



Teledyne LeCroy Xena ApS

Gammel Lundtoftevej 1 B
DK-2800 Kongens Lyngby
CVR No. 30615956

Annual report 01.10.2022 - 30.09.2023

The Annual General Meeting adopted the annual
report on 15.03.2024

Jacob Michael Christensen
Chairman of the General Meeting

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Entity details

Entity

Teledyne LeCroy Xena ApS
Gammel Lundtoftevej 1 B
DK-2800 Kongens Lyngby

Business Registration No.: 30615956
Registered office: Lyngby-taarbæk
Financial year: 01.10.2022 - 30.09.2023

Board of Directors

Jason VanWees, Chairman
Kevin James Prusso
Stephen Finis Blackwood

Executive Board

Jacob Michael Christensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Teledyne LeCroy Xena ApS for the financial year 01.10.2022 - 30.09.2023.

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 Entity's financial position at 30.09.2023 and of the results of its operations for the financial year 01.10.2022 - 30.09.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lyngby, 15.03.2024

Executive Board

Jacob Michael Christensen

Board of Directors

Jason VanWees
Chairman

Kevin James Prusso

Stephen Finis Blackwood

Independent auditor's report

To the shareholder of Teledyne LeCroy Xena ApS

Opinion

We have audited the financial statements of Teledyne LeCroy Xena ApS for the financial year 01.10.2022 - 30.09.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2023 and of the results of its operations for the financial year 01.10.2022 - 30.09.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the management commentary.

Copenhagen, 15.03.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Frederik Juhl Hestbæk

State Authorised Public Accountant
Identification No (MNE) mne47807

Management commentary

Primary activities

Xena Networks develops and sells equipment for testing components, modules, and equipment for communication networks. The company's products are used by global network equipment and semiconductor vendors, automotive, industrial, and cloud computing companies. The products are sold around the world through direct regional sales organizations and sales partners.

Development in activities and finances

Xena Networks competes in attractive segments of the communications test & measurement market; the market segment is sufficiently large, growing, and driven by the unrelenting demand for faster networks.

Xena Networks targets the design validation and quality assurance organizations for gigabit and terabit Ethernet performance testing and network impairment.

Xena Network estimates its addressable market size to be at about \$200 million, growing 4-6% annually. Social networking, e-commerce, and video streaming are already an integral part of everyday life. Now big data, cloud services, artificial intelligence, new media, and augmented reality are further accelerating an unprecedented explosion of data and traffic, driving the continuous adoption of faster Ethernet networking speeds across internet, data center, and 5G cellular networks. As a result, there is high demand for performance testing of Ethernet networks and equipment.

Xena Networks ApS had a challenging year, but still managed a revenue growth of 1,4% vs. FY22. Result of the year is a loss of 1,6m DKK is in line with expectations.

In hindsight we see that starting back in 2022-Q4, Data Center Operators and NSPs became more cautious on their infrastructure spending, and that this trickled downwards to the NEM/Semiconductor vendors causing them to be cautious on their spending from 2023-Q1 and onwards up until today. This has been a very unusual period because while we experience a cautious spending pattern at our core verticals, we are at the same time seeing our activity level with respect to engaging with customers on new projects being at an all-time peak.

Xena Networks expanded its footprint at Tier-1 semiconductor and network equipment manufacturers, driven by its new Freya Terabit Ethernet and Chimera 5G Network Impairment products.

Outlook

Teledyne LeCroy Xena ApS expects to enter double digit growth in FY24 on both revenue and profit, and consequently to continue the positive development and footprint of the company, as part of the Teledyne Technologies family.

Events after the balance sheet date

On October 13th, 2023, Xena Networks was 100% acquired by Teledyne Technologies, which also resulted in the company name being changed to Teledyne LeCroy Xena ApS and change of board members.

On October 16th, 2023, the future accounting period was changed to 01.01-31.12 which will be implemented from FY24 which will include 15 months reporting 01.10-2023-31.12.2024.

