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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
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CVR no. 20 22 26 70

EASYTRANSLATE A/S

BYGMESTERVEJ 10 2. TH., 2400 KØBENHAVN NV

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 17 April 2024

Christian Dulong Hoff

CVR NO. 33 24 05 62

CONTENTS

COMPANY DETAILS

Company	EASYTRANSLATE A/S Bygmestervej 10 2. th. 2400 Copenhagen N	
	CVR No.:	33 24 05 62
	Established:	1 October 2010
	Municipality:	Copenhagen
	Financial Year:	1 January - 31 December
Board of Directors	Christian Dulong Hoff, chairman Joachim Snebang Vanggaard Jensen Frederik Nicolai Riskær Pedersen Peter Ladegaard Betina Charlotte Nygaard	
Executive Board	Frederik Nicolai Riskær Pedersen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	

MANAGEMENT'S STATEMENT

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

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

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

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

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

Copenhagen, 8 April 2024

Executive Board

Frederik Nicolai Riskær Pedersen

Board of Directors

Christian Dulong Hoff Chairman	Joachim Snebang Vanggaard Jensen	Frederik Nicolai Riskær Pedersen
Peter Ladegaard	Betina Charlotte Nygaard	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of EASYTRANSLATE A/S

Opinion

We have audited the Financial Statements of EASYTRANSLATE A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

Without having affected our conclusion, we must refer to the mention in the note to the annual accounts "Information on uncertainty with respect to recognition and measurement" and "prerequisite for going concern", and the management report.

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:

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on Management Commentary
Management is responsible for Management Commentary.

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

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

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Copenhagen, 8 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Martin Dahl Jensen
State Authorised Public Accountant
MNE no. mne34294

MANAGEMENT COMMENTARY

Principal activities
At EasyTranslate, we have carved a distinctive niche in the SaaS marketplace, emphasizing the synergy between customers and freelancers through our pioneering technologies and services. Our platform has transformed the landscape of content creation and translation, marrying the convenience of a freelance marketplace with the innovation of AI-driven content and translation tools, setting a new industry standard.

Recognition and measurement uncertainty
Development project
There is a natural uncertainty associated with the measurement of the Company's development activities. It is the Management's assessment that the company in the future will generate earnings that substantiate the valuation and the prerequisite for recognition of the current and future development costs on the Company's development projects, both for those completed and those in progress. An important prerequisite for the measurement of the development assets is a continued transformation of the business model into a subscription-based model.

Development in activities and financial and economic position
We consistently acknowledge the inherent uncertainties tied to quantifying our development pursuits. Nevertheless, the management firmly believes in our future profitability, underpinned by the value and recognition of both current and future development expenditures associated with our assets. A pivotal element in assessing these development assets is our strategic shift towards a subscription-based model, ensuring sustained value creation and innovation.

The year 2023 witnessed pivotal advancements at EasyTranslate, shaped by several key drivers:

- Integration of HumanAI technology,
- Strategic shift towards a subscription-based model,
- Focused product development, and
- Streamlining of organizational operations through optimization and refinancing initiatives.

In response to the transformative wave of AI advancements, EasyTranslate strategically pivoted to enhance operational profitability at the CASH-EBITDA level. This shift resulted in a commendable ~30% operational expenditure (OPEX) reduction year-over-year, propelling us towards profitability in 2024. Despite these cost-saving measures, adjustments in R&D investments led to a dip in gross profit, with a year-over-year operational result decline from DKK ('000) -5,479 in 2022 to DKK ('000) -15,610 in 2023.

Our response to these challenges involved fine-tuning our product development strategy to solidify our standing in the translation market. By seamlessly integrating AI technology with our freelancing and translation management software, we've unveiled a comprehensive solution that promises time and cost efficiency. Organizational optimization steps included the establishment of an IT department in North Macedonia and broad-based cost reductions, enhancing our operational efficiency and resilience.

Significant events after the end of the financial year
The post-2023 fiscal year has begun on a promising note, buoyed by strategic OPEX optimizations and automation of repetitive tasks in product development. These initiatives have laid the groundwork for a positive CASH-EBITDA outlook in 2024, with Q1 forecasts already adjusting upward to the initial 2024 projections. Consequently, management anticipates notable improvements in both financial results and cash flow.

