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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR no. 20 22 26 70

**SECOMEA A/S**

**SMEDEHOLM 12-14, 2730 HERLEV**

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2020**

**The Annual Report has been presented and adopted at the Company's Annual General Meeting on 20 April 2021**

**Lars Dige Knudsen**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 31 36 60 38**

## CONTENTS

## COMPANY DETAILS

| | |
|---|---|
| **Company** | Secomea A/S<br>Smedeholm 12-14<br>2730 Herlev<br><br>CVR No.: 31 36 60 38<br>Established: 4 April 2008<br>Registered Office: Herlev<br>Financial Year: 1 January - 31 December |
| **Board of Directors** | Lars Dige Knudsen, chairman<br>Kim Fabricius Storm<br>Peter Koldig Hansen<br>Bjarne Schøn |
| **Executive Board** | Michael Ferdinandsen |
| **Auditor** | BDO Statsautoriseret revisionsaktieselskab<br>Havneholmen 29<br>1561 Copenhagen V |
| **Bank** | Jyske Bank<br>Hovedvejen 99<br>2600 Glostrup<br><br>Nordea Bank Danmark A/S<br>Lyngby Hovedgade 96<br>2800 Kongens Lyngby |
| **Law Firm** | Aumento Advokatfirma<br>Ny Østergade 3<br>1164 Copenhagen K |

**BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT**

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Secomea A/S for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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.

Herlev, 20 April 2021

Executive Board

Michael Ferdinandsen
CEO

Board of Directors

| | | |
|---|---|---|
| Lars Dige Knudsen<br>Chairman | Kim Fabricius Storm | Peter Koldig Hansen |

Bjarne Schøn

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Secomea A/S**

**Opinion**
We have audited the Financial Statements of Secomea A/S for the financial year 1 January - 31 December 2020, 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 2020** and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

**INDEPENDENT AUDITOR'S REPORT**

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on Management's Review**
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information 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 Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 20 April 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

## MANAGEMENT COMMENTARY

### Principal activities
The company's main activities are to engage in trading and service activities for secure, simple and scalable Internet based industrial communication solutions.

### Development in activities and financial and economic position
We conclude 2020 with an overall continuous sales growth and an increasing number of new customers. The Covid-19 pandemic, especially after the first quarter of 2020, did lead to severe global socioeconomic disruption, country lockdowns and the postponement or cancellation of almost all major industry events and exhibitions, making it challenging to manage the unmanageable. With extra measures for wise financial conduct, new digital initiatives, and by maintaining focus upon technological buildings and agile processes, we continued the journey towards the company vision. Combined with a faster market recovery, the Gross profit of the year increased from DKK 38.502.040 to DKK 43.170.922 and the result of the year showing a profit of DKK 9.135.402 against a loss of DKK 1.871.624 in 2019, is therefore considered satisfactorily.

### Significant events after the end of the financial year
The Covid-19 pandemic has continued in 2021, but experts anticipate this will progress toward a transition to normalcy during the second quarter of 2021. A new wave of cases in the European Union means that a similar transition is likely to come later in 2021 there. With improved vaccine availability makes herd immunity most likely in the third quarter for the United Kingdom and the United States and in the fourth quarter for the European Union, but the risks will not vanish; herd immunity may prove temporary or be limited to regions in a country. Overall, this has motivated more companies to increase or accelerate the implementation of new technologies to overcome travel restrictions etc., and we continue to have an even stronger growth in the first quarter in 2021, showing an increase in gross profit of 47 % compared to last year.

The sale of electronic components for desktops, routers etc. have skyrocketed worldwide in 2020 due to the Covid-19 pandemic. A volume of sales that has not been seen since the iPhone was launched in 2007. With increasing effect in 2021, this has caused a global shortage of components, which by Industry executives and analysts are expected to last all year 2021. In the effort to shield our customers and partners of this global shortage of components, extra measures have been taken to secure our supply chain, despite of an even higher price sensitivity.

### Research and development activities
The development activities have primarily been focused on the communication solutions within remote access and data collection for the industrial market. The company does not capitalize on development costs. The company, therefore, recognizes development costs in the profit and loss account as costs are incurred.

### Future expectations
With a combination of increased focus on customer demands for cybersecurity compliance, consolidation of our current core technology, optimized processes for new development activities, intensified digital marketing initiatives and supported by our esteemed market reputation, we continue to position Secomea even stronger within Industrial IoT segments, and we expect are slightly exponential growth rate than the until now more linear growth rate. For the coming year, however, the market is difficult to assess due to the ongoing Covid-19 pandemic and global shortage of components. Nevertheless, we expect continuously higher activity looking at the full year, similar or better than this financial year.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2020<br>DKK | 2019<br>DKK |
|---|---|---|---|
| **GROSS PROFIT** | | **43.170.922** | **38.502.040** |
| Staff costs | 1 | -31.589.815 | -29.888.388 |
| Depreciation, amortisation and impairment | | -465.650 | -368.332 |
| **OPERATING PROFIT** | | **11.115.457** | **8.245.320** |
| Result of equity investments in group and associates | | 1.843.708 | -8.817.839 |
| Other financial income | 2 | 960.942 | 1.234.415 |
| Other financial expenses | | -2.919.638 | -567.414 |
| **PROFIT BEFORE TAX** | | **11.000.469** | **94.482** |
| Tax on profit/loss for the year | 3 | -1.865.067 | -1.966.106 |
| **PROFIT FOR THE YEAR** | | **9.135.402** | **-1.871.624** |