On December 29th, 2023, the CEO Jacob Vestergaard Nielsen resigned his position with Jacob Michael Christensen replacing as General Manager on January 3rd, 2024.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Gross profit/loss	1	41,304,183	29,722,355
Staff costs	2	(30,708,551)	(25,950,624)
Depreciation, amortisation and impairment losses	3	(12,306,783)	(11,437,017)
Operating profit/loss		(1,711,151)	(7,665,286)
Income from investments in group enterprises		1,236,862	1,092,844
Other financial income	4	454	430,556
Other financial expenses	5	(2,170,001)	(534,968)
Profit/loss before tax		(2,643,836)	(6,676,854)
Tax on profit/loss for the year	6	1,091,261	2,794,070
Profit/loss for the year		(1,552,575)	(3,882,784)
Proposed distribution of profit and loss			
Retained earnings		(1,552,575)	(3,882,784)
Proposed distribution of profit and loss		(1,552,575)	(3,882,784)

Balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Completed development projects	8	27,739,084	26,536,418
Intangible assets	7	27,739,084	26,536,418
Leasehold improvements		542,003	729,215
Property, plant and equipment	9	542,003	729,215
Investments in group enterprises		5,330,372	4,493,040
Deposits		772,718	775,593
Financial assets	10	6,103,090	5,268,633
Fixed assets		34,384,177	32,534,266
Manufactured goods and goods for resale		30,828,400	19,631,424
Inventories		30,828,400	19,631,424
Trade receivables		5,241,196	10,290,571
Receivables from group enterprises		8,668,054	5,409,466
Other receivables		375,254	1,829,934
Income tax receivable	11	3,817,124	4,045,334
Prepayments		2,968,060	3,735,928
Receivables		21,069,688	25,311,233
Cash		392,819	34,517
Current assets		52,290,907	44,977,174
Assets		86,675,084	77,511,440

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		336,365	311,256
Reserve for net revaluation according to the equity method		5,222,147	4,384,815
Reserve for development expenditure		21,636,486	20,698,406
Retained earnings		13,762,463	16,739,980
Equity		40,957,461	42,134,457
Deferred tax		3,072,384	3,150,378
Provisions		3,072,384	3,150,378
Subordinate loan capital		8,000,000	0
Payables to owners and management		13,530,623	5,501,548
Other payables		1,402,948	1,402,948
Non-current liabilities other than provisions	12	22,933,571	6,904,496
Bank loans		13,527,484	16,755,963
Trade payables		2,363,511	5,610,680
Payables to group enterprises		106,685	118,415
Other payables	13	3,713,988	2,837,051
Current liabilities other than provisions		19,711,668	25,322,109
Liabilities other than provisions		42,645,239	32,226,605
Equity and liabilities		86,675,084	77,511,440
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		

Statement of changes in equity for 2022/23

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	311,256	0	4,384,815	20,698,406	16,739,980
Increase of capital	25,109	750,000	0	0	0
Transferred from share premium	0	(750,000)	0	0	750,000
Exchange rate adjustments	0	0	(399,530)	0	0
Transfer to reserves	0	0	0	938,080	(938,080)
Profit/loss for the year	0	0	1,236,862	0	(2,789,437)
Equity end of year	336,365	0	5,222,147	21,636,486	13,762,463

	Total DKK
Equity beginning of year	42,134,457
Increase of capital	775,109
Transferred from share premium	0
Exchange rate adjustments	(399,530)
Transfer to reserves	0
Profit/loss for the year	(1,552,575)
Equity end of year	40,957,461

Notes

1 Gross profit/loss

The company has for the financial year capitalised own work as development projects which amounts to DKK 13,019,702 in 2022/23 (DKK 13,166,724 in 2021/22) which is included in the gross profit.

