BAWAT A/S

Agern Alle 5, A, 1,
2970 Hørsholm

CVR No. 34053499

Annual Report 2022

11. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 9 June 2023

Morten Berggreen
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BAWAT A/S for the financial year 1 January 2022 - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

In our opinion, the 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.

Hørsholm, 9 June 2023

Executive Board

Marcus Peter Hummer
CEO

Board of Directors

Klaus Nyborg
Chairman

Charlotte Vad
Vice Chairman

Thomas Synnestvedt Knudsen
Member

Peter Valdemar Stokbro
Member

Independent Auditors' Report

To the shareholders of BAWAT 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 2022, and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BAWAT A/S for the financial year 1 January 2022 - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statement").

Basis of 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 Auditors' responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 responsiblity 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 Financial 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 responsibility 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 auditors' 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

Independent Auditors' Report

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 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.

Hellerup, 9 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Flemming Eghoff
State Authorised Public Accountant
mne30221

Company details

Company	BAWAT A/S Agern Alle 5, A, 1, 2970 Hørsholm
Telephone	+45 88708803
Website	www.bawat.com
CVR No.	34053499
Date of formation	14 November 2011
Financial year	1 January 2022 - 31 December 2022
Board of Directors	Klaus Nyborg Charlotte Vad Thomas Synnestvedt Knudsen Peter Valdemar Stokbro
Executive Board	Marcus Peter Hummer
Parent Company	The company is reflected in the group annual report of the parent company Bawat Water Technologies AB. The group annual report of the parent company Bawat Water Technologies AB can be obtained at the following address: Bawat Water Technologies AB c/o Advokatfirman Lindahl KB P.O. Box 5898 SE-102 40 Stockholm Reg-no.: 559338-6443
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

Management's Review

The Company's principal activities
The business scope of the Company comprises research, development and sales of systems for ship ballast water treatment - both onboard ships or in ports, terminals, yards or other relevant locations. Last but not least, the Company has in 2021 added a distinct service leg to its business portfolio where treatment of ballast water is sold as service through a joint venture company.

Development in the activities and the financial situation
The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of DKK -21.149.425 and the Balance Sheet at 31 December 2022 a balance sheet total of DKK 48.726.699 and an equity of DKK -3.712.496.

The management considers the net loss for the year to be as expected.

Subsequent events
No events beyond what is described below have materially affected the assessment of the Annual report have occurred after the balance sheet date.

Capital resources
As announced by Bawat Water Technologies AB (parent company) on 26. April 2023, NEFCO has approved to provide a DKK 9.685k loan (EUR 1.300 k) directly to Bawat A/S. A second loan of DKK 7.450k (EUR 1.000k) consisting of a convertible loan is to be disbursed to Bawat Water Technologies AB in 2024. At the same time Bawat Water Technologies AB announced to have resolved on directed shares issues of DKK 10.946k (SEK 17.124k). A second directed share issue was approved at the Annual General Meeting on 7. June 2023 for further DKK 1.073k (SEK 1.678k).

Reference is made to note 1 for further information.

Income Statement

	Note	2022 kr.	2021 kr.
Gross profit		**180.864**	**-375.672**
Employee benefits expense	2	-12.210.675	-11.522.621
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-8.517.986	-8.468.026
Profit from ordinary operating activities		**-20.547.797**	**-20.366.319**
Income from investments in group enterprises and associates		0	-112.943
Other finance income		1.298.162	11.233
Finance expenses	3	-1.899.790	-2.868.772
Profit from ordinary activities before tax		**-21.149.425**	**-23.336.801**
Tax expense on ordinary activities	4	0	247.632
Profit		**-21.149.425**	**-23.089.169**

Proposed distribution of results			
Reserve for net revaluation according to equity method		0	-112.943
Transferred from reserve fund		-3.323.139	-2.914.963
Retained earnings		-17.826.286	-20.061.263
Distribution of profit		**-21.149.425**	**-23.089.169**

