
HBN-Teknik A/S

Bragesvej 16, DK-4100 Ringsted

Annual Report for 1 January - 31 December 2020

CVR No 51 50 26 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /5 2021

Axel Kierkegaard
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 HBN-Teknik A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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.

Ringsted, 5 May 2021

Executive Board

Henrik Stordal
Executive Officer

Board of Directors

Markus Schell
Chairman

Tobias Wiedeking

Axel Kierkegaard

Independent Auditor's Report

To the Shareholder of HBN-Teknik A/S

Opinion

We have audited the Financial Statements of HBN-Teknik A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are 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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independent Auditor's Report

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.

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 re-

Independent Auditor's Report

quired 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.

Trekantområdet, 5 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Madsen
statsautoriseret revisor
mne10745

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Company Information

The Company

HBN-Teknik A/S
Bragesvej 16
DK-4100 Ringsted

Telephone: + 45 5761 1700
Website: www.hbn.dk

CVR No: 51 50 26 12
Financial period: 1 January - 31 December
Municipality of reg. office: Ringsted

Board of Directors

Markus Schell, Chairman
Tobias Wiedeking
Axel Kierkegaard

Executive Board

Henrik Stordal

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

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

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	28.246	34.417	34.583	32.519	34.128
Operating profit/loss	1.022	4.151	5.357	6.840	-3.920
Net financials	-995	-1.510	-1.446	-1.498	-1.460
Net profit/loss for the year	715	2.499	3.462	4.216	-4.200
Balance sheet					
Balance sheet total	94.393	100.755	100.338	95.732	86.263
Equity	32.590	31.874	29.375	25.913	21.699
Investment in property, plant and equipment	-7.292	-1.417	-5.566	-6.258	-5.237
Ratios					
Return on assets	1,9%	4,5%	5,8%	7,2%	-4,5%
Solvency ratio	34,5%	31,6%	29,3%	27,1%	25,2%
Return on equity	2,2%	8,2%	12,5%	17,7%	-17,6%

For definitions, see under accounting policies.

Management's Review

Key activities

The main activities of the company are production and sale of plastic / composite components, spare parts and accessories for trailers, semi-trailers, busses and heavy vehicles.

Development in the year

In the financial year there has been a profit after taxes of TDKK 715 compared with a profit of TDKK 2,499 in 2019. The equity at the end of 2020 is TDKK 32,590 corresponding to a solidity degree of 34,8%.

The general market conditions have been strongly influenced by Covid-19 in 2020. During the period April – September there has been a low order- and production level. Employees have been sent home using the compensation solution from the Danish state in a longer part of the period mentioned. In quarter 4 the incoming orders have increased considerably, as the whole supply chain needed to put goods into storage. Therefore 2020 has shown large deviations in both the order and the production volume, which has given an unstable use of the production capacity.

It is estimated that the turnover loss of 8% compared to budget is low considering the Covid-19 situation through the main part of 2020. A development project concerning one of the company's main products is ongoing and is expected to be ready for production in the beginning of 2022.

The result of the year does not meet the expectations. However, it is estimated being at an acceptable level – seen in the light of the Covid-19 situation with the reduced turnover and extraordinary costs concerning capacity utilization. The ordinary operation should be stabilized and at a satisfactory level.

Market risks

The company is supplier to the transport industry and thus sensitive towards the development within this industry. The effects of the Covid-19 are still a general risk for the whole industry and is also expected to be so during 2021.

Targets and expectations for the year ahead

The development in 2021 is expected to be at a higher level than 2020 concerning turnover, as the effect of the Covid-19 situation should be limited. The result is expected to be at almost the same percent level in 2021 as in 2019. New developing projects are expected to be started in 2021, and a large development project will be finished in 2021.

Research and development

There are ongoing development projects which will result in improvements of the existing products and implementation of new projects.

Management's Review

External environment

The company is certified according to ISO 14001 and strategies for the environmental work in the company have been made. In the company mainly plastic types, which can be recirculated, are being used. No PVC material is used.