### PROPOSED DISTRIBUTION OF PROFIT

| | | | |
|---|---|---|---|
| Proposed dividend for the year | | 2.000.000 | 0 |
| Retained earnings | | 7.135.402 | -1.871.624 |
| **TOTAL** | | **9.135.402** | **-1.871.624** |

## BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2020<br>DKK | 2019<br>DKK |
|---|---|---|---|
| Intangible fixed assets acquired | | 296.853 | 0 |
| **Intangible assets** | 4 | **296.853** | **0** |
| Other plant, machinery, tools and equipment | | 425.547 | 684.812 |
| Leasehold improvements | | 422.708 | 580.686 |
| **Property, plant and equipment** | 5 | **848.255** | **1.265.498** |
| Equity investments in group enterprises | | 0 | 0 |
| Rent deposit and other receivables | | 635.365 | 624.230 |
| **Financial non-current assets** | 6 | **635.365** | **624.230** |
| **NON-CURRENT ASSETS** | | **1.780.473** | **1.889.728** |
| Finished goods and goods for resale | | 6.222.149 | 7.703.935 |
| Prepayments | | 900.389 | 993.620 |
| **Inventories** | | **7.122.538** | **8.697.555** |
| Trade receivables | | 9.791.100 | 8.817.187 |
| Receivables from group enterprises | | 10.779.993 | 3.619.765 |
| Other receivables | | 332.031 | 568.717 |
| Prepayments and accrued income | | 542.665 | 801.536 |
| **Receivables** | | **21.445.789** | **13.807.205** |
| **Cash and cash equivalents** | | **6.187.235** | **2.207.589** |
| **CURRENT ASSETS** | | **34.755.562** | **24.712.349** |
| **ASSETS** | | **36.536.035** | **26.602.077** |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2020<br>DKK | 2019<br>DKK |
|---|---|---|---|
| Share capital |  | 555.600 | 555.600 |
| Retained profit |  | 22.594.080 | 12.116.389 |
| Proposed dividend |  | 2.000.000 | 0 |
| **EQUITY** |  | **25.149.680** | **12.671.989** |
| Provision for deferred tax | 7 | 12.780 | 36.853 |
| **PROVISIONS** |  | **12.780** | **36.853** |
| Other liabilities |  | 2.949.458 | 966.661 |
| **Non-current liabilities** | 8 | **2.949.458** | **966.661** |
| Bank debt |  | 0 | 3.329.785 |
| Trade payables |  | 2.530.151 | 4.597.448 |
| Payables to group enterprises |  | 0 | 10.615 |
| Payables to owners and management |  | 1.778.790 | 1.765.719 |
| Corporation tax |  | 117.140 | 448.118 |
| Other liabilities |  | 3.998.036 | 2.774.889 |
| **Current liabilities** |  | **8.424.117** | **12.926.574** |
| **LIABILITIES** |  | **11.373.575** | **13.893.235** |
| **EQUITY AND LIABILITIES** |  | **36.536.035** | **26.602.077** |

**Contingencies etc.** 9

## EQUITY

| | Share capital | Retained profit | Proposed dividend | Total |
|---|---|---|---|---|
| Equity at 1 January 2020 | 555.600 | 12.116.389 | 0 | 12.671.989 |
| Proposed profit allocation | | 7.135.402 | 2.000.000 | 9.135.402 |
| **Other legal bindings** | | | | |
| Foreign exchange adjustments | | 3.342.289 | | 3.342.289 |
| **Equity at 31 December 2020** | **555.600** | **22.594.080** | **2.000.000** | **25.149.680** |

NOTES

| | 2020 DKK | 2019 DKK | Note |
|---|---|---|---|
| **Staff costs** | | | 1 |
| Average number of employees | 44 | 41 | |
| Wages and salaries | 28.150.168 | 26.854.344 | |
| Pensions | 2.757.205 | 2.563.456 | |
| Social security costs | 604.681 | 431.503 | |
| Other staff costs | 77.761 | 39.085 | |
| | **31.589.815** | **29.888.388** | |
| **Other financial income** | | | 2 |
| Group enterprises | 303.003 | 231.477 | |
| Other interest income | 657.939 | 1.002.938 | |
| | **960.942** | **1.234.415** | |
| **Tax on profit/loss for the year** | | | 3 |
| Calculated tax on taxable income of the year | 1.889.140 | 1.966.118 | |
| Adjustment of deferred tax | -24.073 | -12 | |
| | **1.865.067** | **1.966.106** | |

| **Intangible assets** | Intangible fixed assets acquired | Note 4 |
|---|---|---|
| Transfer | 153.454 | |
| Additions | 288.645 | |
| **Cost at 31 December 2020** | **442.099** | |
| Transfer | 63.291 | |
| Amortisation for the year | 81.955 | |
| **Amortisation at 31 December 2020** | **145.246** | |
| **Carrying amount at 31 December 2020** | **296.853** | |

