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# ***Navi Merchants A/S***

Klubiensvej 22, DK-2150 Nordhavn

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

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CVR No 42 18 69 37

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
26/6 2023

Torben Herman  
Christensen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Navi Merchants A/S 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 for 2022.

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.

Nordhavn, 24 May 2023

## Executive Board

Simon Christensen  
CEO

## Board of Directors

Torben Herman Christensen  
Chairman

Simon Christensen

Gustav Jakobsen

Bjørn Norholdt Eckford-Olsen

# Independent Auditor's Report

To the Shareholder of Navi Merchants 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 - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Navi Merchants A/S for the financial year 1 January - 31 December 2022, 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' 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 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.

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- 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.

## Independent Auditor's Report

- 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, 24 May 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild

statsautoriseret revisor

mne33262

## Company Information

### **The Company**

Navi Merchants A/S  
Klubiensvej 22  
DK-2150 Nordhavn

CVR No: 42 18 69 37  
Financial period: 1 January - 31 December  
Incorporated: 4 March 2021  
Financial year: 2nd financial year  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Torben Herman Christensen, Chairman  
Simon Christensen  
Gustav Jakobsen  
Bjørn Norholdt Eckford-Olsen

### **Executive Board**

Simon Christensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

The development of the Company is described by the following financial highlights:

	<u>2022</u> TEUR	<u>4.3.2021 -</u> <u>31.12.2021</u> TEUR
<b>Key figures</b>		
<b>Profit/loss</b>		
Gross profit/loss	9.833	936
Profit/loss before financial income and expenses	7.625	524
Net financials	4.309	183
Net profit/loss for the year	10.279	597
<b>Balance sheet</b>		
Balance sheet total	26.017	9.977
Equity	11.575	1.270
Number of employees	9	8
<b>Ratios</b>		
Return on assets	29,3%	5,3%
Solvency ratio	44,5%	12,7%
Return on equity	160,0%	94,0%

The Financial Highlights are prepared in accordance with the accounting policies.



# Management's Review

## **Key activities**

The Company's activities consist of bulk freight and management of bulk vessels typically ranging from coasters to handy size vessels and primarily catering for agri- and biomass products.

## **Development in the year**

The income statement of the Company for 2022 shows a profit of EUR 10,279,097, and at 31 December 2022 the balance sheet of the Company shows equity of EUR 11,574,832.

## **The past year and follow-up on development expectations from last year**

The pretax result for 2022 is in line with expectations disclosed in the the Annual Report for 2021, where a pretax result of EUR 10-13 million was expected.

## ***Operating risks***

It has been assessed, that there are no single significant risks to the operations of the company.

## ***Foreign exchange risks***

Activities abroad cause that net profit, cash flow and equity are influenced by exchange rate developments and interest rate trends for a number of currencies. The company does not hedge these risks.

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

For 2023, the Company expects a lower result in the range EUR 2-5 million. after tax due to the significantly lower freight levels coupled with great uncertainty in respect of overall market developments.

## **External environment**

When moving dry bulk freight, the Company adheres to international standards and regulations on maritime pollution by following the International Maritime Organization's ("IMO") conventions on marine pollution and the International Convention for the Prevention of Pollution from Ships ("MARPOL"). To prevent contamination, combustion and capsizing of vessels, Dry Bulk Freight ensure that shiploads meet legal requirements, that the cargo is described correctly, and that the vessels' previous loads will not affect the following shiploads. We use internal and external specialists for inspection to meet the described focus areas. The dry bulk segment had no such incidents in 2022.

## **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

# **Management's Review**

## **Unusual events**

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

## **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

	Note	2022 EUR	4.3.2021 - 31.12.2021 EUR
<b>Gross profit/loss</b>		<b>9.832.587</b>	<b>935.831</b>
Staff expenses	1	-2.130.166	-399.483
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-76.950	-12.830
<b>Profit/loss before financial income and expenses</b>		<b>7.625.471</b>	<b>523.518</b>
Income from investments in associates		4.425.024	214.664
Financial income	2	43.123	0
Financial expenses	3	-159.243	-31.533
<b>Profit/loss before tax</b>		<b>11.934.375</b>	<b>706.649</b>
Tax on profit/loss for the year	4	-1.655.278	-109.330
<b>Net profit/loss for the year</b>		<b>10.279.097</b>	<b>597.319</b>

