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Havneholmen 29
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CVR no. 20 22 26 70

ENCODIFY A/S

SVERIGESGADE 5 3., 5000 ODENSE C

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 June 2024**

Søren Gammelgaard

CVR NO. 26 31 77 97

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COMPANY DETAILS

Company	ENCODIFY A/S Sverigesgade 5 3. 5000 Odense C CVR No.: 26 31 77 97 Established: 31 October 2001 Municipality: Odense Financial Year: 1 January - 31 December
Board of Directors	Eivind Bergsmyr, chairman Erik Fjellvær Hagen Jakob Kemp Hessellund Mogens Nielsen
Executive Board	Søren Gammelgaard
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ENCODIFY A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, 14 June 2024

Executive Board

Søren Gammelgaard

Board of Directors

Eivind Bergsmyr
Chairman

Erik Fjellvær Hagen

Jakob Kemp Hesselund

Mogens Nielsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ENCODIFY A/S

Opinion

We have audited the Financial Statements of ENCODIFY A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Copenhagen, 14 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mads Juul Hansen
State Authorised Public Accountant
MNE no. mne44386

MANAGEMENT COMMENTARY

Principal activities

The company's main business area is development and sales of the company's Marketing Workflow Management software platform. In addition hereto, the company delivers support and consulting services to existing and potential future clients.

Encodify's customer target groups are:

- 1) Content creating agencies
- 2) National and international retailers

The Encodify product is developed by Encodify A/S, and is implemented and delivered to the client as a hosted cloud solution. The company has offices in Copenhagen, Odense, London and Madrid, and delivers the software platform and services to customers in all countries.

Development in activities and financial and economic position

2023 was a year of financial turnaround with significant cost reductions compared to 2022. 2022 showed a substantial loss due to sales investments made that did not result in the expected revenue growth.

In addition to the financial turnaround, the company's new management disclosed in May 2023 a potential irregularity in its dealings with a large client in the Spanish subsidiary of the Company. This potential irregularity was promptly reported to the client through its whistleblower scheme.

As a result, the Company has in 2024 - i.e. after the fiscal year 2023 - entered into negotiations with the client to terminate the commercial relationship. Negotiations concerning the terms of this termination are continuing beyond the closing of the annual report.

Management has addressed the long-term commercial ramifications of the termination, even though the terms are pending closure, by taking necessary actions, including completing a cost adjustment after the end of the financial year.

Furthermore, due to discovered irregularities, the client initiated legal proceedings against the Company's subsidiary in May 2024. The potential liability from these proceedings amounts to EUR 822,000. The Spanish subsidiary of the Company has denied the claim and will continue to do so.

Nonetheless, the Company has set aside an extraordinary provision of DKK 6,124,000 (EUR 822,000) for potential liability associated with the legal proceedings in the Spanish subsidiary. Additionally, a provision of DKK 876,000 has been made to cover attorney fees directly related to these legal proceedings. The total provisions made amount to DKK 7,000,000.

The balance sheet on 31 December 2023 shows an equity of DKK'000 7,516 compared to DKK'000 7,986 year end 2022.

Satisfactory 2023 result - when excluding provision made for extraordinary events after the balance date

Excluding the provision of DKK 7,000,000, the Company's income statement for 2023 would have shown a profit of DKK'000 6,531 before tax compared to a pre-tax loss of DKK'000 17,529 in 2022. An improvement of DKK'000 24,059.

The company's result excluding the provision made is satisfactory and aligns with the expectations that were set for the year.