NOTES

Note

## Property, plant and equipment 5

| | Other plant, machinery, tools and equipment | Leasehold improvements |
|---|---|---|
| Cost at 1 January 2020 | 1.028.810 | 853.689 |
| Transferred | -153.454 | 0 |
| Additions | 56.615 | 0 |
| **Cost at 31 December 2020** | **931.971** | **853.689** |
| Depreciation and impairment losses at 1 January 2020 | 343.998 | 273.003 |
| Transferred | -63.291 | 0 |
| Depreciation for the year | 225.717 | 157.978 |
| **Depreciation and impairment losses at 31 December 2020** | **506.424** | **430.981** |
| **Carrying amount at 31 December 2020** | **425.547** | **422.708** |

## Financial non-current assets 6

| | Equity investments in group enterprises | Rent deposit and other receivables |
|---|---|---|
| Cost at 1 January 2020 | 742.950 | 624.230 |
| Additions | 0 | 11.135 |
| **Cost at 31 December 2020** | **742.950** | **635.365** |
| Revaluation at 1 January 2020 | -742.950 | 0 |
| Exchange adjustment | 3.342.289 | 0 |
| Profit/loss for the year | 1.843.708 | 0 |
| Other adjustments | -5.185.997 | 0 |
| **Revaluation at 31 December 2020** | **-742.950** | **0** |
| **Carrying amount at 31 December 2020** | **0** | **635.365** |

NOTES

Note

**Provision for deferred tax** 7

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

The amount breaks down as follows:

| | Carrying Value | Tax Value | Tax depre. or amort. above carrying value |
|---|---|---|---|
| Intangible fixed assets acquired | 296.853 | 247.426 | 49.427 |
| Property, plant and equipment | 425.547 | 493.732 | -68.185 |
| Leasehold improvements | 422.708 | 345.860 | 76.848 |
| | **1.145.108** | **1.087.018** | **58.090** |
| Deferred tax accrual | | | **12.780** |

| | **2020** DKK | **2019** DKK |
|---|---|---|
| Deferred tax, beginning of year | 36.853 | 36.865 |
| Deferred tax of the year, income statement | -24.073 | -12 |
| **Provision for deferred tax 31 December 2020** | **12.780** | **36.853** |

**Long-term liabilities** 8

| | 31/12 2020 total liabilities | Repayment next year | Debt outstanding after 5 years | 31/12 2019 total liabilities |
|---|---|---|---|---|
| Other liabilities | 2.949.458 | 0 | 0 | 966.661 |
| | **2.949.458** | **0** | **0** | **966.661** |

**Contingencies etc.** 9

**Rent obligations**

The company has entered into a lease contract, where the lease has an annual rent of DKK ('000) 1,158. The lease can be terminated with 13 months' notice and the total rent obligation during the period of notice is thus DKK ('000) 1,255.

**Contingent liabilities**

The company has entered into operational leasing agreements with a residual maturity of maximum 13 months and an annual lease payment of DKK ('000) 59. The total lease payment in the remaining interminable period is thus DKK ('000) 64.

## ACCOUNTING POLICIES

The Annual Report of Secomea A/S for 2020 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.

**Consolidated Financial Statements**
Consolidated financial statements have not been prepared as the group complies with the exemption provisions in section 111 of the Danish Financial Statements Act.

## INCOME STATEMENT

**Net revenue**
Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

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

**Cost of sales**
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

**Other external expenses**
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

**Staff costs**
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

**Income from equity interests in subsidiaries**
The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

**Financial income and expenses**
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

**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 portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

## BALANCE SHEET

**Intangible fixed assets**
Acquired software is measured at cost less accumulated amortisation. software is amortised on a straight-line basis over the expected useful life which is estimated to 5 years.

**Tangible fixed assets**
Other plant, fixtures and equipment 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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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 |
|---|---|---|
| Other plant, fixtures and equipment............................................ | 3-5 years | 0 % |
| Leasehold improvements.......................................................... | 5 years | 0 % |

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

**Fixed asset investments**
Investments in subsidiaries are measured in the company's balance sheet under the equity method.

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.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

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

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity 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's has a legal or actual liability to cover the  subsidiary's deficit.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

## ACCOUNTING POLICIES

### 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 valued on an annual basis 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

### Accruals, assets

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

### 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 carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that 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.

ACCOUNTING POLICIES

**Liabilities**
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing 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 term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

**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 time of occurrence of the receivables or payables is 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.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.