# Balance Sheet 31 December

## Assets

	Note	2022 EUR	2021 EUR
Goodwill		295.116	372.066
<b>Intangible assets</b>	5	<b>295.116</b>	<b>372.066</b>
Investments in associates	6	5.644.655	787.519
Deposits	7	9.065	1.715
<b>Fixed asset investments</b>		<b>5.653.720</b>	<b>789.234</b>
<b>Fixed assets</b>		<b>5.948.836</b>	<b>1.161.300</b>
<b>Inventories</b>		<b>2.187.084</b>	<b>1.736.656</b>
Trade receivables		7.857.694	4.576.625
Receivables from group enterprises		665.005	0
Receivables from associates		0	229.398
Other receivables		1.213.546	5.177
Deferred tax asset	10	834.934	0
Prepayments	8	3.551.120	1.818.525
<b>Receivables</b>		<b>14.122.299</b>	<b>6.629.725</b>
<b>Cash at bank and in hand</b>		<b>3.759.150</b>	<b>448.878</b>
<b>Currents assets</b>		<b>20.068.533</b>	<b>8.815.259</b>
<b>Assets</b>		<b>26.017.369</b>	<b>9.976.559</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 EUR	2021 EUR
Share capital		672.395	672.395
Reserve for net revaluation under the equity method		4.665.709	0
Retained earnings		4.686.728	597.319
Proposed dividend for the year		1.550.000	0
<b>Equity</b>		<b>11.574.832</b>	<b>1.269.714</b>
Provision for deferred tax	10	0	9.274
Other provisions	11	3.686.000	0
<b>Provisions</b>		<b>3.686.000</b>	<b>9.274</b>
Prepayments received from customers		898.831	0
Trade payables		5.354.941	2.593.254
Payables to group enterprises		20.651	5.412.602
Corporation tax		2.499.486	100.056
Other payables		1.982.628	591.659
<b>Short-term debt</b>		<b>10.756.537</b>	<b>8.697.571</b>
<b>Debt</b>		<b>10.756.537</b>	<b>8.697.571</b>
<b>Liabilities and equity</b>		<b>26.017.369</b>	<b>9.976.559</b>
Distribution of profit	9		
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## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	EUR	EUR	EUR	EUR	EUR
Equity at 1 January	672.395	0	597.319	0	1.269.714
Exchange adjustments relating to foreign entities	0	26.021	0	0	26.021
Other equity movements	0	214.664	-214.664	0	0
Net profit/loss for the year	0	4.425.024	4.304.073	1.550.000	10.279.097
<b>Equity at 31 December</b>	<b>672.395</b>	<b>4.665.709</b>	<b>4.686.728</b>	<b>1.550.000</b>	<b>11.574.832</b>

# Notes to the Financial Statements

	<u>2022</u> EUR	<u>4.3.2021 -</u> <u>31.12.2021</u> EUR
<b>1 Staff expenses</b>		
Wages and salaries	2.012.313	377.505
Pensions	105.434	20.459
Other social security expenses	11.250	1.519
Other staff expenses	1.169	0
	<u><b>2.130.166</b></u>	<u><b>399.483</b></u>
 <b>Average number of employees</b>	 <u><b>9</b></u>	 <u><b>8</b></u>
 <b>2 Financial income</b>		
Interest received from associates	21.168	0
Other financial income	21.955	0
	<u><b>43.123</b></u>	<u><b>0</b></u>
 <b>3 Financial expenses</b>		
Interest paid to group enterprises	129.012	22.697
Other financial expenses	22.793	7.645
Exchange adjustments, expenses	7.438	1.191
	<u><b>159.243</b></u>	<u><b>31.533</b></u>
 <b>4 Tax on profit/loss for the year</b>		
Current tax for the year	2.499.486	100.056
Deferred tax for the year	-844.208	9.274
	<u><b>1.655.278</b></u>	<u><b>109.330</b></u>