Significant events after the end of the financial year

As mentioned above the Spanish subsidiary received after year end a notice of legal proceedings against the subsidiary, apart from above, no other significant events have occurred.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		32.628.833	24.453.112
Staff costs.....	1	-22.274.640	-36.574.003
Depreciation, amortisation and impairment.....	2	-4.399.068	-4.842.644
Other operating expenses.....	3	-7.000.000	-448.640
OPERATING LOSS		-1.044.875	-17.412.175
Income from investments in subsidiaries.....		518.793	-49.736
Other financial income.....	4	153.806	130.877
Other financial expenses.....		-97.019	-198.277
LOSS BEFORE TAX		-469.295	-17.529.311
Tax on profit/loss for the year.....	5	0	837.549
LOSS FOR THE YEAR		-469.295	-16.691.762
PROPOSED DISTRIBUTION OF PROFIT			
Allocation to reserve for net revaluation according to equity method.....		518.793	-49.736
Retained earnings.....		-988.088	-16.642.026
TOTAL		-469.295	-16.691.762

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed.....		10.276.505	9.474.191
Development projects in progress and prepayments.....		2.263.564	0
Intangible assets.....	6	12.540.069	9.474.191
Leasehold improvements.....		37.783	59.479
Property, plant and equipment.....	7	37.783	59.479
Equity investments in group enterprises.....		1.511.777	992.984
Rent deposit and other receivables.....		193.338	422.935
Financial non-current assets.....	8	1.705.115	1.415.919
NON-CURRENT ASSETS.....		14.282.967	10.949.589
Trade receivables.....		2.604.273	2.463.411
Contract work in progress.....		656.634	321.639
Receivables from group enterprises.....		1.403.303	2.870.287
Other receivables.....		15.199	77.884
Prepayments and accrued income.....		746.641	800.136
Receivables.....		5.426.050	6.533.357
Cash and cash equivalents.....		3.570.960	5.175.792
CURRENT ASSETS.....		8.997.010	11.709.149
ASSETS.....		23.279.977	22.658.738

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		1.320.593	1.320.593
Reserve for net revaluation according to equity method.....		1.478.041	959.248
Reserve for development costs.....		9.781.254	7.389.869
Retained profit.....		-5.063.527	-1.684.054
EQUITY.....		7.516.361	7.985.656
Other provisions for liabilities.....		7.000.000	0
PROVISIONS.....		7.000.000	0
Bank debt.....		721.142	6.041.273
Trade payables.....		1.349.747	1.687.617
Payables to group enterprises.....		487.141	532.483
Other liabilities.....		4.460.467	5.078.801
Accruals and deferred income.....		1.745.119	1.332.908
Current liabilities.....		8.763.616	14.673.082
LIABILITIES.....		8.763.616	14.673.082
EQUITY AND LIABILITIES.....		23.279.977	22.658.738
Contingencies etc.	9		
Charges and securities	10		

EQUITY

DKK	Share Capital	Reserve for net revaluation according to equity va	Reserve for development costs	Retained profit	Total
Equity at 1 January 2023.....	1.320.593	959.248	7.389.869	-1.684.054	7.985.656
Proposed profit allocation.....		518.793		-988.088	-469.295
Other legal bindings					
Capitalized development costs.....			7.443.250	-7.443.250	0
Transfers					
Depreciations.....			-4.377.372	4.377.372	0
Tax on changes in equity.....			-674.493	674.493	0
Equity at 31 December 2023	1.320.593	1.478.041	9.781.254	-5.063.527	7.516.361

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	28	44	
Wages and salaries.....	20.508.268	33.895.917	
Pensions.....	1.493.464	2.182.774	
Social security costs.....	272.908	495.312	
	22.274.640	36.574.003	
Depreciation, amortisation and impairment			2
Development projects completed.....	4.377.372	4.837.064	
Leasehold improvements.....	21.696	5.580	
	4.399.068	4.842.644	
Special items			3
Special items in 2023 include provision related to a client which has initiated legal proceedings against the company's subsidiary in May 2024. The potential liability from these proceedings amounts to DKK 7,000,000.			
As mentioned in the Management commentary, the result for the year is affected by the case and Management considers the case to differ from the primary operations.			
	2023 DKK	2022 DKK	
Other financial income			4
Group enterprises.....	115.786	130.877	
Other interest income.....	38.020	0	
	153.806	130.877	
Tax on profit/loss for the year			5
Adjustment of deferred tax.....	0	-837.549	
	0	-837.549	

NOTES

			Note
Intangible assets			6
	Development projects completed	Development projects in progress and prepayments	
DKK			
Cost at 1 January 2023.....	28.129.138	0	
Additions.....	5.179.686	2.263.564	
Cost at 31 December 2023.....	33.308.824	2.263.564	
Amortisation at 1 January 2023.....	18.654.947	0	
Amortisation for the year.....	4.377.372	0	
Amortisation at 31 December 2023.....	23.032.319	0	
Carrying amount at 31 December 2023.....	10.276.505	2.263.564	

Development projects relates to the development of new versions of the Company’s existing software products.

