u>	<u>-11.959</u>
<b>Profit/loss before tax</b>		<b>1.978</b>	<b>31.129</b>
Tax on profit/loss for the year	5	<u>-1.064</u>	<u>-1.664</u>
<b>Net profit/loss for the year</b>		<u><b>914</b></u>	<u><b>29.465</b></u>

## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2022</u> EURk	<u>2021</u> EURk
Investments in subsidiaries	6	261.991	261.991
<b>Fixed asset investments</b>		<b>261.991</b>	<b>261.991</b>
<b>Fixed assets</b>		<b>261.991</b>	<b>261.991</b>
Receivables from group enterprises		83.025	75.068
<b>Receivables</b>		<b>83.025</b>	<b>75.068</b>
<b>Cash at bank and in hand</b>		<b>37</b>	<b>13</b>
<b>Currents assets</b>		<b>83.062</b>	<b>75.081</b>
<b>Assets</b>		<b>345.053</b>	<b>337.072</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2022</u> EURk	<u>2021</u> EURk
Share capital		217.818	217.818
Retained earnings		-24.191	-25.105
<b>Equity</b>		<b><u>193.627</u></b>	<b><u>192.713</u></b>
Trade payables		30	30
Payables to group enterprises		149.015	142.938
Corporation tax		2.240	1.250
Other payables		141	141
<b>Short-term debt</b>		<b><u>151.426</u></b>	<b><u>144.359</u></b>
<b>Debt</b>		<b><u>151.426</u></b>	<b><u>144.359</u></b>
<b>Liabilities and equity</b>		<b><u>345.053</u></b>	<b><u>337.072</u></b>
Subsequent events	1		
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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	EURk	EURk	EURk
Equity at 1 January	217.818	-25.105	192.713
Net profit/loss for the year	0	914	914
<b>Equity at 31 December</b>	<b>217.818</b>	<b>-24.191</b>	<b>193.627</b>

## Cash Flow Statement 1 January - 31 December

	Note	2022 EURk	2021 EURk
Net profit/loss for the year		914	29.465
Adjustments	8	-991	-29.515
Change in working capital	9	-4.743	-40.464
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-4.820</b>	<b>-40.514</b>
Corporation tax paid		-74	167
<b>Cash flows from operating activities</b>		<b>-4.894</b>	<b>-40.347</b>
Dividends received from subsidiaries		5.720	42.364
<b>Cash flows from investing activities</b>		<b>5.720</b>	<b>42.364</b>
Repayment of payables to group enterprises		-802	-2.013
<b>Cash flows from financing activities</b>		<b>-802</b>	<b>-2.013</b>
<b>Change in cash and cash equivalents</b>		<b>24</b>	<b>4</b>
Cash and cash equivalents at 1 January		13	9
<b>Cash and cash equivalents at 31 December</b>		<b>37</b>	<b>13</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		37	13
<b>Cash and cash equivalents at 31 December</b>		<b>37</b>	<b>13</b>

# Notes to the Financial Statements

## 1 Subsequent events

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

## 2 Staff expenses

The executive management and board of directors are not remunerated via the Company.

	<u>2022</u> EURk	<u>2021</u> EURk
<b>3 Financial income</b>		
Interest from group enterprises	3.056	171
Other financial income	18	6
Exchange adjustments	140	596
	<u><b>3.214</b></u>	<u><b>773</b></u>
<b>4 Financial expenses</b>		
Impairment losses on financial assets	0	7.000
Interest to group enterprises	6.039	4.815
Other financial expenses	0	144
Exchange adjustments	840	0
	<u><b>6.879</b></u>	<u><b>11.959</b></u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	1.064	246
Deferred tax for the year	0	288
Adjustment of tax concerning previous years	0	1.130
	<u><b>1.064</b></u>	<u><b>1.664</b></u>

## Notes to the Financial Statements

	2022 EURk	2021 EURk
<b>6 Investments in subsidiaries</b>		
Cost at 1 January	326.815	326.814
Additions for the year	0	1
Cost at 31 December	326.815	326.815
Impairment at 1 January	-64.824	-57.824
Impairment losses for the year	0	-7.000
Impairment at 31 December	-64.824	-64.824
<b>Carrying amount at 31 December</b>	<b>261.991</b>	<b>261.991</b>

The Company has for investments where impairment indicators are present, prepared an impairment test and thereby calculated the recoverable amount of the Company's respective investments at 31 December 2022.

The Company has calculated the value in use by applying a discounted cash flow (DCF) valuation based on internal financial reporting for 2022, budgets and a WACC determined by management. The DCF valuations are based on the following main assumptions; budget period of 9 years followed by a terminal period, wacc of 14,3%, and growth rate during the budget period and terminal period of 1.5%.