The refinancing maneuvers undertaken in January 2023 fortify our financial statements, adhering to the going concern principle. Moreover, no subsequent events have surfaced that could significantly alter EasyTranslate's financial position as of 31 December 2023.

In conclusion, our strategic alignments and operational refinements position us favorably for continued growth and innovation. We remain unwavering in our commitment to delivering unparalleled value to our users, leveraging the latest technological advancements to redefine industry standards.

In addition, no events have occurred that could materially affect the Company's financial position at 31

MANAGEMENT COMMENTARY

Significant events after the end of the financial year (continued)
December 2023.

	Note	2023 DKK	2022 DKK
GROSS PROFIT		**11.781.541**	**15.750.657**
Staff costs	1	-14.834.593	-10.831.961
Depreciation, amortisation and impairment losses		-9.339.177	-10.664.881
OPERATING LOSS		**-12.392.229**	**-5.746.185**
Income from investments in subsidiaries		112.172	-41.723
Other financial income		215.467	472.864
Other financial expenses		-3.545.590	-2.309.460
LOSS BEFORE TAX		**-15.610.180**	**-7.624.504**
Tax on profit/loss for the year	2	0	2.145.223
LOSS FOR THE YEAR		**-15.610.180**	**-5.479.281**

PROPOSED DISTRIBUTION OF PROFIT

Allocation to reserve for net revaluation under the equity method		112.172	-43.495
Retained earnings		-15.722.352	-5.435.786
TOTAL		**-15.610.180**	**-5.479.281**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed		24.055.514	27.123.096
Development projects in progress and prepayments		3.098.406	3.826.886
Intangible assets	3	**27.153.920**	**30.949.982**
Other plant, machinery tools and equipment		34.611	256.880
Property, plant and equipment	4	**34.611**	**256.880**
Investments in subsidiaries		138.293	26.121
Rent deposit and other receivables		3.300	38.673
Financial non-current assets	5	**141.593**	**64.794**
NON-CURRENT ASSETS		**27.330.124**	**31.271.656**
Trade receivables		3.910.406	3.764.583
Deferred tax assets		1.196.316	1.196.316
Other receivables		158.496	1.009.553
Prepayments		781.748	720.630
Receivables		**6.046.966**	**6.691.082**
Cash and cash equivalents		**483.325**	**4.184.991**
CURRENT ASSETS		**6.530.291**	**10.876.073**
ASSETS		**33.860.415**	**42.147.729**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital		552.867	534.211
Reserve for development costs		21.180.058	24.140.986
Retained earnings		-35.564.823	-26.389.301
EQUITY		**-13.831.898**	**-1.714.104**
Bank loan		6.666.667	10.000.000
Other non-current liabilities		20.626.309	2.396.398
Frozen holiday pay		1.451.939	1.402.840
Non-current liabilities	6	**28.744.915**	**13.799.238**
Subordinate loan capital		0	3.363.757
Bank debt		9.013.906	12.782.304
Prepayments from customers		1.070.697	1.386.831
Trade payables		3.908.435	6.188.478
Other liabilities		2.636.137	3.777.410
Deferred income		2.318.223	2.563.815
Current liabilities		**18.947.398**	**30.062.595**
LIABILITIES		**47.692.313**	**43.861.833**
EQUITY AND LIABILITIES		**33.860.415**	**42.147.729**

Contingencies etc.	7
Charges and securities	8
Prerequisite for going concern	9
Information on significant uncertainties at recognition and measurement	10

EQUITY

	Share capital	Share Premium	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	534.211	0	0	24.140.986	-26.389.301	-1.714.104
Proposed profit allocation...			112.172		-15.722.352	-15.610.180
Transactions with owners						
Capital increase...............	18.656	3.473.730				3.492.386
Other legal bindings						
Capitalised development costs............................				5.312.812	-5.312.812	0
Transfers						
Depreciations..................				-9.108.874	9.108.874	0
Allowed equalization.........		-3.473.730	-112.172		3.585.902	0
Tax on changes in equity...				**835.134**	**-835.134**	**0**
Equity at 31 December 2023............................	**552.867**	**0**	**0**	**21.180.058**	**-35.564.823**	**-13.831.898**