Costs are essentially composed of internal costs in the form of salaries, IT costs as well as indirect development costs, which are registered through the company’s internal project management.

The projects are continuously completed, and the marketing is started. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The software is expected to be sold in the present market to the Company’s existing customers. Prior to the initiation of the projects, Encodify A/S has always had dialogue with relevant customers, and they indicate that the projects are needed. Costs related to market research are not capitalized.

The carrying amount of completed development projects and development project in progress is pr. 31 December 2023 DKK'000 12.540.

			7
Property, plant and equipment			
		Leasehold improvements	
DKK			
Cost at 1 January 2023.....		65.059	
Cost at 31 December 2023.....		65.059	
Depreciation and impairment losses at 1 January 2023.....		5.580	
Depreciation for the year.....		21.696	
Depreciation and impairment losses at 31 December 2023.....		27.276	
Carrying amount at 31 December 2023.....		37.783	

NOTES

	Note
Financial non-current assets	8

DKK	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2023.....	33.736	422.936
Additions.....	0	25.896
Disposals.....	0	-255.494
Cost at 31 December 2023.....	33.736	193.338
Revaluation at 1 January 2023.....	959.248	0
Profit/loss for the year.....	518.793	0
Revaluation at 31 December 2023.....	1.478.041	0
Carrying amount at 31 December 2023.....	1.511.777	193.338

Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
Encodify Ltd., UK.....	1.102.643	81.414	100 %
Encodify Spain S.L, ES.....	409.134	437.379	100 %

Contingencies etc.

9

Contingent assets

The company has tax losses amounting to DKK'000 21.423 with a tax-value of DKK'000 4.713 which is not recognized as a tax asset due to a conservative assessment by management.

Contingent liabilities

Liabilities under rental or lease agreements until maturity is in total DKK'000 408.

Charges and securities

10

As security for a balance with Danske Bank A/S, a floating charge has been created on receivables, operating equipment, fixtures and fittings as well as intellectual property rights, nom. DKK'000 6,500.

ACCOUNTING POLICIES

The Annual Report of ENCODIFY A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change as a result of change in the classification

In the annual report for 2022 expenses were included in the item Staff costs, which should have been correctly classified as Other external expenses.

The changed classification has been incorporated into the comparative figures of the annual report for 2023 and has the effect that the comparative figures for the item Staff costs have been reduced by DKK'000 1.677 and the item Other external expenses has been increased by DKK'000 1.677 in the income statement.

The changed classification entails that the Gross profit has been reduced by DKK'000 1.677. The change has no effect on the net profit or loss for 2022, and no taxable effect. The Equity and the Balance sheet total for 2022 have not been affected.

INCOME STATEMENT

Net revenue

Encodify A/S sells SaaS (Software as a Service) by hosting the software and related services as cloud-based service. The software is not installed on the customer's own servers but on cloud servers that Encodify manages. The customers continuously receives this service, which includes license, support, and maintenance, during the term of the agreement and is recognized linearly over the contract period. The control is transferred to the customer continuously during the term of the agreement.

Sale of other services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Work carried out on own account and capitalized as assets

Work carried out on own account and capitalized as assets consists of development costs relating to staff costs and external development costs allocated to completed development projects and development projects in progress.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

ACCOUNTING POLICIES

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries

The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 3-5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

ACCOUNTING POLICIES

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Leasehold improvements.....	5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc., legal proceedings and deferred tax.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

ACCOUNTING POLICIES

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.