The impairment test resulted in an impairment charge in 2022 of EUR 0k.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
1. Howden Axial Fans ApS (DKKk)*	Denmark	100%	224.655	27.602
2. Howden Engineering (South East Asia) Ltd. (USDk)**	Hong Kong	100%	243.967	6.240
2.1. Howden Hua Engineering Company Ltd. (USDk)**	China	82%	135.676	43.193
3. Howden Covent Fans Inc. (USDk)**	Canada	100%	27.453	626
4. Howden Turbo Fans Oy (USDk)**	Finland	100%	-143	0
5. Howden Axial Fans AB (USDk)**	Sweden	100%	6.262	1.740
6. Howden Water Technology A/S (DKKk)*	Denmark	100%	660	-36



## Notes to the Financial Statements

### 6 Investments in subsidiaries (continued)

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
7. Howden Group South Africa Ltd. (USDk)**	South Africa	91%	1.010	2
7.1. Howden Africa Holdings Ltd. (USDk)**	South Africa	70%	1.848	-198
7.1.1. Howden Africa (Pty) Ltd. (USDk)**	South Africa	100%	16.999	9.697
7.1.1.1. Howden Donkin (Pty) Ltd. (ZARk)**	South Africa	100%	8.477	1.763
7.1.1.2. James Howden Holdings Ltd. (USDk)**	South Africa	100%	2.359	667
7.1.1.3. Howden Zambia (USDk)**	Zambia	100%	0	0
7.2. Howden SA Holdings Pty Ltd. (USDk)**	South Africa	100%	65	-717
7.3. Howden Australia Pty Ltd (USDk)**	Australia	97%	4.330	814
7.3.1. Austcold Refrigeration Pty Ltd (USDk)**	Australia	100%	3.028	-89
7.3.2. Howden Melbourne Pty Ltd (USDk)**	Australia	100%	0	0
7.3.3 Howden Vensim Pty Ltd. (USDk)**	Australia	100%	2.407	1.561
7.3.4. Howden Thomassen Australasia Pty Ltd. (USDk)**	Australia	100%	0	0
7.3.5. PT Howden Indonesia APAC (USDk)**	Indonesia	99%	89	67
8. Howden Poland (USDk)**	Poland	100%	1	12

\* Above information about equity and net profit/loss is based on the Annual Report for 2022.

\*\* Above information about equity and net profit/loss is based on internal consolidated reporting using US GAAP.

No Annual Report has been prepared for 2022.

### 7 Distribution of profit

	2022 EURk	2021 EURk
Retained earnings	914	29.465
	<b>914</b>	<b>29.465</b>

## Notes to the Financial Statements

	2022	2021
	EURk	EURk
<b>8 Cash flow statement - adjustments</b>		
Financial income	-3.214	-773
Financial expenses	6.879	11.959
Income from investments in subsidiaries	-5.720	-42.365
Tax on profit/loss for the year	1.064	1.664
	<u>-991</u>	<u>-29.515</u>
<b>9 Cash flow statement - change in working capital</b>		
Change in receivables	-4.743	-40.487
Change in trade payables, etc.	0	23
	<u>-4.743</u>	<u>-40.464</u>

### 10 Contingent assets, liabilities and other financial obligations

#### 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 by the Group at 31 december 2022 amounts to EURk 1,494. 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.

# Notes to the Financial Statements

## 11 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Howden International Holdings B.V., Lansinkesweg 4 Hengelo 7553AE, Holland	Parent Company
KPS Capital Partners LP, 485 Lexington Avenue, Fl 31, New York 10017, USA	Ultimate Parent Company

### Transactions

During the year, the Company had the following transactions with its ultimate Parent Company and its subsidiaries:

Interest income, mEUR 3.1  
Interest expenses, mEUR 6.0

As at 31 December 2022, the Company had the following balance with related parties:

Loan receivables, mEUR 83.0  
Payables, mEUR 0.1  
Loan payables, mEUR 148.9

### Consolidated Financial Statements

Consolidated financial statements for a parent company wherein the Company is incorporated in are not made available to the public.

# Notes to the Financial Statements

## 12 Accounting Policies

The Annual Report of Howden Holdings ApS for 2022 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.

2022 is the first year, the Company presents the Financial Statements in accordance with rules for reporting class C-medium. In prior years, the Financial Statements were presented in accordance with rules for reporting class B.

Financial Statements are presented in EUR.

### Consolidated financial statements

The Company has not prepared consolidated financial statements.

### 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.

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.

### Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other external expenses.

### Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

### Financial income and expenses

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

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### 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 all Danish group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Impairment of fixed assets

For investments in subsidiaries where impairment indicators are present, the Company prepares an impairment test and thereby calculates the recoverable amount of the Company's respective investments at the balance sheet date.

The recoverable amount is calculated by applying a discounted cash flow (DCF) valuation based on internal financial reporting for the year, budgets and a WACC determined by management.

### Investments in subsidiaries

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

### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

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

### 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 de-

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

ferred 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**

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

## **Cash Flow Statement**

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as impairment losses. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### **Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise "Cash at bank and in hand".

## Notes to the Financial Statements

### 12 Accounting Policies (continued)

The cash flow statement cannot be immediately derived from the published financial records.

### Financial Highlights

#### Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

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