
TP Aerospace Solutions ApS

Kirsten Walthers Vej 12, DK-2500 Valby

Annual Report for 2024

CVR No. 31 60 42 06

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/3 2025

Henrik Holm
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of TP Aerospace Solutions ApS for the financial year 1 January - 31 December 2024.

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 2024 of the Company and of the results of the Company operations for 2024.

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.

Valby, 21 February 2025

Executive Board

Nikolaj Lei Jacobsen

Tinneke Torpe

Nicolai Peter Hertz

Independent Auditor's report

To the shareholder of TP Aerospace Solutions ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of TP Aerospace Solutions ApS for the financial year 1 January - 31 December 2024, 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 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 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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.
- 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, 21 February 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Oliver Svane
State Authorised Public Accountant
mne49837

Company information

The Company

TP Aerospace Solutions ApS
Kirsten Walthers Vej 12
DK-2500 Valby

CVR No: 31 60 42 06

Financial period: 1 January - 31 December

Incorporated: 10 July 2008

Financial year: 15th financial year

Municipality of reg. office: Copenhagen

Executive Board

Nikolaj Lei Jacobsen
Tinneke Torpe
Nicolai Peter Hertz

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	37,894	48,964	52,462	28,635	23,601
Gross profit	2,419	3,382	5,385	4,469	3,786
Profit/loss of primary operations	1,313	1,758	4,089	2,757	2,325
Profit/loss of financial income and expenses	3,807	622	-2,685	-1,540	-471
Net profit/loss for the year	3,993	1,856	970	949	1,446
Balance sheet					
Balance sheet total	31,601	70,264	171,070	89,025	108,627
Equity	25,233	21,240	19,384	18,414	17,465
Number of employees	5	9	9	11	15
Ratios					
Gross margin	6.4%	6.9%	10.3%	15.6%	16.0%
Profit margin	3.5%	3.6%	7.8%	9.6%	9.9%
Solvency ratio	79.8%	30.2%	11.3%	20.7%	16.1%
Return on equity	17.2%	9.1%	5.1%	5.3%	8.6%

Explanation of financial ratios are disclosed in accounting policies - note 15.

Management's review

Key activities

TP Aerospace is the leading aftermarket supplier of wheels and brakes, carrying the world's largest ready to go inventory in the market for most commercial, regional and commuter aircraft types.

From our locations in Copenhagen, Hamburg, Brno, East Midlands (UK), Orlando, Las Vegas, Singapore, Bangkok, Kuala Lumpur, Melbourne and Brisbane, we offer our services to airlines all over the world through our Components, Programs and Distribution divisions, supported by our extensive in-house MRO capabilities.

The main activity of TP Aerospace Solution ApS consists of trading and wholesale of wheel and brake components in the aftermarket (used serviceable material).

Development in the year

The income statement of the Company for 2024 shows a profit of TUSD 3,993, and at 31 December 2024 the balance sheet of the Company shows a positive equity of TUSD 25,233.

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

Revenue in 2024 was below expectations, however still reflecting a high air traffic demand and aircraft fleet in service during the year. Gross profit in 2024 reached TUSD 2,419 while earnings before net financials and tax reached TUSD 1,313 and are both considered at the lower end of a satisfactory level.

Business risks

TP Aerospace is Part 145, ISO 9001 and AS 9120 approved. To retain this certification level there is continuing focus on quality and risk management.

Financial exposure

Management does not consider that the company has any financial exposure of significance.

Outlook

Given the positive development in air traffic demand, aircraft utilization and aircraft fleet in service in 2024 as well as the continued imbalance in the global supply chains for wheels and brakes leading to limited supply of used serviceable material, our expectation for 2025 is a continued high activity level among our customers and thereby high demand throughout the year. Our financial performance for 2025 is expected to reflect the above with revenue in the range of USD 45-55m while we expect to achieve a gross profit margin between 5% and 8%.

The expectations stated above are based on the assumptions that global macroeconomic such as interest rates and exchange rates fluctuations as well as the geopolitical situation will not change significantly and thereby change the business conditions for TP Aerospace, that the inflation will stabilize at a level below 4% throughout 2025, and that the exchange rates, especially the US dollar versus the Euro and Danish kroner, will remain around the end 2024 level throughout 2025.

Our outlook is subject to risks and uncertainties as various factors, many of which are beyond TP Aerospace Solutions ApS' control, may cause the actual development and financial results to differ materially from expectations.

