Clayton Power A/S

Pakhusgården 42-48, 5000 Odense C

CVR no. 29 82 16 31

Annual report for 2020

This annual report has been adopted at the annual general meeting on 27.05.21

Max Franck Stelvig

Chairman of the meeting

Table of contents

Company information etc.

The company

Clayton Power A/S
Pakhusgården 42-48
5000 Odense C
Registered office: Odense
CVR no.: 29 82 16 31
Financial year: 01.01 - 31.12

Executive Board

Max Franck Stelvig
Janick Lauenborg

Supervisory Board

Mads Brønserud
Bart Westerkamp
Janick Lauenborg

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Nordea

Statement by the Executive Board and Supervisory Board on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Clayton Power A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Odense C, May 27, 2021

Executive Board

Max Franck Stelvig	Janick Lauenborg

Supervisory Board

Mads Brønserud Chairman	Bart Westerkamp	Janick Lauenborg

To the Shareholders of Clayton Power A/S

Opinion

We have audited the financial statements of Clayton Power A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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.

Statement regarding the 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, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing 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.

- 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.

Odense, May 27, 2021

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jacob Pedersen
State Authorized Public Accountant
MNE-no. mne33725

Primary activities

The company's activities comprise development of hardware and software design of inverters, chargers, battery management systems and lithium batteries, production of inverters, chargers, battery management systems and lithium batteries, sale of transformers, chargers, battery management systems and lithium batteries, selection, development and production of promotional advertising material.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK 1,992,290 against DKK 1,021,260 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK 11,923,162.

The company has purchased nom. 300,000 of its own shares in February 2020 and sold nom. 50,000 in November 2020.

In year 2020, the company's focus have been on completing the development as well as preparing the production setup of LPS II. The main activities around the LPS II project have been test, validation and third party approval of the designed platform. In April and May 2021 the first units has been supplied to primary customers for Friendly User Testing. The feedback has primarily been positive and the company look forwards to the market launch in June.

Subsequent events

The company has sold nom. 50.000 of its own shares in January 2021. The company entered into an agreement for the sale of it's own shares in November 2020 and the transaction was completed in January 2021.

Treasury shares

Treasury shares consist of:

	Purchase-/salesprice DKK	Quantity	Total nominal value DKK	Percent of capital
Additions during the year	5.150.000	300.000	300.000	30%
Holding of treasury shares as at 31.12.20		300.000	300.000	30%

The acquisition of treasury shares has been made to secure the company's strategy and to be able to draw in skilled labor. 5% of the company's 30% own shares were sold in January 2021, cf. the above described in subsequent events.

Income statement

Note		2020 DKK	2019 DKK
	Gross profit	**18.716.006**	**14.363.037**
2	Staff costs	-14.731.927	-12.623.822
	Profit before depreciation, amortisation, write-downs and impairment losses	**3.984.079**	**1.739.215**
	Depreciation and impairments losses of property, plant and equipment	-77.038	-58.993
	Write-downs of current assets exceeding normal write-downs	-465.000	0
	Profit before net financials	**3.442.041**	**1.680.222**
3	Financial income	250.895	398.221
4	Financial expenses	-1.118.191	-741.314
	Profit before tax	**2.574.745**	**1.337.129**
5	Tax on profit for the year	-582.455	-315.869
	Profit for the year	**1.992.290**	**1.021.260**

Proposed appropriation account

	2020	2019
Retained earnings	1.992.290	1.021.260
Total	**1.992.290**	**1.021.260**

Balance sheet

ASSETS

Note		31.12.20 DKK	31.12.19 DKK
	Development projects in progress	3.193.681	3.193.681
6	**Total intangible assets**	**3.193.681**	**3.193.681**
	Leasehold improvements	8.101	12.815
	Other fixtures and fittings, tools and equipment	169.722	134.462
7	**Total property, plant and equipment**	**177.823**	**147.277**
	Deposits	161.765	144.772
	Total investments	**161.765**	**144.772**
	Total non-current assets	**3.533.269**	**3.485.730**
	Raw materials and consumables	8.437.890	7.854.998
	Manufactured goods and goods for resale	5.399.895	8.000.506
	Prepayments for goods	1.712.240	130.000
	Total inventories	**15.550.025**	**15.985.504**
	Trade receivables	13.042.029	14.767.711
	Income tax receivable	0	95.734
	Other receivables	277.144	307.884
	Prepayments	172.025	116.341
	Total receivables	**13.491.198**	**15.287.670**
	Cash	**1.555**	**6.598.644**
	Total current assets	**29.042.778**	**37.871.818**
	Total assets	**32.576.047**	**41.357.548**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.20 DKK	31.12.19 DKK
	Share capital	1.000.000	125.000
	Reserve for development costs	2.491.072	2.491.072
	Retained earnings	8.432.090	12.501.800
	Total equity	**11.923.162**	**15.117.872**
	Provisions for deferred tax	523.528	512.017
8	Other provisions	340.000	300.000
	Total provisions	**863.528**	**812.017**
9	Payables to other credit institutions	2.088.427	689.121
9	Other payables	1.134.695	263.066
	Total long-term payables	**3.223.122**	**952.187**
9	Short-term part of long-term payables	1.329.496	1.071.040
	Payables to other credit institutions	5.158.286	13.653.525
	Trade payables	7.923.164	8.521.965
	Income taxes	340.944	0
	Other payables	1.814.345	1.228.942
	Total short-term payables	**16.566.235**	**24.475.472**
	Total payables	**19.789.357**	**25.427.659**
	Total equity and liabilities	**32.576.047**	**41.357.548**