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	30	35	
Wages and salaries	14.011.469	9.674.680	
Social security costs	242.382	312.049	
Other staff costs	580.742	845.232	
	14.834.593	**10.831.961**	
Tax on profit/loss for the year			2
Adjustment of deferred tax	0	-2.145.223	
	0	**-2.145.223**	

Intangible assets 3

	Development projects completed	Development projects in progress and prepayments
Cost at 1 January 2023	59.662.618	3.826.886
Transfer	6.041.292	-6.041.292
Additions	0	5.312.812
Cost at 31 December 2023	**65.703.910**	**3.098.406**
Amortisation at 1 January 2023	32.539.522	0
Amortisation for the year	9.108.874	0
Amortisation at 31 December 2023	**41.648.396**	**0**
Carrying amount at 31 December 2023	**24.055.514**	**3.098.406**

The aim of the development projects is to further develop the Company's services and to create automatic work procedures. During the financial year, the Company has completed a series of projects.

Property, plant and equipment 4

	Other plant, machinery tools and equipment
Cost at 1 January 2023	4.811.061
Additions	8.034
Cost at 31 December 2023	**4.819.095**
Depreciation and impairment losses at 1 January 2023	4.554.181
Depreciation for the year	230.303
Depreciation and impairment losses at 31 December 2023	**4.784.484**
Carrying amount at 31 December 2023	**34.611**

NOTES

Note

Note

Financial non-current assets 5

	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2023	26.121	38.673
Additions	0	3.300
Disposals	0	-38.673
Cost at 31 December 2023	**26.121**	**3.300**
Profit/loss for the year	112.172	0
Revaluation at 31 December 2023	**112.172**	**0**
Carrying amount at 31 December 2023	**138.293**	**3.300**

Long-term liabilities 6

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Subordinate loan capital	0	0	0	3.363.756
Bank loan	10.000.000	3.333.333	0	13.333.333
Other non-current liabilities	20.626.309	0	23.742.516	3.798.144
Frozen holiday pay	1.451.939	0	1.451.939	1.402.840
	32.078.248	**3.333.333**	**25.194.455**	**21.898.073**

Contingencies etc. 7

Contingent liabilities
As security for rent deposit, the Company has provided a guarantee of a nominal amount of DKK ('000) 500.

The Company has entered a tenancy agreement. The notice period of the lease is 11 months, and the total tenancy commitments comprise DKK ('000) 1,461.

Charges and securities 8
As security for debt of DKK ('000) 15,680 the Company has provided company charge of a nominal amount of DKK ('000) 10,000. The company charge includes the following assets, of which the carrying amount on the balance sheet date come to:

	DKK
Development projects completed	24.055.514
Development projects in progress and prepayments	3.098.406
Other plant, machinery tools and equipment	34.611
Trade receivables	3.910.406

NOTES

	Note
Prerequisite for going concern	**9**

In prior year EasyTranslate finalised a major refinancing of more than DKK 20m. The financing will continuously secure the future development of EasyTranslate.

Shareholders have subsequently to the balance sheet date committed to provide a guarantee. It is Management's expectation that with the guarantees it is possible to continue the current operations.

Information on significant uncertainties at recognition and measurement	**10**

Development project

There is a natural uncertainty associated with the measurement of the Company's development activities. It is the Management's assessment that the company in the future will generate earnings that substantiate the valuation and the prerequisite for recognition of the current and future development costs on the Company's development projects, both for those completed and those in progress. An important prerequisite for the measurement of the development assets is a continued transformation of the business model into a subscription-based model.

ACCOUNTING POLICIES

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

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue
Revenue from the sale of services is recognised in the Income Statement when delivery is made to the buyer.

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

Cost of sales
Cost of sales comprises services consumed in the financial year measured at cost.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities.

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

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

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

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

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

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

ACCOUNTING POLICIES

BALANCE SHEET

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

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

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

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

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

Tangible fixed assets
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.

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...	3-10 years	0 %

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

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

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

Ascertained excess values in relation to the underlying company's equity value are recognised and measured in accordance with the accounting policies for the assets and liabilities, to which they attributable.

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

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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.

ACCOUNTING POLICIES

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the Income Statement, except from items recognised directly in equity.

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

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

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