# Notes to the Financial Statements

## 5 Intangible assets

	<u>Goodwill</u> EUR
Cost at 1 January	<u>384.896</u>
Cost at 31 December	<u>384.896</u>
Impairment losses and amortisation at 1 January	12.830
Amortisation for the year	<u>76.950</u>
Impairment losses and amortisation at 31 December	<u>89.780</u>
<b>Carrying amount at 31 December</b>	<b><u>295.116</u></b>
Amortised over	<u>5 years</u>



## Notes to the Financial Statements

	2022 EUR	2021 EUR
<b>6 Investments in associates</b>		
Cost at 1 January	572.855	0
Additions for the year	406.091	572.855
Cost at 31 December	978.946	572.855
Value adjustments at 1 January	214.664	0
Exchange adjustment	26.021	0
Net profit/loss for the year	4.425.024	214.664
Value adjustments at 31 December	4.665.709	214.664
<b>Carrying amount at 31 December</b>	<b>5.644.655</b>	<b>787.519</b>

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Norse Maritime A/S	Copenhagen	15%
Lignum Maritime A/S	Copenhagen	15%

The Company's shares in Norse Maritime A/S is classified as associates, as the Company has significant influence due to ownership agreement.

### 7 Other fixed asset investments

	Deposits EUR
Cost at 1 January	1.715
Additions for the year	7.350
Cost at 31 December	9.065
<b>Carrying amount at 31 December</b>	<b>9.065</b>

# Notes to the Financial Statements

## 8 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions, freight and time charter vessels.

	<u>2022</u> EUR	<u>4.3.2021 -</u> <u>31.12.2021</u> EUR
<b>9 Distribution of profit</b>		
Proposed dividend for the year	1.550.000	0
Reserve for net revaluation under the equity method	4.425.024	0
Retained earnings	<u>4.304.073</u>	<u>597.319</u>
	<b><u>10.279.097</u></b>	<b><u>597.319</u></b>

## 10 Deferred tax asset

Deferred tax asset at 1 January	-9.274	0
Amounts recognised in the income statement for the year	<u>844.208</u>	<u>-9.274</u>
<b>Deferred tax asset at 31 December</b>	<b><u>834.934</u></b>	<b><u>-9.274</u></b>

The recognised tax asset comprises timing differences relating to property, plant and equipment. In the years ahead, the Company or the group of jointly taxed enterprises expect to realise the recognised deferred tax asset; on that basis, the asset has been recognised at 31 December 2022.

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	EUR	EUR
<b>11 Other provisions</b>		
Other provisions consist of onerous freight contracts that are ongoing at the balance sheet date. All contracts will be completed in 2023-2024.		
Onerous contracts	3.686.000	0
	<u><b>3.686.000</b></u>	<u><b>0</b></u>

## 12 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	25.660.484	36.320.847
Between 1 and 5 years	10.619.199	0
	<u><b>36.279.683</b></u>	<u><b>36.320.847</b></u>

The total future rental and lease payments primarily consist of rent and Time Charter agreements.

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Torben Herman Christensen Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 13 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.

### Consolidated Financial Statements

The company is included in the consolidated financial statements of the parent company

<u>Name</u>	<u>Place of registered office</u>
Torben Herman Christensen Holding ApS	Taarbæk Strandvej 42C, 2930 Klampenborg
CM Holding A/S	Klubiensvej 22, 2150 Nordhavn

# Notes to the Financial Statements

## 14 Accounting Policies

The Annual Report of Navi Merchants A/S 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.

The Financial Statements for 2022 are presented in EUR.

### 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 CM Holding A/S, 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.

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.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

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

## Income Statement

### Revenue

Revenue is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

### Expenses for direct costs and consumables

Expenses for direct costs 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, expenses for direct costs 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.

### Income from investments in associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Financial income and expenses

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

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

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

### Impairment of fixed assets

The carrying amounts of intangible assets 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 associates

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

The item "Investments in associates" 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 associates 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 associates.

Associates with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### **Other fixed asset investments**

Other fixed asset investments consist of deposits.

### **Inventories**

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

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

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

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

### **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.

### **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.



# Notes to the Financial Statements

## 14 Accounting Policies (continued)

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

### Current tax receivables and liabilities

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

### Financial debts

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.

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