10 Contingent liabilities
11 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for developmen t costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20				
Balance as at 01.01.20	125.000	2.491.072	12.501.800	15.117.872
Capital increase	875.000	0	-875.000	0
Cost of changes in capital	0	0	-37.000	-37.000
Purchase of treasury shares	0	0	-5.150.000	-5.150.000
Net profit/loss for the year	0	0	1.992.290	1.992.290
Balance as at 31.12.20	1.000.000	2.491.072	8.432.090	11.923.162

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2020 DKK	2019 DKK
Write-downs of prepayment on account payable	Write-downs of current assets exceeding normal write-downs	-465.000	0

2. Staff costs

Wages and salaries	14.016.163	11.860.865
Pensions	362.578	296.058
Other social security costs	66.017	56.234
Other staff costs	287.169	410.665
Total	14.731.927	12.623.822
Average number of employees during the year	29	25

3. Financial income

Other interest income	95	0
Foreign exchange gains	250.800	398.221
Total	250.895	398.221

4. Financial expenses

Other interest expenses	301.139	308.068
Foreign exchange losses	733.627	282.344
Other financial expenses	83.425	150.902
Total	1.118.191	741.314

	2020 DKK	2019 DKK

5. Tax on profit for the year

Tax on profit or loss for the year	570.944	200.266
Adjustment of deferred tax for the year	11.511	115.603
Total	582.455	315.869

6. Intangible assets

Figures in DKK	Development projects in progress
Cost as at 01.01.20	3.193.681
Cost as at 31.12.20	3.193.681
Carrying amount as at 31.12.20	3.193.681

The development projects in progress is costs used to a new development based on a new approach on contruction, configuration and technology, that will reduce the production cost and increase the applicability and flexibility for the customer. It is expected to be a game changer on the market. In year 2020, the main activities around the LPS II project have been test, validation and third-party approval of the designed platform. In April and May 2021 the first units has been supplied to primary customers for Friendly User Testing. The feedback has primarily been positive and the company look forwards to the market launch in June.

7. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.20	75.289	1.171.767
Additions during the year	0	107.584
Cost as at 31.12.20	75.289	1.279.351
Depreciation and impairment losses as at 01.01.20	-62.474	-1.037.305
Depreciation during the year	-4.714	-72.324
Depreciation and impairment losses as at 31.12.20	-67.188	-1.109.629
Carrying amount as at 31.12.20	8.101	169.722

8. Other provisions

Other provisions are expected to be distributed as follows:

Non-current liabilities	340.000	300.000

9. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Payables to credit institutions	1.329.496	0	3.417.923	1.760.161
Other payables	0	1.134.695	1.134.695	263.066
Total	1.329.496	1.134.695	4.552.618	2.023.227

10. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 6-48 months and a total lease payment of DKK 981k and a total residual value of DKK 220k at the end of lease agreements.

The rental agreement for the leasehold is irrevocable until 30th of June 2021, with a total commitment of DKK 523k.

11. Charges and security

As company for debt to credit institutions, a company charge for DKK 15,000k has been provided comprising goodwill, intelectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables and cash. The total carrying amount of the comprised assets is DKK 28,763k.

12. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

12. Accounting policies - continued -

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

Grants received for the production or construction of assets are recognised as deferred

12. Accounting policies - continued -

income under payables. For depreciable assets, the grant is recognised as the asset is depreciated.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

12. Accounting policies - continued -

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Write-downs of current assets exceeding normal write-downs

Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the enterprise are considered to exceed normal write-downs.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

12. Accounting policies - continued -

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Development projects in progress

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

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

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

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until

12. Accounting policies - continued -

the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of

12. Accounting policies - continued -

completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Acquisition costs and consideration for treasury shares as well as dividends therefrom are recognised directly in equity under retained earnings.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, restructuring etc. and are recognised when the company has a legal or constructive

12. Accounting policies - continued -

obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.