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Assets			
Completed development projects		38.909.431	46.673.144
Acquired patents		1.745.134	1.514.456
Intangible assets	5	**40.654.565**	**48.187.600**
Fixtures, fittings, tools and equipment		30.117	54.937
Property, plant and equipment		**30.117**	**54.937**
Long-term investments in group enterprises		20.036	23.814
Long-term Investments in joint ventures	6	20.000	20.000
Deposits		289.169	180.670
Investments		**329.205**	**224.484**
Fixed assets		**41.013.887**	**48.467.021**
Manufactured goods and goods for resale		384.195	0
Inventories		**384.195**	**0**
Short-term trade receivables		988.276	754.353
Contract work in progress	7	1.077.309	1.525.720
Short-term receivables from group enterprises		511.651	0
Short-term tax receivables		0	247.632
Other short-term receivables		449.769	721.171
Prepayments		61.641	50.905
Receivables		**3.088.646**	**3.299.781**
Cash and cash equivalents		**4.239.971**	**3.441.744**
Current assets		**7.712.812**	**6.741.525**
Assets		**48.726.699**	**55.208.546**

Balance Sheet as of 31 December

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Contributed capital		10.273.071	10.273.071
Reserve for net revaluation according to equity method		17.650	17.650
Reserve for development costs		25.457.537	28.780.676
Retained earnings		-39.460.754	-46.647.394
Equity		**-3.712.496**	**-7.575.997**
Mortgage loans		16.625.781	30.043.037
Payables to group enterprises		8.600.084	0
Other payables		0	2.992.001
Deferred income		13.097.882	15.686.694
Long-term liabilities other than provisions	8	**38.323.747**	**48.721.732**
Mortgage loans		4.163.841	2.624.287
Prepayments received for work in progress	7	1.900.988	1.406.638
Trade payables		3.182.560	1.789.288
Other payables		2.286.576	5.668.442
Deferred income		2.581.483	2.574.156
Short-term liabilities other than provisions		**14.115.448**	**14.062.811**
Liabilities other than provisions within the business		**52.439.195**	**62.784.543**
Liabilities and equity		**48.726.699**	**55.208.546**

Capital resources	1
Contingent liabilities	9
Collaterals and assets pledges as security	10

Statement of changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	10.273.071	17.650	28.780.676	-46.647.394	-7.575.997
Development costs for the year	0	0	299.334	-299.334	0
Depreciation, amortiation and impairment for the year	0	0	-3.622.473	3.622.473	0
Profit (loss)	0	0	0	-21.149.425	-21.149.425
Contribution from group	0	0	0	25.012.926	25.012.926
Equity 31 December 2022	**10.273.071**	**17.650**	**25.457.537**	**-39.460.754**	**-3.712.496**

The share capital has developed as follows:

	2022	2021	2020	2019	2018
Balance at the beginning of the year	10.273.071	9.088.952	9.088.952	5.588.951	4.258.243
Addition during the year	0	1.184.119	0	3.500.001	1.330.708
Balance at the end of the year	**10.273.071**	**10.273.071**	**9.088.952**	**9.088.952**	**5.588.951**

Notes

1. Capital resources
As described in the Management Report, Bawat A/S has received a loan of DKK 9.685k and the parent company have received additional share capital and a convertible loan in total DKK 19.469k.

Bawat A/S is depending on finacial support to secure continued operation. In order to finance the Company's operations, the Company has received a letter of support and subordination issued by the Parent Company in which the Parent Company consents to contribute capital to extend necessary funds and declares the debt to group enterprise rank subordinate to the Company's other creditors. The letter of support and subordination is effective until 30 June 2024.

In combination with the projected cashflow from its operations, the Management and Board of Directors are of the view that sufficient funds are available for the financial year 2023. Should the projections not materialize, measures can be taken to reduce costs and investments as well as raising additional funds when needed.

Based on the above the financial statements for 2022 has been prepared based on going concern.