Research and development

To support the growth strategy of the company, TP Aerospace continues to develop its product platform, capacity, capability and global footprint.

Management's review

External environment

TP Aerospace acknowledges its community responsibility. Operating in the aftermarket, reuse of parts is an integrated part of our strategy. For further information, reference is made to the consolidated financial statements for TPA Holding I A/S.

Intellectual capital resources

All employees in TP Aerospace go through continuous training and evaluation to increase the Company's knowledge level.

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

TP Aerospace acknowledges its community responsibility. Operating in the aftermarket, reuse of parts is an integrated part of our strategy. For the statutory statement on §99a, reference is made to the consolidated financial statements for TPA Holding I A/S (CVR no. 38473492).

TP Aerospace's COP report and diversity policy are described in the consolidated financial statements for TPA Holding I A/S (CVR no. 38473492).

Statement on data ethics, cf. section 99d of the Financial Statements Act

TP Aerospace's business policy on data ethics and the related data processes and procedures are described in the consolidated financial statements for TPA Holding I A/S (CVR no. 38473492).

Uncertainty relating to recognition and measurement

In the application of the Company's accounting policies, TP Aerospace Solutions ApS is required to make accounting judgements, estimates and assumptions which form basis for the financial statements that are not readily apparent from other sources. Description of critical accounting judgement, estimates and assumptions are included in the section "Accounting policies".

Unusual events

The financial position at 31 December 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2024 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	2024	2023
		TUSD	TUSD
Revenue	1	37,894	48,964
Other operating income	2	405	18
Cost of goods sold		-35,109	-45,010
Other external expenses		-771	-590
Gross profit		2,419	3,382
Staff expenses	3	-1,098	-1,616
Depreciation and impairment losses of property, plant and equipment		-8	-8
Profit/loss before financial income and expenses		1,313	1,758
Financial income	4	5,663	3,079
Financial expenses		-1,856	-2,457
Profit/loss before tax		5,120	2,380
Tax on profit/loss for the year	5	-1,127	-524
Net profit/loss for the year	6	3,993	1,856

Balance sheet 31 December

Assets

	Note	2024	2023
		TUSD	TUSD
Land and buildings		90	98
Property, plant and equipment	7	90	98
Fixed assets		90	98
Finished goods and goods for resale		23,273	23,755
Inventories		23,273	23,755
Trade receivables		1,666	3,189
Receivables from group enterprises		0	42,477
Other receivables		28	2
Deferred tax asset	8	20	20
Prepayments	9	66	723
Receivables		1,780	46,411
Cash at bank and in hand		6,458	0
Current assets		31,511	70,166
Assets		31,601	70,264

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TUSD	TUSD
Share capital	10	27	27
Retained earnings		25,206	21,213
Equity		25,233	21,240
Credit institutions		0	42,537
Prepayments received from customers		277	91
Trade payables		2,095	5,200
Payables to group enterprises		2,831	0
Payables to group enterprises relating to corporation tax		1,127	523
Other payables		38	673
Short-term debt		6,368	49,024
Debt		6,368	49,024
Liabilities and equity		31,601	70,264
Contingent assets, liabilities and other financial obligations	11		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	TUSD	TUSD	TUSD
Equity at 1 January	27	21,213	21,240
Net profit/loss for the year	0	3,993	3,993
Equity at 31 December	27	25,206	25,233

Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	TUSD	TUSD
1. Revenue		
Geographical segments		
Revenue, Americas Region	10,375	11,085
Revenue, APAC Region	13,173	12,310
Revenue, EMEA Region	14,346	25,569
	<u>37,894</u>	<u>48,964</u>

The Company is not considered to have different business segments.

	<u>2024</u>	<u>2023</u>
	TUSD	TUSD
2. Other operating income		
Government grants	405	18
	<u>405</u>	<u>18</u>

Government grants primarily contain income from relief packages. The amount for 2023 is adjustment to previous relief packages.

	<u>2024</u>	<u>2023</u>
	TUSD	TUSD
3. Staff expenses		
Wages and salaries	1,083	1,541
Pensions	16	35
Other social security expenses	-2	8
Other staff expenses	1	32
	<u>1,098</u>	<u>1,616</u>
Including remuneration to the Executive Board	<u>100</u>	<u>100</u>
Average number of employees	<u>5</u>	<u>9</u>

Remuneration to the Executive Management:

The remuneration paid to Executive Management in 2024 is made in other Group companies. Amounts allocated for Executive Management functions in the Company are USD 100k, for the financial year 2024.