2 Staff costs

	2022/23	2021/22
	DKK	DKK
Wages and salaries	28,252,902	23,525,397
Other social security costs	252,616	205,339
Other staff costs	2,203,033	2,219,888
	30,708,551	25,950,624
Average number of full-time employees	34	28

3 Depreciation, amortisation and impairment losses

	2022/23	2021/22
	DKK	DKK
Amortisation of intangible assets	12,119,571	11,246,427
Depreciation of property, plant and equipment	187,212	190,590
	12,306,783	11,437,017

4 Other financial income

	2022/23	2021/22
	DKK	DKK
Other interest income	454	623
Exchange rate adjustments	0	429,933
	454	430,556

5 Other financial expenses

	2022/23	2021/22
	DKK	DKK
Other interest expenses	1,440,254	288,095
Exchange rate adjustments	312,409	0
Other financial expenses	417,338	246,873
	2,170,001	534,968

6 Tax on profit/loss for the year

	2022/23	2021/22
	DKK	DKK
Current tax	(1,013,267)	(2,803,857)
Change in deferred tax	(77,994)	9,787
	(1,091,261)	(2,794,070)

7 Intangible assets

	Completed development projects DKK
Cost beginning of year	68,470,589
Additions	14,024,957
Disposals	(702,720)
Cost end of year	81,792,826
Amortisation and impairment losses beginning of year	(41,934,171)
Amortisation for the year	(12,119,571)
Amortisation and impairment losses end of year	(54,053,742)
Carrying amount end of year	27,739,084

8 Development projects

Development projects consists of hardware and software development to Teledyne LeCroy Xena ApS main business areas in order to maintain relevant and updated products. Teledyne LeCroy Xena ApS business model is highly data driven which requires a high level of continuous development.

The expected lifetime of the development projects are assessed in accordance with expected revenue streams of the development projects, and is assessed to 5 years.

9 Property, plant and equipment

	Leasehold improvements DKK
Cost beginning of year	1,140,680
Cost end of year	1,140,680
Depreciation and impairment losses beginning of year	(411,465)
Depreciation for the year	(187,212)
Depreciation and impairment losses end of year	(598,677)
Carrying amount end of year	542,003

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	108,225	775,593
Additions	0	1,500
Disposals	0	(4,375)
Cost end of year	108,225	772,718
Revaluations beginning of year	4,384,815	0
Exchange rate adjustments	(399,530)	0
Share of profit/loss for the year	1,236,862	0
Revaluations end of year	5,222,147	0
Carrying amount end of year	5,330,372	772,718

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Xena Networks, INC	California, USA	INC	100.00
Xena Networks India Private Limited	Bangalore, India	Private limited	100.00

11 Tax receivable

Tax receivable comprise receivable tax credit, where DKK 1,013,267 thousand is expected to be received in the financial period 2024/25.

12 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK	Outstanding after 5 years 2022/23 DKK
Subordinate loan capital	8,000,000	1,333,333
Payables to owners and management	13,530,623	0
Other payables	1,402,948	0
	22,933,571	1,333,333

Other payables relates to the frozen holiday pay due to the new holiday law, and therefore it is uncertain when these will be paid.

13 Other payables

	2022/23	2021/22
	DKK	DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	2,462,546	1,024,078
Holiday pay obligation	1,121,178	1,069,393
Other costs payable	130,264	743,580
	3,713,988	2,837,051

14 Unrecognised rental and lease commitments

	2022/23	2021/22
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	2,679,541	3,672,229

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Teledyne Reson A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Assets charged and collateral

Bank loans and *Danmarks Eksport- og Investeringsfond* are secured by floating charge of DKK 20,000 thousand and DKK 8,000 thousand respectively, which comprise receivables, inventories and property, plant and equipment.

The carrying amount as of the balance sheet date are the listed below:

- Leasehold improvements, 542 TDKK
- Inventories, 30,828 TDKK
- Trade receivables, 5,241 TDKK
- Receivables from group enterprises, 8,668 TDKK
- Tax receivable, 3,817 TDKK

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Changes in accounting policies

The company has changed their accounting policies with regard to staff costs classified as assets. An amount of DKK 13,019,702 has been reclassified so that the figures previously offset under "staff costs" (staff costs classified as assets) in the future will be recognized under "Gross profit/loss". The change in classification has no effect on the net profit or loss for the year, only on the classification in the income statement for the current financial year and the previous financial year. As a consequence the comparative figures have been restated following the change in accounting policies with DKK 13,166,724.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.