	2022	**2021**
2. Employee benefits expenses		
Wages and salaries	10.620.860	10.080.210
Pensions	1.109.445	1.027.520
Social security contributions	155.686	134.229
Other employee expenses	324.684	280.662
	12.210.675	**11.522.621**
Average number of employees	15	15
3. Finance expenses		
Other finance expenses	1.899.790	2.868.772
	1.899.790	**2.868.772**
4. Tax expense		
Current tax expense	0	-247.632
	0	**-247.632**

Notes

5. Intangible assets

	Completed development projects 2022	Acquired patents 2022
Cost at the beginning of the year	79.953.526	3.558.790
Addition during the year, incl. improvements	493.853	450.568
Cost at the end of the year	**80.447.379**	**4.009.358**
Depreciation and amortisation at the beginning of the year	-33.280.382	-2.044.334
Amortisation for the year	-8.257.566	-219.890
Impairment losses and amortisation at the end of the year	**-41.537.948**	**-2.264.224**
Carrying amount at the end of the year	**38.909.431**	**1.745.134**

Development projects concerns development of ballast water mangement systems based on pasteurization for the maritime industry. Market researches shows a great future demand for such systems because of implementation of the ballast water convention by the IMO. The development was finalised in 2020.

6. Disclosure in long-term investments in Joint ventures

Name	**Registered office**	**Share held in %**
Bawat Technology Services ApS	Hørsholm	50,00

7. Contract work in progress

	2022	2021
Sales value of work	26.628.885	15.237.068
Progress billings on contracts in progress	-27.452.564	-15.117.986
Net value of contract work	**-823.679**	**119.082**
Progress billings are divided as follows in the balance sheet:		
Net receivables	1.077.309	1.525.720
Net liabilities	-1.900.988	-1.406.638
	-823.679	**119.082**

8. Long-term liabilities

	Due within 1 year	Due after 1 year	Due after 5 years
Mortgage debt	4.163.841	16.625.781	0
Payables to group enterprises	0	8.600.084	15.155.858
Other payables	659.578	0	0
Deferred income	2.581.483	13.097.882	0
	7.404.902	**38.323.747**	**15.155.858**

Notes

9. Contingent liabilities

The Company has rental obligations for 21 months from the balancedate. The total obligations amounts to t.DKK 1.054 (2021: t.DKK 1.500), where t.DKK 603 (2021: t.DKK 546) is due within 1 year.

10. Collaterals and securities

As collateral for debt to credit institutions a company pledge of t.DKK 20.300 has been provided comprising goodwill, intellectual property rights, other plant, fixtures and fittings, tools and equipment, inventories as weel as trade receivables.

Accounting Policies

Reporting Class
The annual report of BAWAT A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

The annual report is presented in DKK.

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

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 deprecia tion, amortisation, impairment losses and provisions as well as reversals due to changed accounting esti mates 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference be tween cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account 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.

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.

Accounting Policies

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 econo mic benefits relating to the sale will flow to the Company.

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 econo mic 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.

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 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, work on own account recognised in assets, 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.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

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.

Accounting Policies

Balance sheet

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

Development projects in progress are transferred to completed development projects when the asset is ready for use.

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

Completed development projects are amortised using the straight-line method based on useful lives, which are 5-10 years.

An amount corresponding the capitalized development costs in the balance sheet is recognized in the "reserve for development costs" under equity. The reserve decreases in value as a result of depreciation and tax .

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and less any accumu lated 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.

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 years

The fixed assets’ residual values are determined at nil.

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 amortisa tion and depreciation.

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

Accounting Policies

Investments in subsidiaries
Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries. .

Subsidiaries having a negative asset value are recognised at kr. 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments
Other fixed asset investments consist of deposits and investments in joint ventures measured at cost.

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

The net realizable value of inventories is calculated as the amount expected to be generated by sale of the inventories in the process of normal operations.

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 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 expen ses 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.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expen ses 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity
Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Accounting Policies

Development cost reserve
Development cost reserve includes recognised development costs. The reserve is not available for the payment of dividend or losses. The reserve is deducted or dissolved by depreciation of the recognized costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

Deferred tax assets and liabilities
Deferred income tax is measured using the balance sheet liability method in respect of temporary diffe rences arising between the tax bases of assets and liabilities and their carrying amounts for financial re porting 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 elimi nation 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 legisla tion 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 indcome and expenses.

Financial debts
Loans, such as mortgage loans and loans from credit institutions, 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other 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.