Notes to the Financial Statements

	2024	2023
	TUSD	TUSD
4. Financial income		
Interest received from group enterprises	3,736	2,966
Other financial income	56	18
Exchange gains	1,871	95
	<u>5,663</u>	<u>3,079</u>
	2024	2023
	TUSD	TUSD
5. Income tax expense		
Current tax for the year	1,127	523
Deferred tax for the year	0	1
	<u>1,127</u>	<u>524</u>
	2024	2023
	TUSD	TUSD
6. Profit allocation		
Retained earnings	3,993	1,856
	<u>3,993</u>	<u>1,856</u>
7. Property, plant and equipment		
		Land and buildings
		TUSD
Cost at 1 January		161
Cost at 31 December		<u>161</u>
Impairment losses and depreciation at 1 January		63
Depreciation for the year		8
Impairment losses and depreciation at 31 December		<u>71</u>
Carrying amount at 31 December		<u>90</u>
Amortised over		<u>20 years</u>

Notes to the Financial Statements

	2024	2023
	TUSD	TUSD
8. Deferred tax asset		
Deferred tax asset at 1 January	20	21
Amounts recognised in the income statement for the year	0	-1
Deferred tax asset at 31 December	20	20
Property, plant and equipment	-20	-20
Transferred to deferred tax assets	20	20
	0	0
Deferred tax asset		
Calculated tax assets	20	20
Carrying amount	20	20

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 2024.

9. Prepayments

Prepayments consist of prepaid expenses concerning event and insurance costs paid in advance for subsequent years.

10. Share capital

	Number	Nominal value
		TUSD
A-shares	1,250	26
B-shares	65	1
		27

11. Contingent assets, liabilities and other financial obligations

Charges and security

The Company has pledged floating charge in fixed assets, inventories, and receivables as security for bank debt, as well as group companies' bank commitments for a total of MDKK 74.

Notes to the Financial Statements

11. Contingent assets, liabilities and other financial obligations

Guarantee obligations

TP Aerospace Solutions ApS has provided a guarantee for the Parent Companies TP Aerospace Holding A/S and TPA Holding I A/S' bank debt.

Other contingent liabilities

The Danish 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 CC Green Wall invest ApS, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

12. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
CataCap I K/S, Copenhagen	Ultimate capital owner, 28 %
TP Aerospace Holding A/S, Valby	Capital owner, 100 %
CataCap I K/S ultimately controls the majority of the votes in the Group, due to specific rights in the ownership agreement between 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)(6) of the Danish Financial Statements Act.

All transactions with related parties have occurred on normal market conditions in the financial year 2024.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the group:

<u>Name</u>	<u>Place of registered office</u>
TPA Holding I A/S	Valby

The Group Annual Report of TPA Holding I A/S may be obtained at the following address:

TPA Holding I A/S
c/o TP Aerospace
Kirsten Walthers Vej 12
2500 Valby
Danmark

Notes to the Financial Statements

13. Fee to auditors appointed at the general meeting

In accordance with section 96(3) of the Danish Financial Statements Act, fees paid the auditors appointed at the annual general meeting has been omitted as it is included in the consolidated financial statements in TPA Holding I ApS.

14. Subsequent events

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

Notes to the Financial Statements

15. Accounting policies

The Annual Report of TP Aerospace Solutions ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TUSD. The exchange rate is 7,14 as of 31 December 2024 and 6,74 as of 31 December 2023.

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 TPA Holding I 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.

Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, Management is required to make accounting judgements, estimates and assumptions that are not readily apparent from other sources in order to serve as the basis for the preparation of the financial statements. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimate is changed if the change affects only that period, or in the period of the change and future periods if the change affects both current and future periods. In particular, the accounting judgements, estimates and assumptions relate to the following matters:

- Inventories are recognised at cost less write-down to net realisable value in case of impairment. The estimate of the required write-downs is made on the basis of an assessment of the individual characteristics and historical sales patterns for the inventories in the perspective of a value loss over time.

In addition, further write-downs are made to the extent that impairment is indicated specifically.

Leases

All 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.

Notes to the Financial Statements

Translation policies

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Segment information on revenue

Information on geographical segments is based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

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.

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of 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 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.

Notes to the Financial Statements

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 CC Green Wall Invest ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

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:

Land and buildings	20 years
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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 property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by 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 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 equals landed cost.

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 recognized under current assets include incurred expenses related to subsequent financial years.

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.

Notes to the Financial Statements

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

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

Loans, such as 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.

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$