Intellectual capital resources

Production for the car industry makes demands to knowledge resources concerning development, production, quality control and business processes. The company is certified according to the IATF standards and thus fulfills many of the demands, which this industry works according to. During the latest years, many resources have been invested in optimizing the company considering these demands. There is a growing need for knowledge within construction in plastic and components being exposed to dynamic impacts. The company endeavours to meet with the demands f.ex. by means of current updating and education of the staff and by estimating this increased need by employing new employees.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Gross profit/loss		28.246	34.417
Staff expenses	1	-19.893	-23.359
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6.561	-6.542
Profit/loss before financial income and expenses		1.792	4.516
Financial income	2	176	6
Financial expenses	3	-1.171	-1.516
Profit/loss before tax		797	3.006
Tax on profit/loss for the year	4	-82	-507
Net profit/loss for the year		715	2.499

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Acquired licenses		126	1.203
Development projects in progress		1.199	0
Intangible assets	5	1.325	1.203
Land and buildings		19.667	21.186
Plant and machinery		17.517	13.976
Other fixtures and fittings, tools and equipment		374	260
Property, plant and equipment	6	37.558	35.422
Fixed assets		38.883	36.625
Raw materials and consumables		13.096	16.614
Work in progress		1.051	1.306
Finished goods and goods for resale		7.039	4.362
Inventories		21.186	22.282
Trade receivables		27.927	29.568
Receivables from group enterprises		1.603	5.854
Other receivables		4.439	3.607
Deferred tax asset	9	103	185
Prepayments	7	252	2.634
Receivables		34.324	41.848
Currents assets		55.510	64.130
Assets		94.393	100.755

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		8.000	8.000
Reserve for development costs		935	0
Retained earnings		23.655	23.874
Equity		32.590	31.874
Other provisions		400	500
Provisions		400	500
Lease obligations		5.317	3.195
Payables to group enterprises		0	40.000
Other payables		1.083	0
Long-term debt	10	6.400	43.195
Lease obligations	10	1.000	520
Trade payables		11.612	9.501
Payables to group enterprises	10	37.710	10.942
Other payables	10	4.681	4.223
Short-term debt		55.003	25.186
Debt		61.403	68.381
Liabilities and equity		94.393	100.755
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	11		
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Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	8.000	0	23.875	31.875
Development costs for the year	0	935	-935	0
Net profit/loss for the year	0	0	715	715
Equity at 31 December	8.000	935	23.655	32.590

Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
1 Staff expenses		
Wages and salaries	14.798	18.222
Pensions	2.260	2.362
Other social security expenses	283	360
Other staff expenses	2.552	2.415
	<u>19.893</u>	<u>23.359</u>
Including remuneration to the Executive Board and Board of Directors	<u>2.348</u>	<u>2.784</u>
Average number of employees	<u>49</u>	<u>53</u>
2 Financial income		
Other financial income	2	6
Exchange gains	174	0
	<u>176</u>	<u>6</u>
3 Financial expenses		
Interest paid to group enterprises	751	1.325
Other financial expenses	420	150
Exchange loss	0	41
	<u>1.171</u>	<u>1.516</u>
4 Tax on profit/loss for the year		
Current tax for the year	0	0
Deferred tax for the year	82	647
Adjustment of tax concerning previous years	0	-140
	<u>82</u>	<u>507</u>

Notes to the Financial Statements

5 Intangible assets

	Acquired licenses <u>TDKK</u>	Development projects in progress <u>TDKK</u>
Cost at 1 January	4.290	0
Additions for the year	<u>0</u>	<u>1.199</u>
Cost at 31 December	<u>4.290</u>	<u>1.199</u>
Impairment losses and amortisation at 1 January	3.087	0
Amortisation for the year	<u>1.077</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>4.164</u>	<u>0</u>
Carrying amount at 31 December	<u>126</u>	<u>1.199</u>

Development projects relate to the development and testing of new products for the Company's existing markets. It is management's assessment that there is a growing need for products that are lighter and more durable. These new products ensure the this optimization. The projects proceed as planned and are expected to be completed within one to two years.

6 Property, plant and equipment

	Land and buildings <u>TDKK</u>	Plant and machinery <u>TDKK</u>	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 January	60.066	106.857	2.080
Additions for the year	<u>0</u>	<u>7.097</u>	<u>195</u>
Cost at 31 December	<u>60.066</u>	<u>113.954</u>	<u>2.275</u>
Impairment losses and depreciation at 1 January	38.880	92.881	1.821
Depreciation for the year	<u>1.519</u>	<u>3.556</u>	<u>80</u>
Impairment losses and depreciation at 31 December	<u>40.399</u>	<u>96.437</u>	<u>1.901</u>
Carrying amount at 31 December	<u>19.667</u>	<u>17.517</u>	<u>374</u>
Including assets under finance leases amounting to	<u>0</u>	<u>6.669</u>	<u>0</u>

Notes to the Financial Statements

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

	<u>2020</u> TDKK	<u>2019</u> TDKK
8 Distribution of profit		
Retained earnings	715	2.499
	<u>715</u>	<u>2.499</u>

9 Deferred tax asset

Deferred tax asset at 1 January	185	2.460
Amounts recognised in the income statement for the year	-82	-647
Amounts utilized of tax losses in joint taxation	0	-1.628
Deferred tax asset at 31 December	<u>103</u>	<u>185</u>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next two to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to have an effect in the coming years.

Notes to the Financial Statements

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2020</u> TDKK	<u>2019</u> TDKK
Lease obligations		
After 5 years	1.400	1.032
Between 1 and 5 years	<u>3.917</u>	<u>2.163</u>
Long-term part	5.317	3.195
Within 1 year	<u>1.000</u>	<u>520</u>
	<u>6.317</u>	<u>3.715</u>
Payables to group enterprises		
Between 1 and 5 years	<u>0</u>	<u>40.000</u>
Long-term part	0	40.000
Other short-term debt to group enterprises	<u>37.710</u>	<u>10.942</u>
	<u>37.710</u>	<u>50.942</u>
Other payables		
Between 1 and 5 years	<u>1.083</u>	<u>0</u>
Long-term part	1.083	0
Other short-term payables	<u>4.681</u>	<u>4.223</u>
	<u>5.764</u>	<u>4.223</u>

Notes to the Financial Statements

	<u>2020</u> TDKK	<u>2019</u> TDKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Future lease and rent commitments until expiration	<u>1.080</u>	<u>726</u>

Other contingent liabilities

Owner mortgage deeds nom. TDKK 7,800 with a mortgage on the property Bragesvej 16, Ringsted, lies within the company.

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 BPW Finans A/S, 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

12 Related parties

	<u>Basis</u>
Controlling interest	
BPW Bergische Achsen, Wiehl, Germany	Ultimate parent
Other related parties	
Markus Schell	Board member
Tobias Wiedeking	Board member
Axel Kierkegaard	Board member

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 Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
BPW Finans A/S	Kolding, Denmark

The Group Annual Report of BPW Finans A/S may be obtained at the following address:

BPW Finans A/S, Vranderupvej 2, 6000 Kolding, CVR-nr. 19 20 11 12

13 Subsequent events

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

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of HBN-Teknik A/S for 2020 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 2020 are presented in TDKK.

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 BPW Finans A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

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 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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

Gross profit/loss

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

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 entities. The tax effect of the joint taxation is allocated to

Notes to the Financial Statements

14 Accounting Policies (continued)

Danish enterprises in proportion to their taxable incomes.

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 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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 buildings	25 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years

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 amortisation and depreciation.

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

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

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Provisions

Other provisions are measured and recognised based on experience with guarantee work.

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.

Current tax receivables and liabilities

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

Notes to the Financial Statements

14 Accounting Policies (continued)

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